

**MINUTES OF THE JOINT MEETING
OF THE BOARDS OF DIRECTORS OF
CITIZENS ENERGY GROUP AND CWA AUTHORITY, INC.
HELD AUGUST 16, 2023**

Pursuant to notice duly given and posted as required by law, a joint meeting of the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis d/b/a Citizens Energy Group (Citizens) and the Board of Directors of CWA Authority, Inc. (CWA) (jointly referred to as the Board unless otherwise noted) convened at 8:40 a.m., EST, Wednesday, August 16, 2023, at the offices of Citizens, 2150 Doctor Martin Luther King, Jr. Street, Indianapolis, Indiana.

All Board members were present at the meeting: Anne Nobles (Chair), Daniel C. Appel, Moira M. Carlstedt, Sherry D. Davis, Jeffrey E. Good, Christia Hicks, J.A. Lacy, Maria M. Quintana, and Nichole C. Wilson. Members of the Board of Trustees also present at the meeting were: Daniel F. Evans, Jr., Brian Williams, Jackie Nytes, and Mel Raines.

Present from Citizens: Jeffrey A. Harrison, President and Chief Executive Officer; Craig L. Jackson, Senior Vice President and Chief Financial Officer; Joseph M. Perkins, Jr., Senior Vice President and General Counsel; Michael D. Strohl, Senior Vice President and Chief Customer Officer; Mark C. Jacob, Vice President of Capital Programs and Engineering; Sabine E. Karner, Vice President and Controller; John F. Lucas, Vice President of Information Technology; Curtis H. Popp, Vice President of Customer Operations; Joseph M. Sutherland, Vice President of Regulatory and External Affairs; Jodi L. Whitney, Vice President of Human Resources and Chief Diversity Officer; Jeffrey A. Willman, Vice President of Water Operations; Lauren Toppen, Senior Legal Counsel; Korlon Kilpatrick, Director of Regulatory Affairs; and Laura O'Brien, Manager of Corporate and Public Affairs.

The meeting was called to order by the Chair of the Board. The Chair requested Board members recuse themselves from any action items on the agenda if they identified a conflict. No items or conflicts were identified.

The Board considered the minutes of its previous meeting. Upon a motion duly made and seconded, the Board unanimously approved the minutes of the joint meeting of the Boards of Directors of Citizens Energy Group and CWA Authority, Inc. held on May 17, 2023.

The Chair addressed management's request to approve the filing set forth in Fuel Cost Adjustment 70. Upon a motion duly made and seconded, the Citizens Board unanimously ratified and approved the following resolution:

RESOLVED by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis that the proposed fuel cost adjustment ("FAC") rate in Cause No. 41969-FAC 70 of \$0.51744 to be effective August 1, 2023, subject to approval by the Indiana Utility Regulatory Commission is hereby approved and ratified.

The Chair also addressed management's request to approve the filing set forth in Distribution System Improvement Charge 2. Upon a motion duly made and seconded, the Citizens Board unanimously ratified and approved the following resolution:

WHEREAS, the Department of Public Utilities for the City of Indianapolis, acting by and through the Board of Directors for Utilities of the Department of Public Utilities (the "Board") as trustee of the public charitable trust for the water system d/b/a Citizens Water ("Citizens Water") is vested by Indiana Code ch. 8-1-11.1 with the exclusive government, management, regulation, and control of certain utility operations and properties located in and around Marion County, Indiana; and

WHEREAS, Citizens Water owns and operates water utility assets acquired from the City of Indianapolis, Indiana (the "City") and the Department of Waterworks ("DOW") of the City pursuant to an Asset Purchase Agreement approved by Order of the Indiana Utility Regulatory Commission ("Commission") issued on July 13, 2011 in Cause No. 43936; and

WHEREAS, the Board has the statutory power to adopt rates and charges for the provision of water service under IC 8-1-11.1-3(c)(9); and

WHEREAS, rates and charges adopted pursuant to IC 8-1-11.1(3)(c)(9) "shall be in effect only after the . . . rates have been filed with and approved by the Commission;" and

WHEREAS, Citizens Water's last general rate increase was approved by the Commission on April 20, 2016, in Cause No. 44644, and was based on a revenue requirement designed to recover a fixed annual amount of revenue necessary to fund Citizens Water's annual extensions and replacement costs as well as debt-service cost for bonds issued to fund an additional amount of extensions and replacements cost; and

