

Quarterly Financial Report

Q1 - 2025

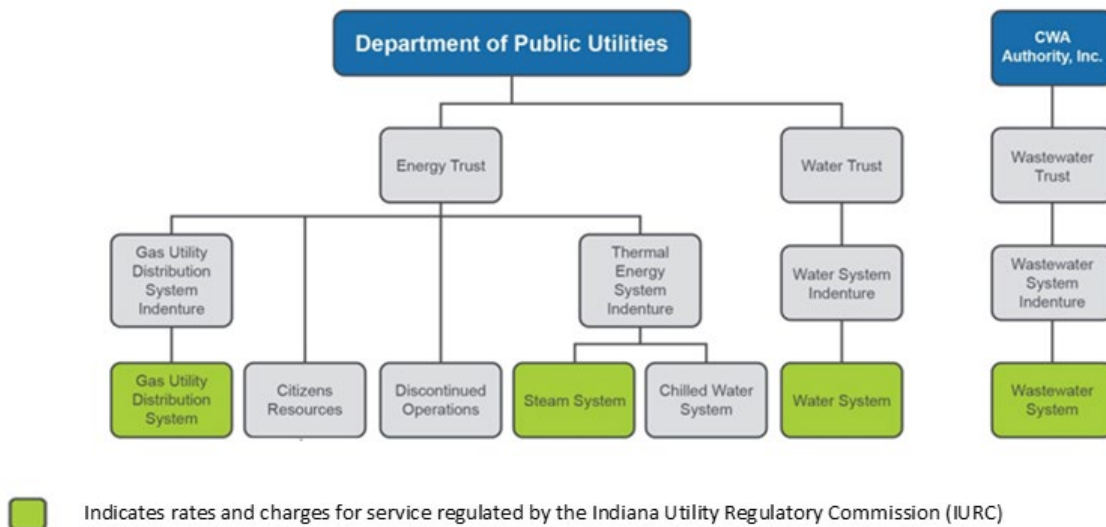
MANAGEMENT DISCUSSION AND ANALYSIS

Forward-looking Statements

Certain matters discussed in this report, except historical information, include forward-looking statements. The forward-looking statements herein are necessarily based on various assumptions and estimates, are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements contained in this Management Discussion and Analysis would prove to be accurate. We do not undertake to update or revise any forward-looking statement as a result of future events, new information, or otherwise.

Organization Structure

The chart below provides a diagram of the organization structure of Citizens Energy Group and CWA Authority, Inc. (CWA). The organization structure is further described and explained below the chart.



Citizens Energy Group (Citizens) is the trade name in which the Department of Public Utilities of the City of Indianapolis, Indiana (the Department) acting by and through its Board of Directors (the Board) for Utilities functions. The Department was formed in 1929 pursuant to a state statute (now IC 8-1-11.1, the Act) adopted by the Indiana legislature to provide the governance structure for the City of Indianapolis to act as a successor trustee of a public charitable trust (the Energy Trust) providing natural gas utility services in the City of Indianapolis and to own and operate other utility systems serving areas within and outside the City of Indianapolis. The Department is the governmental entity that owns the Energy Trust and Water Trust assets described below. Each trust is not an entity, but rather defines the nature in which the assets are held by the Department and the obligation imposed upon the Department to manage and operate those assets in accordance with the trust purposes which include the obligations to operate the facilities in public trust for the benefit of the inhabitants of Marion County, free from the influences of partisan political control or private interests. To preserve freedom from partisan political control, the Act creates the Board of Trustees (the Trustees) as a self-perpetuating body entrusted with the power to appoint the members of the Board annually. This two-board structure provides for oversight of the Board by the Trustees. Further, the Act intentionally insulates the Department from political control by isolating the two boards from the Mayor of Indianapolis or the City’s legislative bodies.

The Gas Utility Distribution System, the Thermal Energy System, Citizens Resources, and certain other properties are subject to the Energy Trust. The Water System is subject to a separate public charitable trust (the Water Trust) that operates in substantially the same manner as the Energy Trust.

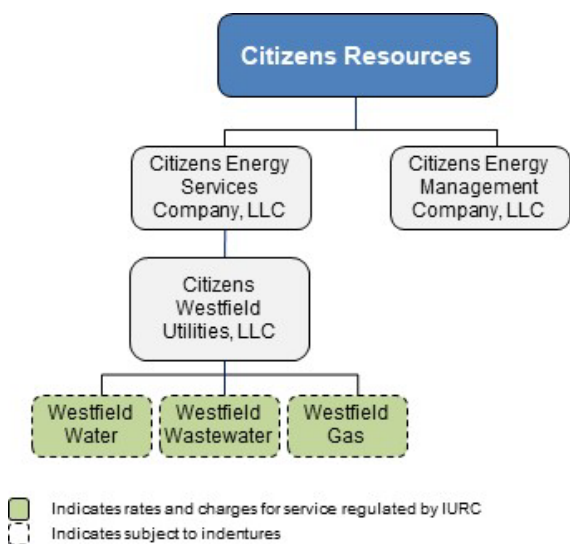
The Wastewater System is owned by CWA, a separate nonprofit corporation, which through an interlocal agreement entered into by and among Citizens, the City of Indianapolis, and the Sanitary District of the City (the “District”), acting by

and through its Board of Public Works, pursuant to Indiana Code 36-1-7, has the power to exercise all rights and powers of Citizens, the City, and the District in connection with the provision of wastewater utility services, excluding in the case of the City and the District, taxing power and taxing authority. CWA's board of directors comprises the same individuals who serve on the Board. The Wastewater System is managed by employees of Citizens under an operating agreement between Citizens and CWA. CWA is subject to a separate public charitable trust (the Wastewater Trust) that operates in substantially the same manner as the Energy Trust and the Water Trust.

Separate indentures exist to issue debt obligations for the Gas Utility Distribution System, the Thermal Energy System, the Water System, and the Wastewater System. Each indenture captures only the revenues from the respective System, pays the operating expenses of that System and then debt service on revenue bonds of that System. This structure is designed to achieve the desired separation of each System from other Systems or business segments owned or operated by Citizens and CWA. Each indenture permits Citizens or CWA, as applicable, authority to use residual revenues for other purposes permitted by the language of the respective indenture. Citizens' water indenture and CWA's wastewater indentures, however, permit only the use of the excess revenues for the water and wastewater systems, respectively.

In addition, as described above, each trust (i.e., the Energy Trust, the Water Trust, and the Wastewater Trust) exists separately from the other trusts. Thus, there are three separate public charitable trusts, each with a governmental entity serving as the trustee (the Energy Trust and the Water Trust assets being owned by the Department and the Wastewater Trust assets being owned by CWA). These separate trusts are designed to insulate one trust from liability for obligations of another trust, based on basic trust principles that two separate trusts do not become jointly liable solely because the same entity is the trustee of both.

