

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For Fiscal Year Ended DECEMBER 31, 1998

Commission file number 333-47647

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

SOUTHERN CALIFORNIA WATER COMPANY  
INVESTMENT INCENTIVE PROGRAM

-----  
(Full title of the plan and the address of the plan, if different  
from that of the issuer named below)

OF

AMERICAN STATES WATER COMPANY  
630 EAST FOOTHILL BOULEVARD  
SAN DIMAS, CALIFORNIA 91773

-----  
(Name of issuer of the Securities held pursuant to the plan and  
the address of its principal executive office)

## SOUTHERN CALIFORNIA WATER COMPANY

## INVESTMENT INCENTIVE PROGRAM

## INDEX

## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

## FINANCIAL STATEMENTS

Statements of Net Assets Available for Plan Benefits with Fund Information as of December 31, 1998 and 1997

Statement of Changes in Net Assets Available for Plan Benefits with Fund Information for the Year Ended December 31, 1998

## NOTES TO FINANCIAL STATEMENTS

## SUPPLEMENTAL SCHEDULES

- I: Item 27a - Schedule of Assets Held for Investment Purposes as of December 31, 1998
- II: Item 27b - Schedule of Loans or Fixed Income Obligations in Default as of December 31, 1998
- III: Item 27d - Schedule of Reportable Transactions for the Year Ended December 31, 1998

NOTE: All other schedules have been omitted since the information is either disclosed elsewhere in the financial statements or not required by 29 CFR 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Plan Administrator of the  
Southern California Water Company  
Investment Incentive Program:

We have audited the accompanying statements of net assets available for plan benefits of the SOUTHERN CALIFORNIA WATER COMPANY INVESTMENT INCENTIVE PROGRAM (the "Plan") as of December 31, 1998 and 1997, and the related statement of changes in net assets available for plan benefits for the year ended December 31, 1998. These financial statements and the schedules referred to below are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 1998 and 1997, and the changes in net assets available for plan benefits for the year ended December 31, 1998, in conformity with generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. Schedules I, II and III listed in the accompanying index are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The fund information in the statements of net assets available for plan benefits and the statement of changes in net assets available for plan benefits is presented for purposes of additional analysis rather than to present the net assets available for plan benefits and changes in net assets available for plan benefits of each fund. The supplemental schedules and fund information have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

June 18, 1999  
Los Angeles, California

## SOUTHERN CALIFORNIA WATER COMPANY

## INVESTMENT INCENTIVE PROGRAM

## STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

AS OF DECEMBER 31, 1998

	Non-Participant Directed		Participant Directed		
	American States Water Company Stock Fund*	American States Water Company Stock Fund*	Wells Fargo Stable Asset Fund	Wells Fargo S&P 500 Stock Fund	INVESCO Select Income Fund
<b>ASSETS:</b>					
Investments, at fair value:					
American States Water Company Common Stock	\$6,812,024	\$3,492,239	\$ --	\$ --	\$ --
Value of Interest in Common/Collective Trusts	--	--	1,253,864	2,149,931	--
Value of Interest in Registered Investment Companies	--	--	--	--	580,766
Participant Loans	--	--	--	--	--
<b>Total investments</b>	<b>6,812,024</b>	<b>3,492,239</b>	<b>1,253,864</b>	<b>2,149,931</b>	<b>580,766</b>
Receivables:					
Employer Contributions	30,227	--	--	--	--
Employee Contributions	--	11,841	6,429	12,138	3,342
Accrued Investment Income	129	--	5,845	--	3,478
<b>Total receivables</b>	<b>30,356</b>	<b>11,841</b>	<b>12,274</b>	<b>12,138</b>	<b>6,820</b>
<b>NET ASSETS AVAILABLE FOR PLAN BENEFITS:</b>	<b>\$6,842,380</b>	<b>\$3,504,080</b>	<b>\$1,266,138</b>	<b>\$2,162,069</b>	<b>\$ 587,586</b>

