

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 8-K
CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (date of earliest event reported) **March 30, 2020**

AMERICAN STATES WATER COMPANY
(Exact name of registrant as specified in its charter)

California (State or other jurisdiction of incorporation or organization)	001-14431 (Commission File Number)	95-4676679 (I.R.S. Employer Identification No.)
630 East Foothill Blvd. (Address of Principal Executive Offices)	San Dimas California	91773-1212 (Zip Code)
(909) 394-3600 Registrant's telephone number, including area code+		

Not Applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
American States Water Company Common Shares	AWR	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Section 5 - Corporate Governance and Management

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

On March 30, 2020, the Compensation Committee of the Board of Directors approved the 2020 Short-Term Incentive Program (the "Bonus Program") for the executive officers (the "Executive Officers") of American States Water Company (NYSE:AWR). Under the terms of the Bonus Program, each of the Executive Officers is eligible to earn an objective cash bonus and a discretionary cash bonus for the 2020 calendar year.

The target aggregate bonus for Robert J. Sprowls, President and Chief Executive Officer of American States Water Company and its subsidiaries, Eva G. Tang, Senior Vice President-Finance, Chief Financial Officer and Corporate Secretary of American States Water Company and its subsidiaries and Treasurer of American States Water Company, and Denise L. Kruger, Senior Vice President-Regulated Utilities for Golden State Water Company is 90%, 33.5% and 33.5%, respectively, of his or her base salary for 2020. The objective bonus is 80% of the target aggregate bonus for each of these Executive Officers and will become payable based upon each Executive Officer's attainment of specific performance targets set forth in the Bonus Program. The discretionary bonus is 20% of the target aggregate bonus for each of these Executive Officers and is payable based on the Company's subjective assessment of the Executive Officer's performance in the areas of our business over which he or she has responsibility.

A copy of the 2020 Short-Term Incentive Program and the Form of 2020 Short-Term Incentive Program Award Agreement are attached as Exhibits 10.1 and 10.2, respectively.

Section 9 - Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits

The following documents are filed as an Exhibit to this report:

<u>Exhibit No.</u>	<u>Description</u>
Exhibit 10.1	2020 Short-Term Incentive Program*
Exhibit 10.2	Form of Award Agreement for 2020 Short-Term Incentive Program*
Exhibit 104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document

*Management contract or compensatory arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN STATES WATER COMPANY:

Date: April 1, 2020

/s/ Eva G. Tang

Eva G. Tang

Senior Vice President-Finance, Chief Financial Officer, Corporate Secretary and Treasurer

AMERICAN STATES WATER COMPANY

2020 SHORT-TERM INCENTIVE PROGRAM

1. *Purpose of 2020 Short-Term Incentive Program*

American States Water Company, a California corporation, (the “**Corporation**”) has adopted the American States Water Company Performance Incentive Plan (the “**Plan**”) to promote the success of the Corporation by (a) motivating executives selected to participate in the Plan to maximize the performance of the Corporation both from a financial perspective and in serving its customers and (b) rewarding them with cash Objective Bonuses directly related to such performance. The Corporation’s board of directors recognizes that the ability of the Corporation and its subsidiaries to attract capital at a low cost is based on its financial performance and that the Corporation’s customers benefit through its ability to attract low cost capital. This 2020 Short-Term Incentive Program (the “**2020 STIP**”) sets forth the names of the individuals selected to be Participants who are eligible to earn Objective Bonuses under the Plan for the 2020 calendar year and the applicable Business Criteria, Additional Objective Criteria, Performance Targets, and Payout Percentages for the 2020 calendar year. The 2020 STIP also provides for Discretionary Bonuses, which when added to the Objective Bonuses under the Plan, equal the Aggregate Bonuses payable under the 2020 STIP for the 2020 calendar year.

2. *Term of 2020 STIP*

The Performance Period covered by the 2020 STIP (the “**Term**”) began on January 1, 2020 and will end on December 31, 2020.

3. *Relationship to American States Water Company Performance Incentive Plan*

The Objective Bonuses based on the Business Criteria payable under Awards granted under the 2020 STIP are granted under the authority of the Plan and are subject to all of the terms and conditions of the Plan, as it may be amended from time to time, and any rules adopted by the Committee in accordance with the terms of the Plan, as such rules are in effect from time to time. The Discretionary Bonuses and the Objectives Bonuses based solely on the satisfaction of the Additional Objective Criteria are granted under the general authority of the Compensation Committee to determine the compensation payable to Executives.

