

To: Lloyd E. Ross (Chair of the Board of Directors) and  
Robert J. Sprowls (president and Chief Executive Officer)  
American States Water Company

Dear Messrs. Ross and Sprowls:

As you know, on July 20, 2014, the Ojai Playhouse property was largely destroyed as a result of a rupture in a Golden State Water Company main on Ojai Avenue adjacent to the Playhouse property. At the time, representatives of Golden State Water promised me that your company would take full responsibility for the enormous damage suffered not only by me and my family, but the entire Ojai community, which has lost a cultural centerpiece that has been an essential part of Ojai's fabric for over 100 years.

While limited progress was made pursuant to Golden State's promise in remediating the damage suffered as a result of your company's negligence, nothing at all has occurred for the past five months. The ostensible reason for this unconscionable delay is a dispute between Golden State Water and its excess insurance carrier. As a result, I have been thrust into the middle of a dispute in which I have no involvement whatsoever, with continued delay in the restoration of the Playhouse property and no resolution in sight. I have been extremely patient and cooperative, but my level of patience is running out and my level of frustration is growing with each passing day, week and month, while no progress is made. Having caused the destruction of the Playhouse property through the negligence of Golden State Water, and having been promised that Golden State Water would restore the Playhouse property at no cost to me, it is time to make good on your promise.

In short, Golden State Water can and should fund the restoration of the Playhouse property without further delay and resolve whatever dispute it has with its insurance pursuant to the terms of the applicable policies without putting me or the Playhouse in the middle. Certainly, your failure to do so can't be a matter of your company's financial condition, with a market cap of over \$1.4 billion, operating revenues of \$465.8 million and net income of \$61.1 million in 2014. For that reason, I am left to wonder whether Golden State Water meant what it told me almost a year ago, or instead, whether you are using the purported dispute with your insurers as a pretext to renege on that promise. But neither alternative can possibly be squared with your Mission Statement—the first value of which is “integrity,” defined as “building trust, honest communication and doing what is right.”

All I ask is that you do what is right, accept responsibility for your negligence, keep your promise and act with integrity by promptly funding the restoration of the Playhouse property.

I look forward to hearing from you at your earliest opportunity.

Respectfully yours,  
Khaled Al-Awar