The result of the foregoing is that Citizens and CWA have five distinct cash flow sources in which debt is isolated: (1) the Gas Utility Distribution System; (2) the Thermal Energy System; (3) the Water System; (4) the Wastewater System; (collectively, the four Systems) and (5) Citizens Resources. The cash flow for the four Systems is governed by the respective indentures for each System, which restricts the use of income and revenues of a respective System to the payment of operating expenses and debt service of the respective System before allowing any other use of funds by the System. The fifth source, Citizens Resources is a separate corporation whose stock is owned by the Department in its capacity as trustee of the Energy Trust. The preservation of the corporate organization form of Citizens Resources and its ability to operate for-profit businesses in furtherance of the Energy Trust purposes was specifically authorized by the Act.



The assets, liabilities and operations of Citizens Resources are by design isolated within the separate corporate structure of Citizens Resources, as a subsidiary corporation of Citizens, and each of the direct and indirect subsidiaries of Citizens Resources is a limited liability company or corporation designed to limit the liability of the immediate parent to its investment in the subsidiary.¹ Those structures do not insulate the parent from liability for an express assumed contractual liability or guaranty or for the parent's own acts or omissions. In addition to the separate trusts for the Water System and the Wastewater System, those structures along with certain provisions of the Operating Agreements and applicable trust indentures of such subsidiaries of Citizens Resources are the primary protection of Citizens' cash flow from any financial losses in Citizens Resources or its subsidiaries and affiliates.² Profits of Citizens Resources may roll up to Citizens through dividends declared by the board of Citizens Resources, but Citizens' exposure to liabilities of Citizens Resources should be limited by its corporate structure (and by that of its subsidiaries) and thus not imposed as a burden on the cash flows available in any System. See nearby for a diagram of Citizens Resources' organizational structure.

¹ Under public policy reflected in state law governing corporations and limited liability companies ("LLCs"), the parent stockholder of a subsidiary corporation or the parent member of a subsidiary LLC is given substantial protection against liability for the acts or debts of the subsidiary, subject to the established inherent limitations of these structures under such applicable state law.

² Since Citizens includes the results of operations of Citizens Resources and its subsidiaries and affiliates in its condensed combined financial statements, an accounting loss within Citizens Resources will be reflected in Citizens' condensed combined financial statements. This accounting result, though, does not create the basis upon which the liabilities of Citizens Resources or its subsidiaries or affiliates can be imposed upon Citizens or the cash flows held under any Indentures.

FINANCIAL RESULTS

The tables and discussion below summarize the financial results for each segment (in millions) and present an analysis of the results of our operations for the three months ended December 31, 2024, and 2023. Because of the seasonal nature of the various business units, results of operations for the period ended December 31, 2024, are not necessarily indicative of the results of operations to be expected for the full fiscal year. For a more detailed understanding of these results, see the following notes to the condensed combined financial statements:

- Note 1C – Global Supply Chain and Related Economic Impacts
- Note 3 – Long-Term Debt
- Note 5 – Revenue Recognition
- Note 6 – Financial Segment Information
- Note 9 – Discontinued Operations and Related Asset Retirement Obligations
- Note 10 – Rate and Regulatory Matters
- Note 11 – Commitments and Contingencies

SHARED SERVICES

Shared Services is comprised of various administrative and operational departments which provide support services to each of Citizens and CWA business segments and the combined enterprise as a whole, allocating the associated cost of the services to the appropriate segment. Management reviews the allocation methodology for shared services on a regular basis and refines the methodology as necessary.

	Three Months Ended Dec 31		
	2024	2023	Change
Shared Services Expenses	\$ 28.4	\$ 27.3	\$ 1.1

These costs have been allocated to the appropriate business units and are reflected in the explanations that follow.

Three Months Ended December 31, 2024 as Compared with 2023

Shared services expenses were \$1.1 million higher, largely driven by increased employee-related costs, information technology costs, and fleet expenditures, partially offset by reduced non-service pension and post-employment benefit costs.

GAS

	Three Months Ended Dec 31		
	2024	2023	Change
Operating revenues	\$ 74.7	\$ 81.5	\$ (6.8)
Cost of goods sold	31.7	38.5	(6.8)
Margin	43.0	43.0	-
Other operating expenses	26.5	25.6	0.9
Operating income (loss)	16.5	17.4	(0.9)
Other income (expense), net	1.7	0.9	0.8
Interest charges	0.9	1.1	(0.2)
Segment income (loss)	\$ 17.3	\$ 17.2	\$ 0.1

Volume sales, million Dth

Retail	8.6	8.5	0.1
Transportation	4.3	4.4	(0.1)
Power generation and other	10.0	10.5	(0.5)
Cost of gas sold, per Dth	\$ 3.46	\$ 4.18	\$ (0.72)
Heating degree days	1,576	1,599	(23)

Three Months Ended December 31, 2024 as Compared with 2023

The increase in earnings of \$0.1 million was principally the result of:

- \$0.8 million higher other income mostly due to lower non-service pension and other post-employment benefit costs; and
- \$0.2 million reduced interest charges due to a lower amount of debt outstanding; **partially offset by**
- \$0.9 million higher operating expenses driven primarily by increased shared services expense allocations.

STEAM

	Three Months Ended Dec 31		
	2024	2023	Change
Operating revenues	\$ 19.4	\$ 17.1	\$ 2.3
Cost of goods sold	10.2	8.5	1.7
Margin	9.2	8.6	0.6
Other operating expenses	7.3	6.6	0.7
Operating income (loss)	1.9	2.0	(0.1)
Other income (expense), net	0.5	0.4	0.1
Interest charges	0.7	0.6	0.1
Segment income (loss)	\$ 1.7	\$ 1.8	\$ (0.1)

Volume sales, million therms	14.1	13.5	0.6
Heating degree days	1,576	1,599	(23)

Three Months Ended December 31, 2024 as Compared with 2023

The decrease in earnings of \$0.1 million was largely the result of:

- \$0.7 million elevated operating expenses, primarily labor and material costs; **partially offset by**
- \$0.6 million higher margin attributed to increased volume sold.

CHILLED WATER

	Three Months Ended Dec 31		
	2024	2023	Change
Operating revenues	\$ 7.7	\$ 6.8	\$ 0.9
Cost of goods sold	2.5	2.1	0.4
Margin	5.2	4.7	0.5
Other operating expenses	4.3	3.9	0.4
Operating income (loss)	0.9	0.8	0.1
Other income (expense), net	0.4	0.4	-
Interest charges	0.1	0.1	-
Segment income (loss)	\$ 1.2	\$ 1.1	\$ 0.1
Volume sales, million ton hours	20.1	18.5	1.6
Cooling degree days	39	45	(6)

Three Months Ended December 31, 2024 as Compared with 2023

The increase in earnings of \$0.1 million is primarily driven by:

- \$0.5 million additional margin from higher volume; **partially offset by**
- \$0.4 million increased operating expenses, none of which were individually significant.