4. *Definitions*

Capitalized terms used and not otherwise defined herein have the meanings set forth in the Plan. In addition, the following phrases shall have the meanings specified below:

“**Additional Objective Criteria**” means Direct Operating Margin - ASUS.

“**Adjusted EPS - ASUS**” means the EPS of ASUS for 2020 adjusted to remove 1) the general office allocation to ASUS related to any transaction fees and/or gain or loss on sale recognized in

the financial statements in 2020 associated with a sale of any of the Corporation's business units or the acquisition of any new businesses, 2) the general office allocation to ASUS related to new business development at Regulated Utilities, and 3) the impact of the Coronavirus (COVID-19) on the EPS of ASUS for 2020 as an extraordinary or non-recurring item determined in accordance with generally accepted accounting principles or another objective method of measurement.

“Adjusted EPS - AWR Consolidated” means the Corporation's EPS for 2020 adjusted to remove 1) any write-offs associated with the CPUC's 2020 procurement audit of GSWC arising out of the settlement of claims approved by the CPUC in December 2011 related to the capital projects contracting matter, 2) any transaction fees and/or gain or loss on sale recognized in the financial statements in 2020 associated with a sale or restructuring of any of the Corporation's business units or the acquisition of any new businesses, 3) expenses associated with new business development at Regulated Utilities, 4) the performance of the Rabbi Trust assets to support retirement benefits, and 5) the impact of the Coronavirus (COVID-19) on the EPS of AWR Consolidated for 2020 as an extraordinary or nonrecurring item determined in accordance with generally accepted accounting principles or another objective method of measurement.

“Adjusted EPS - Regulated Utilities” means the sum of the EPS of each of the Regulated Utilities for 2020 adjusted to remove 1) any write-offs associated with the CPUC's 2020 procurement audit of GSWC arising out of the settlement of claims approved by the CPUC in December 2011 related to the capital projects contracting matter, 2) any transaction fees and/or gain or loss on sale recognized in the financial statements in 2020 associated with a sale or restructuring of any of the Corporation's business units or the acquisition of any new businesses, 3) expenses associated with new business development, 4) the performance of the Rabbi Trust assets to support retirement benefits, and 5) the impact of the Coronavirus (COVID-19) on the EPS of Regulated Utilities for 2020 as an extraordinary or nonrecurring item determined in accordance with generally accepted accounting principles or another objective method of measurement.

“Adjusted EPS - Regulated Water Utilities” means the EPS of Regulated Water Utilities for 2020 adjusted to remove 1) any write-offs associated with the CPUC's 2020 procurement audit of GSWC arising out of the settlement of claims approved by the CPUC in December 2011 related to the capital projects contracting matter, 2) any transaction fees and/or gain or loss on sale recognized in the financial statements in 2020 associated with a sale or restructuring of any of the Corporation's business units or the acquisition of any new businesses, 3) expenses associated with new business development, 4) the performance of the Rabbi Trust assets to support retirement benefits, and 5) the impact of the Coronavirus (COVID-19) on the EPS of Regulated Water Utilities for 2020 as an extraordinary or nonrecurring item determined in accordance with generally accepted accounting principles or another objective method of measurement.

“Aggregate Bonus” means the combination of a Participant's Objective Bonus and his or her Discretionary Bonus.

“ASUS” means American States Utility Services, Inc., a California corporation, and wholly owned subsidiary of the Corporation, and its wholly owned subsidiaries.

“Award Agreement” means a written agreement setting forth the material terms and conditions of the Award as determined by the Committee consistent with the express limitations of the Plan and the 2020 STIP.

“Base Salary” means the Participant’s rate of annual base pay on the date the Committee approves the Business Criteria, the Additional Objective Criteria and the Performance Targets.

“BVES” means Bear Valley Electric Service, Inc., a California corporation and wholly owned subsidiary of the Corporation.

“Board of Directors” means the Corporation’s board of directors.

“Budget” or **“Budgeted”** means, in the case of Adjusted EPS for the Corporation, the Regulated Utilities, Regulated Water Utilities or ASUS, as the case may be, the projected Adjusted EPS for 2020 as set forth in the Operating Budget and for Expense Optimization – ASUS, Direct Construction Margin – ASUS and Direct Operating Margin – ASUS, the amounts included for these metrics in the Operating Budget.