WHEREAS, since 2016, the annual amount spent by Citizens Water on extensions and replacements has increased and exceeded the fixed annual amount recovered through the rates approved in Cause No. 44644 for reasons that include: the continual and increasing need to replace aging infrastructure; steady increases in the number of utility plant relocation projects due to public road improvement projects; and increases in cost of projects; and

WHEREAS, a water utility may implement a Distribution System Improvement Charge (“**DSIC**”) pursuant to the DSIC Statute, IC 8-1-31-1, et seq., which if approved by the Commission is a surcharge that allows for expedited recovery between rate cases of costs associated with extensions and replacements that qualify as “Eligible Infrastructure Improvements;” and

WHEREAS, for a municipally owned water utility, Eligible Infrastructure Improvements are projects that: (i) are new water utility distribution plant projects; or (ii) are projects to relocate existing utility plant, including relocations due to road improvement projects; and that: (i) do not increase revenues by connecting to new customers; (ii) are or will be extensions or replacements of projects; (iii) were not included in the utility's most recent general rate case; and (iv) are not being recovered through another rate adjustment mechanism; and

WHEREAS, the DSIC surcharge derived from a single DSIC filing may not exceed 10% of the utility's base rate level, excluding costs from certain projects that are exempt from the cap such as improvements placed in service due to the construction, reconstruction, or improvement of a highway, street, or road and lead service line replacement projects; and

WHEREAS, following changes made to the DSIC Statute by Senate Enrolled Act 273, which made the DSIC Statute more usable by municipally owned utilities, and after receiving Board approval, Citizens Water filed a petition with the Commission on September 9, 2022, seeking approval of a DISC surcharge in Cause No. 45767 DSIC 1 (“**DSIC 1**”) for some, but not all, of its Eligible Infrastructure Improvements completed since 2016; and

WHEREAS, although the Commission approved the relief sought by Citizens Water, it spread the recovery of such relief over a four (4) year period; and

WHEREAS, under the DSIC Statute, which allows an eligible utility to file a DSIC petition not more than one (1) time every twelve (12) months, Citizen Water may file a subsequent DSIC petition any time after September 9, 2023; and

WHEREAS, given that Citizens Water has Eligible Infrastructure Improvements that have not been recovered through rates approved in Cause No. 44644, DSIC 1, or another rate adjustment mechanism, and that it continues to complete such projects due to the reasons outlined above, Citizens Water will not be able to recover the costs of these Eligible Infrastructure Improvements absent seeking approval of them through a rate adjustment mechanism; and

WHEREAS, in accordance with the DSIC Statute, Citizens Water is proposing to establish a DSIC to recover costs in the amount of approximately \$31.3 million for certain Eligible Infrastructure Improvements that have been completed through fiscal year 2022 (“**DSIC 2**”); and

WHEREAS, per IC 8-1-31-8(a)(1),(3), DSIC 2 will be calculated as a monthly fixed charge based on meter size, which will result in a monthly fixed charge estimated to be \$5.91 for the typical residential customer, and will temporarily remain in effect for twelve (12) months, after which it will revert back to zero; and

WHEREAS, management has briefed the Board on the value of utilizing the DSIC mechanism as a means to recover the costs related to certain Eligible Infrastructure Improvements in a timely manner in between the filing of rate case proceedings; and

WHEREAS, based on management's report and presentation, the Board finds it is appropriate and responsible for Citizens Water to seek Commission authority to seek temporary rate relief through the

establishment of a DSIC 2 surcharge to recover approximately \$31.3 million for certain Eligible Infrastructure Improvements.

NOW THEREFORE, BE IT RESOLVED, BY THE BOARD OF DIRECTORS FOR PUBLIC UTILITIES OF THE DEPARTMENT OF PUBLIC UTILITIES that:

SECTION 1. The foregoing recitals are incorporated herein by reference and are ratified, confirmed, and approved.

SECTION 2. The Board hereby approves and authorizes and directs management to file with the Commission a petition seeking approval of a DSIC 2 surcharge, along with prepared testimony and exhibits, including a proposed rate schedule, and to take such other action as deemed necessary and desirable, in support of the Commission approving recovery in the amount of approximately \$31.3 million pursuant to the DSIC Statute. If approved by the Commission, a customer charge, estimated to be \$5.91 for residential customers, would be temporary and removed from customer's bills after the approved cost of DSIC 2 Eligible Infrastructure Improvements are recovered.

SECTION 3. Upon Commission approval of the DSIC 2 surcharge, the Board hereby authorizes and directs management to obtain Commission authority to implement such adjustments to the DSIC surcharge as are necessary to provide for recovery of additional costs attributable to Eligible Infrastructure Improvements that have not been and will not be recovered through the rates approved in Cause No. 44644 or another rate adjustment mechanism.