WATER

	Three Months Ended Dec 31		
	2024	2023	Change
Operating revenues	\$ 64.6	\$ 55.5	\$ 9.1
Other operating expenses	36.6	32.4	4.2
Operating income (loss)	28.0	23.1	4.9
Other income (expense), net	2.1	1.8	0.3
Interest charges	7.0	7.4	(0.4)
Segment income (loss)	\$ 23.1	\$ 17.5	\$ 5.6
Volume sales, billion gallons	9.4	9.4	-
Precipitation, inches	9.3	4.7	4.6

Three Months Ended December 31, 2024 as Compared with 2023

The increase in earnings of \$5.6 million was attributable to:

- \$9.1 million of increased revenue, for which the primary components were:
 - \$5.1 million Distribution System Improvement Charges approved in November 2023 and 2024; and
 - \$3.9 million revenues related to the Lead Service Line Replacement Plan revisions approved in September 2024;
- \$0.4 million reduced interest charges due to a lower amount of debt outstanding; and
- \$0.3 million higher other income as a result of lower non-service pension and post-employment benefit costs.

These improvements were **partially offset by**:

- \$4.2 million higher operating expenses, the most significant of which were depreciation, labor-related costs, shared services expense allocations, and contract services.

WASTEWATER

	Three Months Ended Dec 31		
	2024	2023	Change
Operating revenues	\$ 77.2	\$ 77.5	\$ (0.3)
Other operating expenses	45.4	45.0	0.4
Operating income (loss)	31.8	32.5	(0.7)
Other income (expense), net	2.3	3.1	(0.8)
Interest charges	11.4	10.9	0.5
Segment income (loss)	\$ 22.7	\$ 24.7	\$ (2.0)
Treatment volume sales, billion gallons	6.9	7.0	(0.1)
Strength surcharge, million pounds	8.4	7.1	1.3

Three Months Ended December 31, 2024 as Compared with 2023

The decrease in earnings of \$2.0 million is principally due to the following:

- \$0.8 million lower other income, largely from reduced interest income;
- \$0.5 million higher interest expense, for which the primary causes were:
 - \$1.5 million lower capitalized interest; **partially offset by**
 - \$1.0 million reduced interest expense from a lower amount of debt outstanding and bond refunding activities.
- \$0.4 million increased operating expenses, the net of fluctuations in various categories, none of which were significant; and
- \$0.3 million lower operating revenues, primarily due to reduced treatment volume.

RESOURCES

	Three Months Ended Dec 31		
	2024	2023	Change
Operating revenues	\$ 12.3	\$ 11.7	\$ 0.6
Cost of goods sold	1.0	1.0	-
Margin	11.3	10.7	0.6
Other operating expenses	7.9	7.1	0.8
Operating income (loss)	3.4	3.6	(0.2)
Other income (expense), net	0.2	0.2	-
Interest charges	1.2	0.5	0.7
Segment income (loss)	\$ 2.4	\$ 3.3	\$ (0.9)

Three Months Ended December 31, 2024 as Compared with 2023

The decrease in earnings of \$0.9 million is largely driven by:

- \$0.8 million higher operating expenses, primarily at the Westfield utilities; and
- \$0.7 million higher interest charges due to recent debt issuances for the Westfield utilities; **partially offset by**
- \$0.6 million increased margin from the Westfield utilities.

OTHER

	Three Months Ended Dec 31		
	2024	2023	Change
Operating revenues	\$ -	\$ -	\$ -
Operating expenses		-	-
Operating income (loss)	-	-	-
Other income (expense), net	(0.6)	(0.6)	-
Interest charges	-	-	-
Income (loss) from discontinued operations	0.1	-	0.1
<u>Segment income (loss)</u>	<u>\$ (0.5)</u>	<u>\$ (0.6)</u>	<u>\$ 0.1</u>

In the table above, Other includes advertising and philanthropic costs which are not recoverable through rates and are funded by contributions from non-regulated segments. The former Manufacturing business segment has been reported as Discontinued Operations and is also included in Other.

Three Months Ended December 31, 2024 as Compared with 2023

Results are consistent with the prior period.

LIQUIDITY AND CAPITAL RESOURCES

Debt and Liquidity

Please see Notes 3 and 4 to the condensed combined financial statements for information regarding changes to Citizens' and CWA's outstanding long-term debt and short-term borrowings, respectively. Management believes existing sources of liquidity are sufficient to meet its cash requirements for the foreseeable future. Management will continue to assess liquidity needs and monitor capital markets and other financing sources based on business conditions and Citizens' and CWA's operations. Though not currently anticipated, no assurances can be provided that Citizens and CWA will be able to access financing in the future on acceptable terms.

Capital Spending

For the three months ended December 31, 2024, capital expenditures, on an accrual basis and net of reimbursements received, decreased by \$10.5 million to \$86.5 million from \$97.0 million during the same period last year. This decrease is summarized in the table below (in millions). Certain accrued expenditures, including all capitalized interest, have been included in Other for segment presentation of capital expenditures, while the capitalized interest amounts on the segmented statements of financial position are reflected as Property, Plant, and Equipment in their respective segments.

Year To Date	Gas	Steam	Chilled Water	Water	Wastewater	Resources	Other	Total
December 31, 2024	\$ 9.1	\$ 2.8	\$ 3.3	\$ 28.7	\$ 31.2	\$ 6.1	\$ 5.3	\$ 86.5
December 31, 2023	12.5	3.4	4.2	14.7	45.3	9.2	7.7	97.0
	\$ (3.4)	\$ (0.6)	\$ (0.9)	\$ 14.0	\$ (14.1)	\$ (3.1)	\$ (2.4)	\$ (10.5)

Citizens' and CWA's projected capital spending requirement of \$412.4 million for fiscal year 2025 is summarized as follows (in millions):

	Gas	Steam	Chilled Water	Water	Wastewater	Resources	Other	Total
2025 Projection	\$ 37.6	\$ 19.8	\$ 13.6	\$ 150.1	\$ 119.6	\$ 41.1	\$ 30.6	\$ 412.4

Gas continues to invest in mains and services to maintain the safety and reliability of its underground distribution system. Gas had cash and cash equivalents of \$43.2 million at December 31, 2024. Gas expects to meet its capital spending requirements in 2025 through cash flows from operations, federal grants, and temporary seasonal borrowings.