“Business Criteria” means Adjusted EPS - AWR Consolidated, Adjusted EPS - Regulated Utilities, Adjusted EPS - Regulated Water Utilities, Adjusted EPS - ASUS, Customer Complaints - RWU, Direct Construction Margin - ASUS, Expense Optimization - ASUS, SOX Deficiencies -RU, SOX Deficiencies - ASUS, Safety - Recordable Work Incidents - ASUS, Safety - Recordable Work Incidents - RWU, Supplier Diversity - RU and Supplier Diversity - RWU.

“Committee” means the Compensation Committee of the Board of Directors.

“CPUC” means the California Public Utilities Commission.

“Customer Complaints - RWU” means the number of water quality, pressure, and leak complaints received from water customers by GSWC divided by the average number of water customers served by GSWC during 2020.

“Direct Construction Margin – ASUS” means a percentage determined by dividing total construction revenues less ASUS construction costs (reported as expenses in the Corporation’s Form 10-K for 2020 filed with the Securities and Exchange Commission) by total construction revenues. Construction revenues and construction costs for this purpose shall exclude (i) the construction revenues and construction costs of any new base, and (ii) the impact of the Coronavirus (COVID-19) on the Direct Construction Margin as an extraordinary or nonrecurring item determined in accordance with generally accepted accounting principles or another objective method of measurement.

“Direct Operating Margin – ASUS” means a percentage determined by dividing total operations and maintenance revenues less direct operations expense by total operations and maintenance revenues as recorded in the Corporation’s Form 10-K. Total operations and maintenance revenues for this purpose shall exclude revenues of any new base awards received in 2020 and exclude revenues and expenses in connection with managing additional assets if the asset

transfers as Budgeted for these additional assets are not approved by the government in 2020. Direct operations expense for this purpose shall include other operation, administration and general, depreciation and amortization, and property and other taxes as reflected in the Corporation's Form 10-K, but shall exclude (i) expenses of any new base awarded during 2020, (ii) expenses of ASUS administration and centralized functions, (iii) general office expenses of GSWC approved by the CPUC to be allocated to ASUS, (iv) property and other taxes allocable to construction activities, (v) direct maintenance expenses, (vi) pre-contract expenses associated with construction activities, and (vii) the impact of the Coronavirus (COVID-19) on the Direct Operating Margin as an extraordinary or nonrecurring item determined in accordance with generally accepted accounting principles or another objective method of measurement.

“Discretionary Bonus” means a bonus payable to a Participant based on that Participant's Individual Performance Measures.

“EPS” means fully diluted earnings per share as reported in the Corporation's consolidated financial statements for 2020.

“Expense Optimization – ASUS” means the sum of other operations, and administrative and general expenses of ASUS in 2020 (as reflected in the Corporation's 10-K) excluding (i) expenses of ASUS incurred in connection with any new base awards during 2020, (ii) general office expenses of GSWC approved by the CPUC to be allocated to ASUS, (iii) expenses incurred in connection with ASUS's new business development cost center, (iv) expenses included in the Corporation's Form 10-K for awards recorded under the Plan and the 2016 Stock Incentive Plan, (v) expenses in connection with managing additional assets if the asset transfers as Budgeted for these additional assets are not approved by the government in 2020, and (vi) expenses related to the impact of the Coronavirus (COVID-19) as an extraordinary or nonrecurring item determined in accordance with generally accepted accounting principles or another objective method of measurement.

“GSWC” means Golden State Water Company, a California corporation and wholly owned subsidiary of the Corporation.

“Individual Performance Measures” means the criteria or goals utilized to determine the amounts of each Participant's Discretionary Bonus.

“Objective Bonus” means a bonus based on the degree of achievement of the Performance Targets for the Business Criteria and the Additional Objective Criteria.

“Operating Budget” means the Company's operating budget for 2020 as presented to the Board of Directors at its January 28, 2020 meeting as adjusted for the impact of decisions of the CPUC and other adjustments required to be made under Section 4.6 of the Plan.

“OSHA Violation” means an intentional or willful violation of the rules and regulations of the Occupational Health and Safety Administration which results in a serious injury, serious illness or death and arises out of a situation that the employer knew or should have known could result in

serious injury, serious illness or death, provided that the situation could have reasonably been remedied by the employer.