SECTION 4. These Resolutions shall be in full force and effect from and after its passage and execution.

ADOPTED AND APPROVED this 16 day of August 2023.

Next, the Chair invited Mr. Good to provide a report of the Audit and Risk Committee (the "Audit Committee"). Mr. Good reported on the Audit Committee's annual review of Citizens' insurance programs, noting that Citizens continues to competitively source its insurance programs with assistance from local and national brokers and utilize carriers with an A rating or higher. Additionally, he reported that overall, Citizens' insurance programs remain competitive with industry peers as it relates to coverage limits, retentions, and premium costs despite ongoing market challenges impacting various programs (e.g., property and cyber insurance).

Mr. Good next reported that the Audit Committee reviewed the Fiscal Year (FY) 2023 Third Quarter Financial Statements for Citizens Energy Group and CWA Authority, Inc., ending June 30, 2023. He reported that overall combined net income was \$3.3 million lower than the prior year, primarily attributed to lower revenue for the wastewater utility. He also provided an overview of disclosures recognized in the footnotes of the quarterly financial statements, including finance and regulatory related

activities. He also reported that the external audit firm, Deloitte and Touche LLP, completed its quarterly review with no concerns, errors, or deficiencies to report to the Audit Committee. He informed the Board that the Audit Committee was satisfied with the FY 2023 Third Quarter Financial Statements for Citizens Energy Group and CWA Authority, Inc., and recommended approval to the Board. Following discussion, and upon a motion duly made and seconded, the Board unanimously approved the FY 2023 Third Quarter Financial Statements for Citizens Energy Group and CWA Authority, Inc.

He then reported that the Audit Committee received a report concerning internal audit activities for the third quarter. He reported that Internal Audit completed its internal audit plan for 2022/2023 as planned and reviewed the results of its phase two advisory audit project recognized in the prior year audit plan. The Audit Committee then reviewed the status of the 2023/2024 audit projects outlined in the current audit plan, noting that the current audit plan remains on track for timely completion. He also recognized that the Audit Committee completed its annual review of the Internal Audit Charter and did not recommend any changes.

At the conclusion of the report, Mr. Good provided an update to the Board concerning the Audit Committee's request for proposal ("RFP") for audit services, noting that the process is moving forward, as planned. He reminded the Board that the RFP was issued in July, and that written proposals are due in mid-October with a plan for final review by the Board in December.

Next, Mr. Lacy provided a report from the Water Resources Executive Committee (the "Water Committee"). Mr. Lacy reported that the Water Committee met on June 28, 2023, and received separate reports from management concerning financial highlights and operational activities for the water utility. He reported that FY 2023 net earnings are anticipated to be below target, primarily driven by lower revenues to recover infrastructure improvement costs. He also reported that commodities continue to exert operations and maintenance cost pressure, however targeted cost control efforts help reduce the variance. He continued by reporting that EBITDA (earnings before interest, taxes, depreciation, and amortization) is not sufficient to cover 2023 capital needs, but short-term borrowings bridge the gap. He stated that the water utility's long-term debt outstanding is projected at \$746 million by the end of fiscal year 2023, which represents a ratio of 70 percent debt in the capital structure compared to a target ratio of 40 percent debt.

Mr. Lacy concluded his report by providing an update pertaining to water operations activities such as lessons learned from the 2012 drought, including system improvements over the last decade relative to increased water capacity and ability to distribute water through the Geist and Morse reservoirs; and the canal aqueduct rehabilitation project to replace its liner and bolster concrete while maintaining water flow throughout the project. He noted that the rehabilitation project aims to expand the life of the aqueduct for 50 years.

Next, Ms. Nobles provided a report from the Energy Resources Executive Committee (the “Energy Committee”). She reported that the Energy Committee held a meeting on August 9, 2023, and received a financial report concerning the energy utility system. She reported that gas net earnings were better than expected, primarily due to stronger sales and lower non-service cost components of pension and post-retirement benefits. Additionally, she reported that the gas utility’s EBITDA is sufficient to cover its capital needs, and its long-term debt outstanding of \$121 million is at target ratio of 25 percent debt in the capital structure. She also reported on the financial performance of the thermal business units, noting that net earnings for the steam business were slightly below target and its long-term debt outstanding is \$64 million, a ratio of 61 percent debt in the capital structure compared to a target ratio of 0 percent debt. She also highlighted that although the steam utility did not have sufficient EBITDA to cover its capital expenditures, chilled water’s EBITDA was sufficient.