Both Steam and Chilled Water continue to invest in distribution assets and production equipment for their existing systems as well as to meet future needs for customer growth. At December 31, 2024, cash and cash equivalents of Steam and Chilled Water amounted to \$8.4 million and \$25.3 million, respectively. Steam expects to meet its capital spending requirements in 2025 through cash flows from operations, temporary seasonal borrowings, and issuance of new long-term debt, while Chilled Water expects to meet its 2025 capital spending requirements through cash flows from operations.

The Water business segment has a capital improvement plan to address system reliability, maintain compliance with regulations, and implement various distribution system and treatment plant improvements. Water had cash and cash equivalents of \$13.1 million at December 31, 2024. Water expects to meet its capital spending requirements in 2025 through cash flows from operations, temporary seasonal borrowings, and certain forms of government assistance including forgivable, zero-interest, and non-recourse bonds.

The Wastewater business segment has a capital improvement plan to meet guidelines of the Combined Sewer Overflow Long-Term Control Plan and the overall needs of the Wastewater System. See Note 11 to the condensed combined financial statements for additional information regarding the Combined Sewer Overflow Long-Term Control Plan. The capital improvement plan also includes other improvements to and expansion of the Wastewater System. Wastewater had cash and cash equivalents of \$10.2 million at December 31, 2024. Wastewater expects to meet its capital spending requirements in 2025 through a combination of cash flows from operations, temporary seasonal borrowings, and issuance of new long-term debt.

Resources' capital spending projection for 2025 includes activities at Westfield Gas, Westfield Water, and Westfield Wastewater. Resources had cash and cash equivalents of \$46.1 million at December 31, 2024, including \$29.3 million in construction funds. Resources expects to meet its capital spending requirements in 2025 through a combination of cash flows from operations and temporary seasonal borrowings.

Citizens Energy Group and Subsidiary and CWA Authority, Inc.

Condensed Combined Statements of Financial Position

(In Thousands)

	At December 31, 2024	At September 30, 2024
ASSETS		
Property, plant, and equipment, net	\$ 5,262,871	\$ 5,201,445
Intangible assets, net	38,426	39,368
Investments		
Bond restricted funds	217,215	270,200
Other	20,388	20,898
Total investments	237,603	291,098
Current assets		
Cash and cash equivalents	160,081	198,907
Short-term investments	2,498	2,832
Accounts receivable, net of allowances of \$5,318 and \$6,157, respectively	109,791	93,956
Accrued utility revenue	33,086	26,463
Natural gas in storage	30,109	37,155
Materials and supplies	21,526	21,550
Other current assets	11,836	10,610
Current assets directly related to discontinued operations	2,002	2,136
Total current assets	370,929	393,609
Deferred charges and other non-current assets		
Deferred charges	20,542	25,665
Prepaid retirement benefit costs	104,832	102,933
Non-current assets directly related to discontinued operations	4,963	4,776
Total deferred charges and other non-current assets	130,337	133,374
TOTAL ASSETS	\$ 6,040,166	\$ 6,058,894
CAPITALIZATION AND LIABILITIES		
Capitalization and non-current liabilities		
Retained earnings	\$ 1,801,268	\$ 1,733,302
Accumulated other comprehensive income	53,595	54,478
Long-term debt (excluding current maturities)	3,025,111	3,122,093
Retirement benefits	43,886	44,586
Contributions in aid of construction	595,840	582,443
Other long-term liabilities	136,027	109,820
Non-current liabilities directly related to discontinued operations	13,283	13,292
Total capitalization and non-current liabilities	5,669,010	5,660,014
Current liabilities		
Current maturities of long-term debt	130,364	108,469
Short-term borrowings	23,000	23,000
Accounts payable and accrued expenses	140,883	181,210
Accrued taxes	59,441	69,749
Customer deposits	11,939	11,252
Other current liabilities	5,480	5,114
Current liabilities directly related to discontinued operations	49	86
Total current liabilities	371,156	398,880
Commitments and contingencies (see note 11)		
TOTAL CAPITALIZATION AND LIABILITIES	\$ 6,040,166	\$ 6,058,894

The accompanying notes are an integral part of these condensed combined financial statements.

Citizens Energy Group and Subsidiary and CWA Authority, Inc.

Condensed Combined Statements of Operations and Comprehensive Income

(In Thousands)

	Three Months Ended December 31,	
	2024	2023
Operating revenues	\$ 252,365	\$ 246,762
Operating expenses		
Cost of goods sold	42,387	47,272
Operations and maintenance	78,795	72,610
Depreciation and amortization	35,402	33,754
Taxes	13,331	13,657
Total operating expenses	169,915	167,293
Operating income	82,450	79,469
Other income (expense), net		
Interest income	3,792	4,751
Non-operating post-employment benefits, net	3,939	2,004
Other	(1,081)	(643)
Total other income (expense), net	6,650	6,112
Income before interest charges	89,100	85,581
Interest charges		
Interest on long-term debt	32,006	33,146
Other interest, including net premium amortization	(10,776)	(12,586)
Total interest charges	21,230	20,560
Income from continuing operations	67,870	65,021
Income from discontinued operations	96	20
Net income	\$ 67,966	\$ 65,041
Retirement benefit liability changes:		
Amortization of prior service credit	(429)	(500)
Amortization of (gain) loss	136	(124)
Total retirement benefit liability changes	(293)	(624)
Unrealized gain (loss) on available-for-sale investments	(590)	590
Total other comprehensive income (loss)	(883)	(34)
Total comprehensive income	\$ 67,083	\$ 65,007

The accompanying notes are an integral part of these condensed combined financial statements.

Citizens Energy Group and Subsidiary and CWA Authority, Inc.

Condensed Combined Statements of Cash Flows

(In Thousands)

	Three Months Ended December 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 67,966	\$ 65,041
Depreciation and amortization	27,702	26,139
Allowance for credit losses	1,249	3,504
Changes in operating assets and liabilities:		
Accounts receivable and accrued utility revenue	(23,707)	(23,296)
Natural gas in storage	7,047	2,139
Accounts payable and accrued expenses	(44,345)	(38,823)
Retirement benefits	(2,893)	(4,272)
Other operating activities	4,866	6,995
Change in net liabilities of discontinued operations	(99)	(21)
Net cash provided by operating activities	<u>37,786</u>	<u>37,406</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction expenditures	(93,053)	(113,474)
Other investing activities	65	(1,095)
Net cash used in investing activities	<u>(92,988)</u>	<u>(114,569)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings and bank lines of credit	25,000	5,000
Principal payments of long-term debt and bond refunding	(67,775)	(64,740)
Proceeds from issuance of long-term debt and bond refunding	-	11,000
Bond issuance costs	(69)	(416)
Contributions in aid of construction and customer advances, net	7,028	6,419
Other financing activities	272	214
Net cash used in financing activities	<u>(35,544)</u>	<u>(42,523)</u>
Net change in cash, cash equivalents, and restricted cash	(90,746)	(119,686)
Cash, cash equivalents, and restricted cash at beginning of period	461,922	501,257
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 371,176</u>	<u>\$ 381,571</u>
Supplemental Cash Flows Information - Interest paid net of amounts capitalized	<u>\$ 49,212</u>	<u>\$ 48,423</u>
Non-cash Investing Activities		
Construction work-in-progress accrued at end of period	<u>\$ 41,229</u>	<u>\$ 36,183</u>