	Participant Directed				Total
	Strong Opportunity Fund	Strong Total Return Fund	Westcore Intermediate Term Bond Fund	Participant Loans	
<b>ASSETS:</b>					
Investments, at fair value:					
American States Water Company Common Stock	\$ --	\$ --	\$ --	\$ --	\$10,304,263
Value of Interest in Common/Collective Trusts	--	--	--	--	3,403,795
Value of Interest in Registered Investment Companies	2,205,107	783,395	547,164	--	4,116,432
Participant Loans	--	--	--	1,256,997	1,256,997
<b>Total investments</b>	<b>2,205,107</b>	<b>783,395</b>	<b>547,164</b>	<b>1,256,997</b>	<b>19,081,487</b>
Receivables:					
Employer Contributions	--	--	--	--	30,227
Employee Contributions	12,172	3,782	3,569	--	53,273
Accrued Investment Income	--	--	--	--	9,452
<b>Total receivables</b>	<b>12,172</b>	<b>3,782</b>	<b>3,569</b>	<b>--</b>	<b>92,952</b>
<b>NET ASSETS AVAILABLE FOR PLAN BENEFITS:</b>	<b>\$ 2,217,279</b>	<b>\$ 787,177</b>	<b>\$ 550,733</b>	<b>\$ 1,256,997</b>	<b>\$19,174,439</b>

The accompanying notes are an integral part of this statement.

\* Formerly known as Southern California Water Company Stock Fund

## SOUTHERN CALIFORNIA WATER COMPANY

## INVESTMENT INCENTIVE PROGRAM

## STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 1998

	Non-Participant Directed		Participant Directed		
	American States Water Company Stock Fund*	American States Water Company Stock Fund*	Wells Fargo Stable Asset Fund	Wells Fargo S&P 500 Stock Fund	INVESCO Select Income Fund
<b>ADDITIONS:</b>					
Contributions:					
Employee	\$ --	\$ 360,572	\$ 219,854	\$ 336,331	\$ 105,413
Employer	865,660	--	--	--	--
Total contributions	865,660	360,572	219,854	336,331	105,413
Investment income:					
Interest and dividends	286,581	134,862	91,530	8,836	42,749
Net appreciation (depreciation) in fair value of investments	544,891	258,234	5,845	398,196	(5,565)
Total investment income	831,472	393,096	97,375	407,032	37,184
Total additions	1,697,132	753,668	317,229	743,363	142,597
<b>DEDUCTIONS:</b>					
Benefits paid to participants	(192,766)	(159,226)	(23,753)	(20,177)	(6,199)
Total deductions	(192,766)	(159,226)	(23,753)	(20,177)	(6,199)
TRANSFERS BETWEEN FUNDS	--	(109,646)	(96,219)	341,063	8,814
LOAN ACTIVITY	(102,581)	(110,645)	(34,885)	(28,008)	(9,376)
NET INCREASE	1,401,785	374,151	162,372	1,036,241	135,836
<b>NET ASSETS AVAILABLE FOR PLAN BENEFITS:</b>					
Beginning of year	\$ 5,440,595	\$ 3,129,929	\$ 1,103,766	\$ 1,125,828	\$ 451,750
End of year	\$ 6,842,380	\$ 3,504,080	\$ 1,266,138	\$ 2,162,069	\$ 587,586

	Participant Directed				
	Strong Opportunity Fund	Strong Total Return Fund	Westcore Intermediate Term Bond Fund	Participant Loans	Total
<b>ADDITIONS:</b>					
Contributions:					
Employee	\$ 374,319	\$ 115,049	\$ 97,752	\$ --	\$ 1,609,290
Employer	--	--	--	--	865,660
Total contributions	374,319	115,049	97,752	--	2,474,950
Investment income:					
Interest and dividends	247,651	13,305	29,461	99,227	954,202
Net appreciation (depreciation) in fair value of investments	50,690	172,075	1,660	--	1,426,026
Total investment income	298,341	185,380	31,121	99,227	2,380,228
Total additions	672,660	300,429	128,873	99,227	4,855,178
<b>DEDUCTIONS:</b>					
Benefits paid to participants	(34,985)	(3,473)	(9,618)	(52,153)	(502,350)
Total deductions	(34,985)	(3,473)	(9,618)	(52,153)	(502,350)
TRANSFERS BETWEEN FUNDS	(135,060)	(50,353)	41,401	--	--
LOAN ACTIVITY	(15,499)	(6,833)	(414)	308,241	--

NET INCREASE	487,116	239,770	160,242	355,315	4,352,828
NET ASSETS AVAILABLE FOR PLAN BENEFITS:					
Beginning of year	\$ 1,730,163	\$ 547,407	\$ 390,491	\$ 901,682	\$ 14,821,611
End of year	\$ 2,217,279	\$ 787,177	\$ 550,733	\$ 1,256,997	\$ 19,174,439

The accompanying notes are an integral part of this statement.