“**Payout Percentage**” means the percentage of a Participant’s Target Aggregate Bonus that is payable based on the degree of satisfaction of a Performance Target or the Individual Performance Measures.

“**Performance Measures**” means the Business Criteria, the Additional Objective Criteria and Individual Performance Measures.

“**Performance Target**” means a specific goal established by the Committee with respect to the Business Criteria or the Additional Objective Criteria as set forth in Section 6.

“**Regulated Utilities (RU)**” means GSWC, BVES and any other utility that becomes a direct or indirect subsidiary of the Corporation, which is designated a “regulated utility” by the Committee.

“**Regulated Water Utilities (RWU)**” means GSWC’s water operations and any other water utility that becomes a direct or indirect subsidiary of the Corporation, which is designated a “regulated water utility” by the Committee.

“**Safety-Recordable Work Incidents – ASUS**” means the number of work-related injuries and illnesses as reported on the OSHA Form 300s for ASUS other than for (i) new bases awarded in 2020, and (ii) work-related injuries and illnesses related to the Coronavirus (COVID-19).

“**Safety-Recordable Work Incidents - RWU**” means the number of work-related injuries and illnesses as reported on the OSHA Form 300 for GSWC’s water operations other than work-related injuries and illnesses related to the Coronavirus (COVID-19).

“**SOX**” means the Sarbanes-Oxley Act of 2002.

“**SOX Deficiencies - ASUS**” means the number of “control deficiencies” (each a “**CD**”), “significant deficiencies” (each an “**SD**”) and “material weaknesses” (each a “**MW**”) reported for ASUS in the independent auditor’s report for 2020 pursuant to Section 404 of SOX.

“**SOX Deficiencies - RU**” means the number of CDs, SDs and MWs reported for the Regulated Utilities in the independent auditor’s report for 2020 pursuant to Section 404 of SOX.

“**Supplier Diversity - RU**” means the percentage reported by the Regulated Utilities to the CPUC annually by March 1 in its General Order 156 Compliance Filing. The percentage is calculated by taking the Regulated Utilities’ total procurement dollars for the reporting period with CPUC qualified women-owned, minority-owned, disabled veteran-owned, and lesbian, gay, bisexual and transgender-owned business enterprises divided by the Regulated Utilities’ total procurement dollars (net of exclusions allowed under the General Order 156 Compliance Filing for the reporting period, such as payments for purchased water, purchased power, pump taxes, income taxes, franchise fees, and postage).

“**Supplier Diversity - RWU**” means the percentage reported by the Regulated Water Utilities to the CPUC annually by March 1 in its General Order 156 Compliance Filing. The percentage is calculated by taking the Regulated Water Utilities’ total procurement dollars for the reporting period with CPUC qualified women-owned, minority-owned, disabled veteran-owned, and lesbian, gay, bisexual and transgender-owned business enterprises divided by the Regulated Water Utilities’ total procurement dollars (net of exclusions allowed under the General Order 156 Compliance Filing for the reporting period, such as payments for purchased water, purchased power for pumping, pump taxes, income taxes, franchise fees, and postage).

“**Target Aggregate Bonus**” means the amount of bonus that would be payable if each of the Performance Targets were met at the targeted level and the Participant’s Individual Performance Measures were met at the targeted level.

5. Participation and Individual Awards

The individuals who have been selected as Participants in the 2020 STIP are set forth below together with the amount of their Target Aggregate Bonuses as a percentage of Base Salary:

	Participant	Target Aggregate Bonus
GSWC Officers		
Administrative and General	Robert J. Sprowls	90.00%
	Eva G. Tang	33.50%
	Gladys M. Farrow	27.60%
Operations	Denise L. Kruger	33.50%
	Paul J. Rowley	27.60%
	Sunil K. Pillai	25.30%
	Bryan K. Switzer (Keith)	27.60%
ASUS Officers		
Vice President - Operations	Granville R. Hodges, Jr. (Rusty)*	27.60%
Acting Senior Vice President		40.00%
	Gabriel G. Willis	27.60%

*Target Aggregate Bonus Percentage for the 2020 STIP will be pro-rated based on time spent during 2020 in each position.

For purposes of this 2020 STIP, the GSWC officers will be divided into (1) Administrative and General Officers and (2) Operations Officers.