The table below provides a reconciliation of cash, cash equivalents, and restricted cash as reported in the Condensed Combined Statements of Financial Position to the amount reported in the Condensed Combined Statements of Cash Flows:

Cash and cash equivalents	\$ 160,081	\$ 171,554
Restricted cash included in Bond restricted funds	204,203	204,290
Restricted cash included in Other current assets	3,556	2,053
Restricted cash included in Investments, Other	3,336	3,674
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 371,176</u>	<u>\$ 381,571</u>

The accompanying notes are an integral part of these condensed combined financial statements.

Citizens Energy Group and Subsidiary and CWA Authority, Inc.

Condensed Combined Statements of Equity

(In Thousands)

	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance at September 30, 2023	\$ 1,472,345	\$ 34,783	\$ 1,507,128
Comprehensive income			
Net income	65,041	-	65,041
Unrealized gain (loss) on available-for-sale investments	-	590	590
Retirement benefit liability changes	-	(624)	(624)
Total comprehensive income	65,041	(34)	65,007
Customer benefit distributions	-	-	-
Adjustment for adoption of ASC 326	(1,379)	-	(1,379)
Balance at December 31, 2023	\$ 1,536,007	\$ 34,749	\$ 1,570,756
Balance at September 30, 2024	\$ 1,733,302	\$ 54,478	\$ 1,787,780
Comprehensive income			
Net income	67,966	-	67,966
Unrealized gain (loss) on available-for-sale investments	-	(590)	(590)
Retirement benefit liability changes	-	(293)	(293)
Total comprehensive income	67,966	(883)	67,083
Customer benefit distributions	-	-	-
Balance at December 31, 2024	\$ 1,801,268	\$ 53,595	\$ 1,854,863

The accompanying notes are an integral part of these condensed combined financial statements.

NOTES TO CONDENSED COMBINED FINANCIAL STATEMENTS

Citizens Energy Group and Subsidiary and CWA Authority, Inc.

1. NATURE OF OPERATIONS AND PRESENTATION

A. Nature of Operations

Operations of Citizens Energy Group and Subsidiary (Citizens or the Company) include activities in five business segments: Gas, Steam, Chilled Water, Water, and Resources. Steam and Chilled Water comprise the Thermal Energy System (Citizens Thermal or Thermal). Operations of CWA Authority, Inc. (CWA) include activities for the Wastewater business segment. Resources includes several wholly-owned subsidiaries, the most significant of which is Citizens Energy Services Corporation, LLC (CESCO) which serves as a holding company for several subsidiaries, including Citizens Westfield Utilities, LLC (CWU). The rates and charges for gas, steam, water, and wastewater services are regulated by the Indiana Utility Regulatory Commission (IURC).

CWU serves as a holding company for the gas, water, and wastewater utilities for the Westfield service area, which includes Westfield Gas, LLC (Westfield Gas), Citizens Water of Westfield, LLC (Westfield Water), and Citizens Wastewater of Westfield, LLC (Westfield Wastewater), all of which operate as regulated investor-owned utilities.

B. Basis of Presentation

The accompanying condensed combined interim financial statements are unaudited and should be read in conjunction with the combined annual financial statements, and the notes thereto, included in the Citizens Energy Group Management Discussion and Financial Report for the year ended September 30, 2024. Because of the seasonal nature of the various business segments, the results of operations for the period ended December 31, 2024 are not necessarily indicative of the results of operations to be expected for the full fiscal year.

The accompanying financial statements reflect the combined operations of commonly controlled entities, including Citizens, CWA, and certain non-profit instrumentalities. The accounting records conform to the accounting standards prescribed by the Federal Energy Regulatory Commission, National Association of Regulatory Utility Commissioners and accounting principles generally accepted in the United States of America (GAAP). The effects of all intercompany transactions have been eliminated.

C. Global Supply Chain and Related Economic Impacts

As a result of economic conditions stemming from shifts in consumer demand, labor shortages and current events in Ukraine and the Middle East, among others, the Company is experiencing issues with its supply chain for certain materials, including increasing prices, scarcities/shortages, and longer fulfillment times for orders from suppliers. These constraints in the supply chain could restrict availability and delay the construction, maintenance, and/or repair of items which are needed to support normal operations or are required to execute the Company's continued capital investment in utility plant and equipment.

While the Company to date has successfully navigated the operational challenges presented by supply chain issues, the extent of supply chain disruption and its future impact on the Company's financial position, results of operations and cash flows is uncertain and cannot be reasonably estimated at this time.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Use of Estimates

The preparation of the condensed combined financial statements in conformity with GAAP requires the use of estimates and assumptions that affect the amounts reported in the condensed combined financial statements and the accompanying notes. Key estimates include the recoverability of regulatory assets; fair value estimates; asset lives used in computing depreciation and amortization; asset retirement obligations; other reserves and accruals; and the estimated impact of contingencies and ongoing litigation. While management believes that its estimates are reasonable when considered in conjunction with the Company's condensed combined financial position and results of operations, actual results could differ materially from those estimates.

B. Derivatives and Hedging

In fiscal years 2025 and 2024, Citizens entered into certain derivative and economic hedging transactions with the objective of decreasing the volatility associated with fluctuating natural gas prices. Through a combination of fixed-price purchases, call options, futures, contracted interstate pipeline storage, and on-system company-operated storage, Citizens mitigates the risk of price volatility on approximately 80 percent of its anticipated system supply demand. Citizens' Annual Hedging Plan sets guidelines to support prudent risk management strategies within designated parameters. These instruments, in conjunction with physical gas supply contracts, are designated to cover estimated gas customer requirements. Such energy contracts, to the extent they are not considered "normal" as defined by Financial Accounting Standards Board (FASB) guidance, are recognized at fair value as derivative assets or liabilities on the Condensed Combined Statements of Financial Position. Gains/losses and fees associated with these derivatives, when realized, are generally included in the Gas and Fuel Cost Adjustment trackers. Accordingly, the offset to the change in fair value of these derivatives is recorded as a regulatory asset or liability.