\* Formerly known as Southern California Water Company Stock Fund

## SOUTHERN CALIFORNIA WATER COMPANY

## INVESTMENT INCENTIVE PROGRAM

## STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

AS OF DECEMBER 31, 1997

	Non-Participant Directed		Participant Directed		
	American States Water Company Stock Fund*	American States Water Company Stock Fund*	Wells Fargo Stable Asset Fund	Wells Fargo S&P 500 Stock Fund	INVESCO Select Income Fund
ASSETS:					
Investments, at fair value:					
American States Water Company Common Stock	\$5,380,213	\$3,104,681	\$ --	\$ --	\$ --
Value of Interest in Common/Collective Trusts	--	--	1,085,351	1,107,389	--
Value of Interest in Registered Investment Companies	--	--	--	--	441,526
Participant Loans	--	--	--	--	--
Total investments	5,380,213	3,104,681	1,085,351	1,107,389	441,526
Receivables:					
Employer Contributions	60,382	--	--	--	--
Employee Contributions	--	25,248	12,985	18,439	7,779
Accrued Investment Income	--	--	5,430	--	2,445
Total receivables	60,382	25,248	18,415	18,439	10,224
NET ASSETS AVAILABLE FOR PLAN BENEFITS:	\$5,440,595	\$3,129,929	\$1,103,766	\$1,125,828	\$ 451,750

	Participant Directed				Total
	Strong Opportunity Fund	Strong Total Return Fund	Westcore Intermediate Term Bond Fund	Participant Loans	
ASSETS:					
Investments, at fair value:					
American States Water Company Common Stock	\$ --	\$ --	\$ --	\$ --	\$ 8,484,894
Value of Interest in Common/Collective Trusts	--	--	--	--	2,192,740
Value of Interest in Registered Investment Companies	1,704,679	539,024	383,924	--	3,069,153
Participant Loans	--	--	--	901,682	901,682
Total investments	1,704,679	539,024	383,924	901,682	14,648,469
Receivables:					
Employer Contributions	--	--	--	--	60,382
Employee Contributions	25,484	8,382	6,567	--	104,884
Accrued Investment Income	--	1	--	--	7,876
Total receivables	25,484	8,383	6,567	--	173,142
NET ASSETS AVAILABLE FOR PLAN BENEFITS:	\$ 1,730,163	\$ 547,407	\$ 390,491	\$ 901,682	\$14,821,611

The accompanying notes are an integral part of this statement.

\* Formerly known as Southern California Water Company Stock Fund

## SOUTHERN CALIFORNIA WATER COMPANY

## INVESTMENT INCENTIVE PROGRAM

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1998 AND 1997

## 1. Plan Description

The following description of the Southern California Water Company Investment Incentive Program (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

## General

The Plan is a defined contribution plan established by the Southern California Water Company (the "Company") under the provisions of Section 401(a) of the Internal Revenue Code (the "IRC"), which includes a qualified cash or deferred arrangement as described in Section 401(k) of the IRC, for the benefit of eligible employees of the Company. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended.

Prior to inception of the Plan, the Company maintained the Payroll-Based Tax Credit Employee Stock Ownership Plan (the "PAYSOP") for the benefit of participating employees and their beneficiaries. Under the PAYSOP, the Company contributed amounts equal to a tax credit claimed by the Company on its federal income tax return. This credit was calculated as a percentage of qualifying payroll. The Tax Reform Act of 1986 eliminated this credit for tax years after 1986. As a result, the Company terminated the PAYSOP and transferred the net assets into the Plan effective January 1, 1988. The trustee maintains a separate account for the net assets which were transferred from the PAYSOP (See Note 2).