Ms. Nobles also provided updates for energy operations activities. She reported that the Energy Committee received an update concerning a federal grant program offered by the U.S. Pipeline of Hazardous Materials Safety Administration (“PHMSA”), noting that this program is offered to municipal natural gas utilities to repair, rehab, or replace distribution pipe most prone to leaks. She was pleased to report that during PHMSA’s first round of funding for the U.S., Citizens Gas was awarded its full request of \$7.5 million to replace cast-iron piping in the Martindale-Brightwood community, highlighting that Citizens was 1 of 37 entities awarded a federal grant out of 139 applicants. She noted that this impressive opportunity is available in 2023 and that Citizens has submitted a request to be considered for additional federal funding, up to \$21 million, for a variety of different improvement projects which some may overlap

with water line replacement improvement projects already underway. She noted that coordination of Citizens' improvement projects will optimize customer savings and minimize community/customer disruptions. Upon inquiry from the Board, management acknowledged that the PHMSA grant funding and related activity will eliminate all remaining cast-iron piping from Citizens' system. She concluded that the Energy Committee received a presentation concerning gas prepay opportunities, noting that management would continue to evaluate its proposal and return in September to provide its recommendation for consideration by the Citizens Board.

Then, the Chair invited Mr. Jackson to provide a financial report. Mr. Jackson provided updates concerning the FY 2023 projection, noting that Trust-wide, EBITDA remains within budget despite net income projection trending below budget.

He continued by reporting on cashflow for the Trust. He reported that the capital expenditure projection for the Trust could potentially be \$30 million, in aggregate, higher than what was budgeted for the current fiscal year. He reviewed Citizens' budget process and company policy as it relates to a capital variance for a business unit. He reported that three business units (gas, steam, and chilled water) are experiencing capital variances driven by the timing of some public improvement and other projects, growth-related projects not budgeted for the fiscal year (e.g., Elanco expansion of steam and chilled water services), and some reimbursable charges for chilled water projects. As a result, Mr. Jackson recommended that the Board consider and approve a proposed resolution to increase the capital expenditure budget for fiscal year 2023, noting that with the increase, Citizens has sufficient liquidity (e.g., cash on hand, working capital, and access to our lines of credit) to meet the needs of the business. Mr. Appel shared his appreciation for a recent Board education and tour of the Elanco growth project and recognized the significant value and investment required to deliver steam and chilled water lines to support this customer's needs. Following discussion, and upon a motion duly made and seconded, the Board unanimously approved the following resolution.

WHEREAS, the Board of Directors for Utilities of the Department of Public Utilities (the "Board") of the City of Indianapolis (the "City") doing business as Citizens Energy Group ("Citizens

Energy Group” or “Citizens”), in its capacity as Trustee of the Energy Public Charitable Trust and owner of a gas utility serving customers in the City (the “Gas Utility”), a steam utility serving customers in the City (the “Steam Utility”), and a chilled water district cooling system serving customers in the City (the “District Cooling System”), is vested by Indiana Code 8-1-11.1 with the exclusive government, management, regulation, and control of the Gas Utility, the Steam Utility, and the District Cooling System ; and

WHEREAS, on September 28, 2022, the Board approved the Citizens Energy Group Fiscal Year 2023 Budget and 2022-2027 Forecast (the “FY2023 Annual Budget and Forecast”), including annual capital budget amounts to be allocated to the Gas Utility, the Steam Utility, and the District Cooling System of \$33,748,000, \$5,745,000, and \$5,657,000, respectively; and

WHEREAS, Citizens Policy Release # 2029, effective July 27, 2020, provides in part that after approving annual capital budgets as to the total dollars to be allocated to each business unit, further Board approval is required upon circumstances indicating the “potential to exceed by more than 15% the annual total dollar amount allocated for capital project per business unit”; and

WHEREAS, management has briefed the Board on the total amount of capital expenditures projected to be incurred in FY2023 by the Gas Utility, the Steam Utility, and the District Cooling System, including expenditures incurred to support growth and as part of public improvement projects, that will result in the potential to exceed the annual total dollar amount previously allocated for capital projects to the Gas Utility, the Steam Utility, and the District Cooling System by \$5,752,000 or 17%, \$4,455,000 or 78%, and \$2,313,000 or 41%, respectively (collectively the “FY2023 Capital Budget Variances”); and

NOW THEREFORE, BE IT RESOLVED BY THE BOARD that:

SECTION 1. The foregoing recitals are incorporated herein by reference and are ratified, confirmed and approved.