The following tables present information (in thousands) about the Company's derivative instruments and hedging activities. The first table provides a financial position overview of the Company's derivative assets and liabilities at December 31, 2024 and September 30, 2024, while the latter table provides a breakdown of the related impact on the results of operations for the three months ended December 31, 2024 and 2023. The Company generally recovers all derivative costs through its regulatory mechanism for gas cost adjustments; hence there is minimal financial risk to the Company with respect to these derivative instruments. Individual derivative asset and liability transactions are offset and the net amount is reported in the Condensed Combined Statements of Financial Position if, and only if, there is currently an enforceable legal right to offset the amounts and there is an intention to settle on a net basis, or to realize the assets and settle liabilities simultaneously. Individual derivative transactions are typically offset at the legal entity and counterparty level. The impact of netting derivative assets and liabilities is presented in the table below (in thousands):

Fair Value of Derivative Instruments

Derivative Instrument	Derivative Designation	Condensed Combined Statement of Financial Position Location	December 31, 2024		September 30, 2024	
			Derivative Assets Fair Value	Derivative Liabilities Fair Value	Derivative Assets Fair Value	Derivative Liabilities Fair Value
Commodity Contracts	Not accounted for as a hedge	Other current assets (liabilities)	\$ 4,327	\$ (1,255)	\$ 5,549	\$ (1,418)

Commodity contracts represent exchange-traded options and futures. At December 31, 2024 and September 30, 2024, the margin payable, which is excluded from the table above, was \$2.4 million and \$3.1 million, respectively. At December 31, 2024 and September 30, 2024, the Company had 18.3 million and 18.9 million dekatherms, respectively, of net energy derivative volumes outstanding related to its natural gas hedges.

Derivative Impact on Condensed Combined Statement of Operations

Derivative Instrument	Derivative Designation	Condensed Combined Statement of Operations Location	Three Months Ended December 31,	
			2024	2023
Commodity Contracts	Not accounted for as a hedge	(Gain)/loss in cost of goods sold	\$ 1,384	\$ 3,709

As noted above, the derivative impact in utility cost of goods sold is recovered through regulatory gas rate adjustments in subsequent months. The derivative impact on cash flow for the three months ended December 31, 2024 and 2023 is included in cash flows from operating activities.

C. Fair Value Measurements

FASB guidance requires additional disclosures about Citizens' and CWA's financial assets and liabilities which are measured at fair value. Assets and liabilities recorded at fair value in the Condensed Combined Statements of Financial Position are categorized based upon the level of judgment associated with the inputs used to measure their value. Hierarchical levels, as defined in FASB guidance and explained in the following paragraphs, are directly related to the amount of subjectivity associated with the inputs to fair valuations of these assets and liabilities:

Level 1—Inputs are unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date. The types of assets carried at Level 1 fair value generally are financial derivatives, investments and equity securities listed in active markets. The fair values of the bond restricted funds, Grantor Trust investments, and commodity contracts have been determined using quoted prices in an active market.

Level 2—Inputs, other than quoted prices included in Level 1, are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar instruments in active markets, and inputs other than quoted prices that are observable for the asset or liability. Fair value assets and liabilities that are generally included in this category are derivatives with fair values based on inputs from actively quoted markets.

Level 3—Inputs are unobservable for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents the financial assets and liabilities measured at fair value on a recurring basis, based on the hierarchy, at December 31, 2024 and September 30, 2024 (in thousands). There were no financial liabilities at December 31, 2024 and September 30, 2024.

Description	December 31, 2024 Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:			
Cash equivalents	\$ 10,215	\$ -	\$ -
Short-term investments	23,033	-	-
Bond restricted funds	204,202	-	-
Grantor Trust investments	16,452	-	-
Derivative assets	3,072	-	-
Total financial assets measured at fair value	<u>\$ 256,974</u>	<u>\$ -</u>	<u>\$ -</u>

Description	September 30, 2024 Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:			
Cash equivalents	\$ 21,616	\$ -	\$ -
Short-term investments	2,832	-	-
Bond restricted funds	257,188	-	-
Grantor Trust investments	16,903	-	-
Derivative assets	4,131	-	-
Total financial assets measured at fair value	<u>\$ 302,670</u>	<u>\$ -</u>	<u>\$ -</u>

Under the terms of various trust indentures, Citizens and CWA are required to maintain bond restricted funds. These bond restricted funds are invested in short-term securities, commercial paper, a guaranteed investment contract, and cash equivalents. Due to the nature of these investments, cost approximates fair market value of \$217.2 and \$270.2 million at December 30, 2024, and September 30, 2024, respectively. In accordance with fair value disclosure guidance, \$13.0 million of investments in a guaranteed investment contract are excluded in determining the fair value of bond restricted funds pursuant to ASC 825-10-50-8c at December 31, 2024, and September 30, 2024. Gross deposits to the bond restricted fund investments during the first three months of fiscal years 2025 and 2024 were \$67.5 million and \$73.7 million, respectively.

The Grantor Trust investments are a variety of debt and equity mutual funds invested per the investment policy of the Grantor Trust.

Gains/losses and fees associated with the commodity-based derivatives, when realized, are recoverable through the Gas and Fuel Cost Adjustment trackers. There were no transfers between levels during the year.

Management has estimated the fair value of the outstanding debt securities based on the coupons of the outstanding bonds and current market yields. These are Level 2 fair value measurements. Management established the corresponding price to the call date as well as the price to maturity. The fair value was determined based on the lower of these two prices. Using this method, the estimated fair value of debt is \$3.0 billion at December 31, 2024, and \$3.2 billion

at September 30, 2024, versus the carrying value of \$3.1 billion at December 31, 2024, and \$3.2 billion at September 30, 2024. In the case of Resources debt, the carrying value approximates fair value.

Customers' advances for construction have a carrying value at December 31, 2024, for Water, Wastewater, and Resources of \$25.5 million, \$10.1 million, and \$21.1 million, respectively, versus the carrying values at September 30, 2024, for Water, Wastewater, and Resources of \$23.3 million, \$10.5 million, and \$20.3 million, respectively. Their relative fair values cannot be accurately estimated because future refund payments depend on several variables, including new customer connections, customer consumption levels, and future rate increases. Portions of these non-interest-bearing instruments are payable annually through 2034 and amounts not paid by the respective contract expiration dates become non-refundable. The fair value of these amounts would, however, be less than their carrying value due to the non-interest-bearing feature.