## Plan Administration

Under a trust agreement dated May 4, 1988, Wells Fargo Bank, N.A. (formerly First Interstate Bank) was appointed trustee for the Plan (the "Trustee"). The Plan is administered by the Investment Incentive Program Committee (the "Plan Administrator"), which is appointed by the Company's Board of Directors.

## Eligibility

Effective January 1, 1996 any employee who has completed a period of service of 30 consecutive days is eligible to participate in the Plan.

## Contributions

Effective January 1, 1996, eligible employees can contribute an amount between one percent and fifteen percent of compensation, as defined in the Plan document. In addition, the Company provides matching contributions of 100 percent of the first three percent and 50 percent of the next three percent contributed by a participant. Under the terms of the Plan, employer matching contributions are invested in the American States Water Company Stock Fund, formerly known as the Southern California Water Company Stock Fund.

### Vesting

Participants are fully vested in all employer matching contributions made to their account and the earnings thereon. Accordingly, there are no forfeited non-vesting accounts as of December 31, 1998 and 1997.

### Distribution of Benefits

Participants' benefits under the Plan become distributable upon severance from service, as defined in the Plan document. Participants electing to have their distribution deferred will receive benefits equal to the amounts credited to their accounts as of the end of the next calendar quarter. The value of benefits distributable to participants not electing deferral is based upon amounts credited to the participants' accounts under the Plan as of the end of the next preceding calendar quarter, except as described below.

A participant shall be entitled to request an in-service withdrawal of the lesser of the balance of his/her deferral account or total unwithdrawn deferral contributions after the participant has attained age 59-1/2. Such a distribution shall be permitted only once every two years while the participant remains as an employee. In addition, subject to the approval of the Plan's Administrator, withdrawals from the participant's deferral account may be permitted before age 59-1/2 to meet a financial hardship.

### Participant Accounts

Individual accounts are maintained for each of the Plan's participants to reflect the participants' contributions and related employer matching contributions, as well as the participants' share of the Plan's income and any related administrative expenses. Allocations are based on the proportion that each participant's account balance has to the total of all participants' account balances.

## 2. Investment Options

Participants may direct their contributions and any related earnings into various investment options. Participants may change their investment elections on a daily basis, in full percent increments. Participants may not direct the investment of employer matching contributions. Employer contributions and the net assets of the former PAYSOP, and the respective earnings thereon are both in the form of Company stock and have been combined for financial statement purposes under the heading "Non-Participant Directed".

A description of each investment option is provided below:

American States Water Company Stock Fund (Formerly known as Southern California Water Company Stock Fund)

The objective of this fund is to invest in American States Water Company Water Company common stock. From time to time, the Plan may maintain a portion of the fund's assets in cash or forms of short-term investments, provided that such accounts remain primarily invested in American States Water Company common stock.

#### Wells Fargo Stable Asset Fund

The objective of this fund is to provide a stable level of income without significant principal volatility. The fund primarily invests in a variety of high quality fixed-income securities.

#### Wells Fargo S&P 500 Stock Fund

The objective of this fund is to provide returns comparable to the returns of the S&P 500 Stock Index by investing in the same stocks and in substantially the same percentages as the S&P 500 Stock Index.

#### INVESCO Select Income Fund

The objective of this fund is to provide a high level of current income by investing in government and corporate debt securities.

#### Strong Opportunity Fund

The objective of this fund is to provide long-term capital appreciation. The fund primarily invests in common stocks.

#### Strong Total Return Fund

The objective of this fund is to provide a mix of income and capital appreciation. The fund primarily invests in common stocks, corporate bonds and debentures, and money market instruments.

#### Westcore Intermediate Term Bond Fund

The objective of this fund is to provide current income with little volatility of principal by investing in high quality corporate and government bonds with maturities between three and six years.