The Corporation will enter into an Award Agreement with each Participant that (a) describes his or her Individual Performance Measures and sets forth his or her Target Aggregate Bonus, (b) sets forth his or her threshold, target and maximum Performance Targets and (c) incorporates the terms and conditions of the Plan and this 2020 STIP by reference. The Target Aggregate Bonus amount set forth above shall represent the aggregate amount of up to three separate bonuses: an Objective

Bonus under the Plan, an Objective Bonus based solely on satisfaction of the Additional Objective Criteria and a Discretionary Bonus.

6. Performance Targets for Objective Bonuses

The threshold, target and maximum Performance Targets for the 2020 STIP are set forth in Exhibit A to this 2020 STIP.

7. Determination of Participants' Aggregate Bonuses

The Aggregate Bonus payable to each Participant shall be determined on the basis of the extent to which the Performance Targets for the Business Criteria, the Additional Objective Criteria and that Participant's Individual Performance Measures are achieved. The amount of Aggregate Bonus payable is equal to the amount of the Target Aggregate Bonus multiplied by the sum of the Payout Percentages for each of the Performance Measures as determined pursuant to the tables in (a) Section B of Exhibit A for Participants that are Administrative and General Officers employed by GSWC, (b) Section C for Participants that are Operations Officers employed by GSWC and (c) Section D for Participants employed by ASUS.

As soon as practicable following the end of the Term of the 2020 STIP and the completion of the independent auditor's report for 2020, the Committee shall determine the extent to which the Performance Targets for the Business Criteria and the Additional Objective Criteria are achieved and the extent to which the Individual Performance Measures are achieved, and determine the Payout Percentage for each of the Performance Measures. In order for a Participant to receive any payment with respect to the Participant's Discretionary Bonus, the Participant must meet the standards established for the Participant's position, which standards shall be one of the components of the Participant's Individual Performance Measures. The determination of whether the standards established for the Participant's position are achieved shall be made by the Committee, which (other than for the Company's President and Chief Executive Officer) determination shall be based on the recommendations of the President and Chief Executive Officer or another direct supervisor of the Participant.

For levels of achievement between threshold and maximum, the Committee shall determine the Payout Percentage by interpolation. Subject to Section 8 below, the Aggregate Bonus for each Participant shall be the sum of the Payout Percentages determined with respect to each Performance Measure multiplied by the amount of Participant's Target Aggregate Bonus.

8. Payment of Accounts

At the time the Committee makes the determinations described in Section 7, it shall certify, in accordance with Section 4.8 of the Plan, the amounts of the Objective Bonuses payable to Participants. The Committee shall, at the same time, determine the amount of the Discretionary Bonus payable to Participants. Payment of such bonuses (the Aggregate Bonuses) shall be made as soon as practicable following the Committee's determination and certification, but in no event later than December 31, 2021.

Notwithstanding the foregoing, any Objective Bonus otherwise payable to any Participant under this 2020 STIP shall be subject to the adjustments, limitations (including the dollar limitation under Section 4.3 of the Plan), the Committee's discretionary authority to make downward adjustments and other terms and conditions set forth in the Plan. Any Discretionary Bonus otherwise payable under this 2020 STIP shall be subject to any adjustments, limitations, upward or downward adjustments in amounts and any other terms or conditions that the Committee may impose in its sole discretion.

9. *Effect of Termination of Employment*

Except as otherwise provided in an employment agreement, memorandum of understanding, other contract between a Participant and the Corporation or one of its Subsidiaries, or by the Committee in its sole discretion, the bonuses payable under a Participant's Award will be forfeited, and the Participant will not be entitled to any bonus payments with respect to such Award if the Participant ceases to be employed by the Corporation or one of its Subsidiaries for any reason prior to the date the bonus payments under the 2020 STIP are paid to Participants.

10. *Recoupment of Bonuses*

Any payment of an Objective Bonus, Discretionary Bonus or Aggregate Bonus under this 2020 STIP is subject to recoupment pursuant to the Corporation's Policy Regarding the Recoupment of Certain Performance-Based Compensation Payments as in effect from time to time, or as otherwise may be required by law and a Participant shall promptly make any reimbursement requested by the Board of Directors or the Committee pursuant to such policy with respect to any such bonuses. Further, each Participant shall agree, by accepting an Award under the 2020 STIP and executing an Award Agreement, that the Corporation and/or any of its affiliates may deduct from any amounts it may owe the Participant from time to time (such as wages or other compensation) any and all amounts the Participant is required to reimburse the Corporation pursuant to such policy with respect to the Award.