D. Comprehensive Income (Loss)

Comprehensive income (loss) is primarily a measure of all changes in equity of an enterprise which result from the transactions or other economic events during the period. This information is reported in the Condensed Combined Statements of Operations and Comprehensive Income. Citizens' components of accumulated other comprehensive (loss) income (AOCI) include the impact of pension and other post-employment benefits and mark to market valuation adjustments for available-for-sale investments. The following table presents changes in accumulated other comprehensive (loss) income by component for the three months ended December 31, 2024 (in thousands):

	Pension Plan	Other Postemployment Benefits	Other	Total
Accumulated other comprehensive income (loss) at September 30, 2024	\$ 39,232	\$ 15,047	\$ 199	\$ 54,478
Net current-period other comprehensive income (loss)	<u>206</u>	<u>(499)</u>	<u>(590)</u>	<u>(883)</u>
Accumulated other comprehensive income (loss) at December 31, 2024	<u>\$ 39,438</u>	<u>\$ 14,548</u>	<u>\$ (391)</u>	<u>\$ 53,595</u>

E. Change in Accounting Estimate

Pursuant to the joint depreciation case settlement approved by the IURC (see Note 10), the Company changed depreciation rates for Gas, Citizens Thermal Steam, Water, Wastewater, and Westfield Water. The change in depreciation rates is considered a change in accounting estimate and has been applied prospectively starting in October 2024 with the exception of Westfield Water, whose depreciation rates were applied prospectively starting in December 2024 upon IURC approval of its base rate increase on November 27, 2024.

For the three months ended December 31, 2024, the effect of the change was a decrease in depreciation and amortization expense of \$0.2 million. The impact of the change on each business unit's results (in millions) for the three months ended December 31, 2024 and estimated impact for fiscal year 2025 is depicted below:

	Three Months Ended <u>December 31, 2024</u>	Estimated Fiscal Year <u>2025 Impact</u>
Gas	\$ (0.2)	\$ (0.7)
Steam	-	(0.2)
Water	0.7	2.9
Wastewater	(0.7)	(2.8)
Westfield Water	-	(0.1)
Total	<u>\$ (0.2)</u>	<u>\$ (0.9)</u>

3. LONG-TERM DEBT

Long-term debt consisted of the following (due dates are presented on a calendar-year basis):

	(In Thousands)					
	December 31, 2024			September 30, 2024		
	Long-term debt excl. current maturities	Current maturities	Unamortized (Discount), Premium, and (Issuance Costs)	Long-term debt excl. current maturities	Current maturities	Unamortized (Discount), Premium, and (Issuance Costs)
Gas						
Gas Utility Distribution System Series 2017A, Second Lien Revenue Refunding Bonds 5.00%, due 2025 to 2027	\$ 33,365	\$ 16,460	\$ 1,759	\$ 33,365	\$ 16,460	\$ 2,028
Gas Utility Distribution System Series 2024A Second Lien Revenue Refunding Bonds 5.0%, due 2028 to 2035	47,555	-	6,321	47,555	-	6,513
Subtotal Gas	80,920	16,460	8,080	80,920	16,460	8,541
Thermal						
Thermal Energy System Series 2013A, First Lien Revenue Bonds, 4.125% to 5.00%, due 2025 to 2033	4,350	445	3	4,795	425	4
Thermal Energy System Series 2014A, First Lien Revenue Refunding Bonds, 4.00% to 5.00%, due 2025 to 2034	20,200	1,745	1,200	21,945	1,660	1,254
Thermal Energy System Series 2016A, First Lien Revenue Refunding Bonds, 5.00%, due 2025 to 2029	2,505	11,790	474	14,295	11,225	574
Subtotal Thermal	27,055	13,980	1,677	41,035	13,310	1,832
Water						
Water Utility Series 2011D (ILPIBB 2007B) *, First Lien Net Revenue Bonds, 5.25%, due 2025	-	12,340	(45)	-	12,340	(46)
Water Utility Series 2014A, First Lien Net Revenue Bonds, 4.00% to 5.00%, due 2025 to 2044	7,250	180	352	7,430	650	368
Water Utility Series 2016A, First Lien Revenue Bonds, 5.00%, due 2025 to 2046	43,540	1,530	6,785	45,070	1,460	6,892
Water Utility Series 2016B, First Lien Refunding Revenue Bonds, 4.00% to 5.00%, due 2025 to 2038	158,535	7,950	16,977	166,485	4,605	17,532
Water Utility Series 2018A, First Lien Refunding Revenue Bonds, 3.50% to 5.00%, due 2025 to 2038	285,930	16,420	25,998	302,350	695	26,810
Water Utility Series 2021A First Lien Revenue Bonds 3.00% to 5.00%, due 2025 to 2051	71,230	1,995	13,408	73,225	1,895	13,663
Water Utility Series 2023A First Lien Revenue Refunding Bonds 4.00% to 5.00%, due 2025 to 2044	89,385	235	11,081	89,620	-	11,314

	(In Thousands)					
	December 31, 2024			September 30, 2024		
	Long-term debt excl. current maturities	Current maturities	Unamortized (Discount), Premium, and (Issuance Costs)	Long-term debt excl. current maturities	Current maturities	Unamortized (Discount), Premium, and (Issuance Costs)
Water Utility Series 2023B First Lien Revenue Bonds (SRF) 0.00%, due 2025 to 2043	4,500	250	(80)	4,750	250	-
Water Utility Series 2023C First Lien Revenue Bond Anticipation Note 0.00%, due 2027	6,000	-	-	6,000	-	(82)
Subtotal Water	666,370	40,900	74,476	694,930	21,895	76,451
<u>Wastewater</u>						
CWA Wastewater Utility Series 2012A, First Lien Revenue Bonds, 4.00% to 5.00%, due 2038 to 2042	53,925	-	3,509	53,925	-	3,551
CWA Wastewater Utility Series 2014A, First Lien Revenue Bonds, 4.25% to 5.00%, due 2025 to 2044	33,615	5,815	2,895	39,430	5,540	2,974
CWA Wastewater Utility Series 2015A, First Lien Revenue Bonds, 3.25% to 5.00%, due 2025 to 2034	14,785	3,775	2,498	18,560	3,595	2,635
CWA Wastewater Utility Series 2016A, First Lien Revenue Bonds 5.00%, due 2025 to 2046	141,365	4,070	23,350	145,435	3,880	23,705
CWA Wastewater Utility Series 2016B, Second Lien Revenue Refunding Bonds, 3.00% to 5.00%, due 2025 to 2046	35,365	1,055	1,067	36,420	1,005	1,111
CWA Wastewater Series 2016C, First Lien Revenue Bonds (SRF), 2.00%, due 2025 to 2036	7,555	610	(39)	7,555	610	(40)
CWA Wastewater Series 2017A, First Lien Revenue Bonds (SRF), 3.53%, due 2025 to 2047	134,828	4,011	(51)	134,828	4,011	(52)
CWA Wastewater Series 2019A, First Lien Revenue Bonds, 4.00% to 5.00%, due 2025 to 2049	37,250	810	6,647	38,060	770	6,737
CWA Wastewater Series 2019B, First Lien Revenue Bonds (SRF), 2.99%, due 2025 to 2050	160,466	4,279	(56)	160,466	4,279	(57)
CWA Wastewater Series 2020A, First Lien Revenue Bonds 4.00% to 5.00% due 2025 to 2050	52,010	1,100	10,675	53,110	1,060	10,815
CWA Wastewater Series 2020B, First Lien Revenue Bonds (SRF) 2.56%, due 2025 to 2051	63,867	1,715	(59)	63,867	1,715	(60)
CWA Wastewater Series 2021-1 First Lien Revenue Refunding Bonds 3.00% to 5.00%, due 2025 to 2041	394,770	16,150	76,854	410,920	15,385	78,994
CWA Wastewater Series 2021-2 Second Lien Revenue Refunding Bonds 3.00% to 5.00%, due 2025 to 2041	157,510	6,425	33,534	163,935	6,120	34,401