#### Participant Loans

Effective June 5, 1996, a participant may borrow, subject to certain restrictions and tax law requirements, the lesser of \$50,000 or 50 percent of his or her account balance, with a minimum loan amount of \$1,000. Loan transactions are treated as a transfer to (from) the investment fund from (to) Participant Loans. Principal and interest are repayable ratably through payroll deductions over 36 months for loans less than \$5,000 and within 59 months for all other loans. The loans bear interest at the Prime Rate plus one percent. The interest rates for the 1998 Plan year range from 8.75 to 9.50 percent. A loan is considered to be in default if any scheduled payment is more than 30 days late. Defaulted loans are treated as a taxable distribution from the Plan and loans in default at December 31, 1998, which were uncollectable, were treated as a taxable distribution in 1999. Prior to June 5, 1996, participants were not allowed to borrow from the Plan.

### 3. Summary of Significant Accounting Policies

#### Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting. The preparation of the financial statements in conformity with generally accepted accounting principles requires the Plan's management to use estimates and assumptions that affect the

reported amounts of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

#### Income Recognition

Purchases and sales of securities are recorded on a settlement-date basis. Interest income is recorded as earned on the accrual basis. Dividend income is recorded on the ex-dividend date.

#### Investment Valuation

Investments are stated at fair value. Investments in collective funds, registered investment companies, and Company stock are valued at quoted market prices, which represent the net asset value of shares held by the Plan at year end. Participant loans are valued at cost, which approximate fair value.

#### Net Appreciation in Fair Value of Investments

Net realized and unrealized appreciation (depreciation) is recorded in the accompanying Statement of Changes in Net Assets available for Plan Benefits, as net appreciation (depreciation) in fair value of investments.

#### Distributions to Participants

Distributions to participants are recorded when paid.

#### Administrative Expenses

Administrative fees for accountants, legal counsel and other specialists and any other costs of administering the Plan, unless paid directly by the Company, will be paid by the Plan and will be charged against participants' accounts. Certain administrative expenses directly relating to participant accounts are specifically allocated and deducted from the participants' accounts. During 1998 and 1997, administrative expenses borne by the Plan and by the Company were insignificant.

Administrative expenses incurred related to the net assets of the former PAYSOP account, that are paid out of the Plan, are limited to the lesser of (i) the sum of 10 percent of the first \$100,000 and 5 percent of any amount in excess of \$100,000 of the income from dividends paid to the Plan with respect to Company stock allocated to the PAYSOP account during the plan year, or (ii) \$100,000.

#### 4. Related Party Transactions

The Wells Fargo Stable Asset Fund and the Wells Fargo S&P 500 Stock Fund (collectively the "Wells Funds") are managed by Wells Fargo Bank, N.A. As such, transactions in the Wells Funds qualify as exempt party-in-interest transactions.

#### 5. Tax Status

The Internal Revenue Service issued a determination letter dated November 6, 1996 stating that the Plan and related trust are designed in accordance with applicable IRC requirements as of that date. The Plan Administrator and the Plan's tax counsel believe that the Plan was qualified and was tax-exempt for the years ended December 31, 1998 and 1997.

## Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to amend or terminate the Plan subject to the provisions of ERISA.

## 6. Reconciliation of Financial Statements to Form 5500

The Plan financial statements are prepared on the accrual basis of accounting, however, the Form 5500 is prepared on the cash basis. The following is a reconciliation of net assets available for plan benefits per the financial statements to the Form 5500:

	December 31,	
	----- 1998 -----	----- 1997 -----
Net assets available for plan benefits per the financial statements	\$ 19,174,439	\$ 14,821,611
Less: Contributions and income receivable	(92,952)	(173,142)
	-----	-----
Net assets available for plan benefits per the Form 5500	\$ 19,081,487 =====	\$ 14,648,469 =====

The following is a reconciliation of total additions per the financial statements to total income per the Form 5500:

	Year ended December 31, 1998 -----
Total additions per the financial statements	\$ 4,855,178
Add: Amounts accrued for contributions and income at December 31, 1997	173,142
Less: Amounts accrued for contributions and income at December 31, 1998	(92,952)
	-----
Total income per the Form 5500	\$ 4,935,368 =====