11. *Section 409A of the Code*

This 2020 STIP shall be interpreted in a manner such that the payment of an Objective Bonus, Discretionary Bonus or Aggregate Bonus contemplated hereby will either (i) comply with Section 409A or (ii) be exempt from the requirements of Section 409A as a "short-term deferral" under Section 409A, including Treasury Regulations Section 1.409A-1(b)(4). It is intended that the terms of this 2020 STIP will not result in the imposition of any tax liability pursuant to Section 409A, and shall be construed and interpreted consistent with that intent.

EXHIBIT A

**2020 STIP
PERFORMANCE TARGETS AND PAYOUT PERCENTAGES**

A. PERFORMANCE TARGETS FOR OBJECTIVE BONUSES

Performance Measure	Performance Targets		
	Threshold	Target	Maximum
Adjusted EPS - AWR Consolidated	80% Budget	100% Budget	120% Budget
Adjusted EPS - Regulated Utilities (RU)	80% Budget	100% Budget	120% Budget
Adjusted EPS - Regulated Water Utilities (RWU)	80% Budget	100% Budget	120% Budget
Adjusted EPS - ASUS	80% Budget	100% Budget	130% Budget
Customer Complaints - RWU	≤ 0.12%	≤ 0.08%	≤ 0.04%
Supplier Diversity - RU	≥ 15.5%	≥ 21.5%	≥ 27.5%
Supplier Diversity - RWU	≥ 15.5%	≥ 21.5%	≥ 27.5%
Safety - Recordable Work Incidents - RWU	21	15	11
SOX Deficiencies - RU	No MW, No SD & No more than 4 CDs	No MW, No SD & No more than 2 CDs	No MW, No SD & No CD
SOX Deficiencies - ASUS	No MW, No SD & No more than 1 CD	No MW, No SD & No CD	N/A
Expense Optimization - ASUS	≤ 100% of Budget	≤ 98% of Budget	≤ 96% of Budget
Direct Construction Margin - ASUS	≥ Budget less 100 basis points	≥ Budget	≥ Budget plus 100 basis points
Direct Operating Margin - ASUS	≥ Budget less 100 basis points	≥ Budget	≥ Budget plus 100 basis points
Safety - Recordable Work Incidents - ASUS	15	12	9 and No OSHA Violations

B. PAYOUT PERCENTAGES FOR PERFORMANCE MEASURES - GSWC ADMINISTRATIVE AND GENERAL OFFICERS

Performance Measure	Payout Percentage		
	Threshold	Target	Maximum
Adjusted EPS - AWR Consolidated	10.0%	20.0%	35.0%
Adjusted EPS - Regulated Utilities (RU)	11.5%	20.0%	29.0%
Adjusted EPS - ASUS	5.0%	10.0%	20.0%
Customer Complaints - Regulated Water Utilities (RWU)	3.0%	10.0%	15.0%
Supplier Diversity - RU	4.0%	10.0%	13.5%
SOX Deficiencies - RU	2.0%	5.0%	7.5%
SOX Deficiencies - ASUS	2.0%	5.0%	N/A
Objective Bonus Total	37.5%	80.0%	120.0%
Individual Performance Measure (Discretionary Bonus)	12.5%	20.0%	35.0%
Aggregate Bonus	50.0%	100.0%	155.0%

C. PAYOUT PERCENTAGES FOR PERFORMANCE MEASURES - GSWC OPERATIONS OFFICERS

Performance Measure	Payout Percentage		
	Threshold	Target	Maximum
Adjusted EPS - Regulated Water Utilities (RWU)	20.0%	40.0%	60.0%
Customer Complaints - RWU	4.5%	10.0%	15.0%
Supplier Diversity - RWU	4.5%	10.0%	15.0%
Safety - Recordable Work Incidents - RWU	4.5%	10.0%	15.0%
SOX Deficiencies - RU	4.0%	10.0%	10.0%
Objective Bonus Total	37.5%	80.0%	115.0%
Individual Performance Measure (Discretionary Bonus)	12.5%	20.0%	35.0%
Aggregate Bonus	50.0%	100.0%	150.0%