SECTION 2. Based on management’s report and presentation, the Board hereby finds that (a) there is a need for a greater total dollar amount to be allocated for capital projects to the Gas Utility, Steam Utility, and District Cooling System than that previously approved based on the FY2023 Annual Budget and Forecast; and (b) the use and expenditure of those funds, as contemplated by this Resolution, is in the public interest and will benefit the beneficiaries of the Energy Public Charitable Trust generally, including specifically the customers of the Gas Utility, the Steam Utility, and the District Cooling System.

SECTION 3. The FY2023 Capital Budget Variances are hereby approved.

SECTION 4. The Board hereby authorizes and directs the Chair, Vice Chair, President and Chief Executive Officer, any Senior Vice President, Vice President, Treasurer, Assistant Treasurer, Secretary and Assistant Secretary of Citizens Energy Group (collectively, the “Authorized Officers” and each an “Authorized Officer”) singly or otherwise, to execute, do and perform all acts and to execute in the name of Citizens Energy Group all such instruments, documents, papers or certificates which are desirable and necessary to carry out the transactions contemplated by these Resolutions, including but not limited to, approval of the FY2023 Capital Budget Variances, in such forms as the Authorized Officer(s) executing the same shall determine to be proper, which determination shall be conclusively evidenced by the execution of the same.

SECTION 5. The taking of any action or the execution of any instrument by the Authorized Officers in connection with the foregoing Resolutions shall be conclusive of such Authorized Officers’ determination that the same was necessary to serve the best interests of Citizens Energy Group.

SECTION 6. If any section, paragraph, or provision of these Resolutions shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, or provision shall not affect any of the remaining provisions of these Resolutions.

SECTION 7. These Resolutions shall be in full force and effect from and after its passage and execution.

ADOPTED AND APPROVED this 16th day of August 2023.

Thereafter, the Chair invited Mr. Harrison to present the report of the President. Mr. Harrison reported on operation activities affecting the energy, water, and wastewater utilities. He discussed Citizens Thermal, noting that from October 2022 through June 2023, steam sales decreased primarily due to warmer weather. He reminded the Board that Citizens Thermal's steam utility filed a base rate increase with the IURC on March 1, 2023, noting that the purpose of the request is due to increased operating costs, and that a final order from the IURC is expected in late 2023. He briefly highlighted quarterly data for natural gas consumption and fluctuations in wholesale natural gas prices, noting that Citizens continues exploring ways to reduce natural gas prices for customers and bringing more options to the forefront.

Mr. Harrison also reported that on June 26, 2023, CWA received a Notice of Violation from the Indiana Department of Environmental Management (IDEM) alleging violations of CWA's clean air permit for emissions from the incinerator exhaust stacks at the Belmont Wastewater Treatment facility. He stated that the violation resulted in a settlement agreement with IDEM which includes a civil penalty of \$142,800 and no injunctive relief. He then expanded on the Board's previous discussion concerning capital variances and provided an overview of certain public improvement relocation projects that require utility relocations.

Next, Mr. Harrison highlighted the Yvonne Perkins Legacy Fund, a 501(c)3 created to continue the legacy of Yvonne Perkins, a former Vice President at Citizens Energy Group who passed away in 2016. He reported that in the spirit of Ms. Perkins' legacy to uplift the community, the fund will focus on positively impacting youth in Marion County, workforce development, creating a pipeline of talent to candidates seeking college degrees and technical degrees from a vocational training program, and/or re-entry assistance.

Following Mr. Harrison's report, Ms. Karner was invited to present the Citizens Strategic Plan for 2024. Ms. Karner provided an overview of Citizens' planning process, including a review of the actions and recommendations adopted for FY2024. She commented that each of the recommendations aligned

under Citizens' pillars for customer satisfaction, employee engagement, financial integrity, and performance excellence. Additionally, she reported that these actions include initiatives for implementing conversational AI across multiple business units, establishing a leadership development program for front-line employees, developing a roadmap to identify top short-term and long-term system growth opportunities, establishing a roadmap for metering, and performing value stream mapping for critical business processes.

Following discussion, and there being no further business, the Chair adjourned the meeting.

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Jeffrey E. Good

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Jeffrey E. Good, Vice Chair
Board of Directors

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Joseph M. Perkins, Jr.

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Joseph M. Perkins, Jr.
Assistant Secretary, Board of Directors