## SCHEDULE I

## SOUTHERN CALIFORNIA WATER COMPANY

## INVESTMENT INCENTIVE PROGRAM

EIN: 95-1243678 Plan No. 005

## ITEM 27a - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES

AS OF DECEMBER 31, 1998

Identity of Issuer, Borrower, Lessor, or Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Par or Maturity Value	Cost	Fair Value
* American States Water Company	Common Stock - \$2.50 stated Value	\$ 8,012,944	\$ 10,304,263
* Wells Fargo Institutional Trust Group	Wells Fargo Stable Asset Fund	1,253,864	1,253,864
* Wells Fargo Institutional Trust Group	Wells Fargo S&P 500 Stock Fund	1,836,895	2,149,931
* Wells Fargo Institutional Trust Group	INVESCO Select Income Fund	587,101	580,766
* Wells Fargo Institutional Trust Group	Strong Opportunity Fund	2,083,689	2,205,107
* Wells Fargo Institutional Trust Group	Strong Total Return Fund	650,551	783,395
* Wells Fargo Institutional Trust Group	Westcore Intermediate Term Bond Fund	542,509	547,164
Participant	Loans Loan with maturities varying from three to five years and interest rates ranging from 8.75 percent to 9.50 percent	--	1,256,997
Total		----- \$14,967,553 =====	----- \$19,081,487 =====

\* Party-in-interest

## SCHEDULE II

## SOUTHERN CALIFORNIA WATER COMPANY

## INVESTMENT INCENTIVE PROGRAM

EIN 95-1243678 Plan No. 005

## ITEM 27b - SCHEDULE OF LOANS OR FIXED INCOME OBLIGATIONS IN DEFAULT

AS OF DECEMBER 31, 1998

Identity and address amount of obligor	Original amount of loan	Amount received during reporting year		Unpaid balance at end of year	Detailed description of loan including dates of making and maturity, interest rate, the type & value of collateral, any renegotiation of the loan and the terms of the renegotiation and other material items	Amount overdue	
		Principal	Interest			Principal	Interest
Dion Barela 1665-1/2 W. 253rd Street Harbor City, CA 90710	\$ 5,000	\$ 432	\$240	\$4,474	Participant Loan 10/21/97; 9/5/02, 9.5 percent Collateral - Vested Balance	\$ 443	\$ 202
Jason Lavin 14631 Mimosa Lane Tustin, CA 92780	10,000	2,741	532	7,259	Participant Loan 1/22/98; 1/13/00, 9.5 percent Collateral - Vested Balance	1,933	147

## SCHEDULE III

## SOUTHERN CALIFORNIA WATER COMPANY

## INVESTMENT INCENTIVE PROGRAM

EIN 95-1243678 Plan No. 005

## ITEM 27d - SCHEDULE OF REPORTABLE TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 1998

Identity of Party Involved	Description of Assets	Purchase Price	Selling Price	Expense Incurred with Transaction	Cost of Asset	Current Value of Asset on Date	Net Gain or (Loss)
American States Water Company	American States Water Company Common Stock						
	157 purchases	\$4,080,736	\$ --	\$ --	\$4,080,736	\$4,080,736	\$ --
	143 sales	--	3,072,241	--	3,109,627	3,072,241	(37,386)
Wells Fargo Institutional Trust Group	Wells Fargo S&P 500 Stock Fund						
	109 purchases	945,922	--	--	945,922	945,922	--
	45 sales	--	301,576	--	276,363	301,576	25,213
Wells Fargo Institutional Trust Group	Strong Opportunity Fund						
	97 purchases	822,592	--	--	822,592	822,592	--
	51 sales	--	372,855	--	351,161	372,855	21,694

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the members of the Investment Incentive Program Committee have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

SOUTHERN CALIFORNIA WATER COMPANY  
INVESTMENT INCENTIVE PROGRAM

By: /s/ McCLELLAN HARRIS III  
-----  
McClellan Harris III  
Member - Investment Incentive Program Committee

By: /s/ JAMES B. GALLAGHER  
-----  
James B. Gallagher  
Member - Investment Incentive Program Committee

Dated: June 28, 1999

## CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of our report dated June 18, 1999 included in this Form 11-K, into the previously filed S-8 Registration Statement (File No. 33-71226) of Southern California Water Company.

ARTHUR ANDERSEN LLP

Los Angeles, California  
June 18, 1999