D. PAYOUT PERCENTAGES FOR PERFORMANCE MEASURES - ASUS OFFICERS

Performance Measure	Payout Percentage		
	Threshold	Target	Maximum
Adjusted EPS - ASUS	15.0%	40.0%	70.0%
Direct Operating Margin - ASUS	7.0%	12.5%	24.0%
Direct Construction Margin - ASUS	7.0%	12.5%	24.0%
Expense Optimization - ASUS	4.0%	6.0%	12.0%
Safety – Recordable Work Incidents -ASUS	2.5%	4.0%	5.0%
SOX Deficiencies - ASUS	2.0%	5.0%	N/A
Objective Bonus Total	37.5%	80.0%	135.0%
Individual Performance Measure (Discretionary Bonus)	12.5%	20.0%	35.0%
Aggregate Bonus	50.0%	100.0%	170.0%

**FORM OF AWARD AGREEMENT FOR
AMERICAN STATES WATER COMPANY
2020 SHORT-TERM INCENTIVE PROGRAM**

March 30, 2020

To: 2020 Short-Term Incentive Program Participants

American States Water Company (the “Company”) is pleased to inform you that you have been selected as a participant in the Company’s 2020 Short-Term Incentive Program (the “Bonus Program”). Unless otherwise defined in this award agreement, capitalized terms used in this award agreement have the same meanings as in the Bonus Program.

As a participant in the Bonus Program, you are eligible to earn two separate cash bonuses for the 2020 calendar year—an Objective Bonus and a Discretionary Bonus. Your total Target Aggregate Bonus is set forth opposite your name in the Bonus Program and is equal to the sum of the target amount of your Objective Bonus plus the target amount of your Discretionary Bonus.

Your Objective Bonus is subject to the terms of the Bonus Program and the Company’s Performance Incentive Plan (the “Plan”), and will only become payable if all of the applicable terms and conditions of both the Bonus Program and the Plan are satisfied. The portion of your Target Aggregate Bonus attributable to your Objective Bonus will become payable based on the Company’s attainment of the specific Performance Targets established for the Business Criteria and the Additional Objective Criteria that have been established for you. Your applicable Business Criteria, Additional Objective Criteria, Performance Targets (including the threshold, target and maximum Performance Targets) and Payout Percentages are set forth in Exhibit A to the Bonus Program. Please note, however, that payment of your Objective Bonus remains subject to the Compensation Committee’s discretion to reduce Objective Bonuses pursuant to Section 4 of the Plan.

Your Discretionary Bonus is subject to the terms of the Bonus Program (but not the Plan), and will only become payable if all of the applicable terms and conditions of the Bonus Program are satisfied. The portion of your Target Aggregate Bonus attributable to your Discretionary Bonus will become payable based on the Company’s assessment of your attainment of the core performance objectives for your position, and you will only be entitled to receive a Discretionary Bonus if you are determined to meet the standards established for your position. These individual performance requirements applicable to your Discretionary Bonus are referred to as your Individual Performance Measures. The Payout Percentage for your Discretionary Bonus is set forth in Exhibit A to the Bonus Program.

Any Objective Bonus or Discretionary Bonus that becomes payable to you will be paid as soon as practicable following the Compensation Committee’s determination and certification pursuant to Section 8 of the Bonus Program, but in no event later than December 31, 2021. However, any Objective Bonus or Discretionary Bonus that becomes payable to you is subject to recoupment pursuant to the Company’s Policy Regarding the Recoupment of Certain Performance-Based

Compensation Payments as in effect from time to time or as otherwise may be required by law, and you agree to promptly make any reimbursement requested by the Board of Directors or the Compensation Committee pursuant to such policy with respect to any such bonuses. In addition, you agree that the Company and/or any of its affiliates may deduct from any amounts it may owe you from time to time (such as wages or other compensation) any and all amounts that you are required to reimburse the Company pursuant to such policy.

Copies of the Bonus Program and the Plan are being provided to you with this award agreement. The Company advises you to read these documents carefully because they are legal documents that establish the terms and conditions of your Objective Bonus and your Discretionary Bonus. The Bonus Program and the Plan are each incorporated into this award agreement by reference and will control in the event there is any conflict between the terms of this award agreement and the Bonus Program or Plan, as applicable.

Sincerely,

Robert J. Sprowls
President and Chief Executive Officer

Accepted and Agreed:

[Executive]