	(In Thousands)					
	December 31, 2024			September 30, 2024		
	Long-term debt excl. current maturities	Current maturities	Unamortized (Discount), Premium, and (Issuance Costs)	Long-term debt excl. current maturities	Current maturities	Unamortized (Discount), Premium, and (Issuance Costs)
CWA Wastewater Series 2021A First Lien Revenue Bonds 3.00% to 5.00%, due 2025 to 2051	41,380	845	7,119	42,225	805	7,229
CWA Wastewater Series 2021B First Lien Revenue Bonds (SRF) 2.38%, due 2025 to 2052	48,807	1,279	(45)	48,807	1,279	(46)
CWA Wastewater Series 2022A First Lien Revenue Refunding Bonds 5.00%, due 2025 to 2037	77,470	4,635	5,677	82,105	4,415	5,849
CWA Wastewater Series 2022B First Lien Revenue Refunding Bonds 5.00% to 5.25%, due 2025 to 2052	143,265	2,450	5,349	145,715	2,335	5,391
CWA Wastewater Series 2023A First Lien Revenue Refunding Bonds 4.00% to 5.00%, due 2027 to 2041	122,025	-	14,510	122,025	-	14,811
CWA Wastewater Series 2024A First Lien Revenue Refunding Bonds 5.00%, due 2027 to 2045	126,910	-	8,052	126,910	-	8,160
Subtotal Wastewater	1,847,168	59,024	201,486	1,894,298	56,804	206,108
Resources						
Citizens Westfield Water Series 2019A, Revenue Bonds, 4.00%, due 2048	20,000	-	(60)	20,000	-	(61)
Citizens Westfield Wastewater Series 2019A, Revenue Bonds, 5.00%, due 2048	22,660	-	2,188	22,660	-	2,201
Citizens Westfield Water Series 2022A, Revenue Bonds, 4.00%, due 2052	16,000	-	(1,138)	16,000	-	(1,144)
Citizens Westfield Gas Series 2022A Revenue Bonds 4.05%, due 2029	4,000	-	(96)	4,000	-	(101)
Citizens Westfield Water Series 2024A Revenue Bonds 5.25%, due 2044	20,000	-	2,219	20,000	-	2,237
Citizens Westfield Wastewater Series 2024A Revenue Bonds 5.25%, due 2044	20,000	-	2,218	20,000	-	2,236
Citizens Westfield Gas Series 2024A Utility Revenue Bond 4.76%, due 2029	10,000	-	(112)	10,000	-	(50)
Subtotal Resources	112,660	-	5,219	112,660	-	5,318
Total	\$ 2,734,173	\$ 130,364	\$ 290,938	\$ 2,823,843	\$ 108,469	\$ 298,250

* Indianapolis Local Public Improvement Bond Bank (ILPIBB)

4. SHORT-TERM AND OTHER BORROWINGS

Citizens Gas, Thermal, Water, and Wastewater have established lines of credit with terms and conditions as outlined in the table below:

Entity	Credit Capacity	Maturity Date	Interest Rate	Commitment Fee	Amount Outstanding at (in millions)	
					December 31, 2024	September 30, 2024
Gas	50.0 million	September 27, 2027	SOFR + 0.62%	0.200%	\$ -	\$ -
Gas	25.0 million	August 1, 2025	SOFR + 0.90%	0.200%	-	-
Thermal	20.0 million	July 25, 2025	SOFR + 1.225%	0.125%	-	-
Thermal	30.0 million	February 2, 2027	SOFR + 0.62%	0.250%	20.0	10.0
Water	15.0 million	April 30, 2025	SOFR + 1.60%	0.200%	-	-
Water	25.0 million	November 2, 2026	83% of SOFR + 1.48%	0.300%	-	-
Water	25.0 million	November 18, 2024	82% of SOFR + 1.31%	0.200%	*	23.0
Water	25.0 million	November 18, 2027	82% of SOFR + 1.31%	0.250%	23.0	**
Wastewater	45.0 million	July 15, 2026	80% of SOFR + 0.65%	0.325%	15.0	-
Wastewater	50.0 million	October 1, 2025	SOFR + 0.68%	0.240%	-	-

* Line of credit matured prior to December 31, 2024.

** Line of credit initiated after September 30, 2024

The Bloomberg Short-Term Bank Yield Index (BSBY) ceased publication on November 15, 2024. Accordingly, the Company's lenders transitioned interest rate indexes from BSBY to the Secured Overnight Financing Rate (SOFR). Updated rates are presented in the tables contained herein. No balances were outstanding on impacted credit lines at the time of transition. These changes will not materially adversely affect the financial position, operations, equity or cash flows of Citizens and CWA.

Interest terms of the CWA line of credit were amended on November 1, 2024 from 80% of BSBY + 0.55% to 80% of SOFR + 0.65% with a maturity date of July 15, 2026.

The Water line of credit was renewed on November 18, 2024, with an interest rate of 82% of SOFR + 1.31% and a maturity date of November 18, 2027.

Resources

Westfield Gas, Westfield Water, and Westfield Wastewater have established lines of credit with terms and conditions as outlined in the table below.

Entity	Credit Capacity	Maturity Date	Interest Rate	Commitment Fee	Amount Outstanding at (in millions)	
					December 31, 2024	September 30, 2024
Westfield Gas	7.0 million	March 30, 2025	SOFR + 1.75%	0.250%	\$ -	\$ -
Westfield Water	7.0 million	March 10, 2025	SOFR + 1.00%	0.100%	-	-
Westfield Wastewater	5.0 million	March 10, 2025	SOFR + 1.00%	0.100%	-	-

Outstanding borrowings with maturities of twelve months or less from the balance sheet date are presented as current liabilities in the Condensed Combined Statements of Financial Position in the line item labeled, "Short-term borrowings." Outstanding borrowings with maturities greater than twelve months from the balance sheet date are classified as non-current liabilities in the Condensed Combined Statements of Financial Position in the line item labeled, "Other long-term liabilities." Certain line of credit agreements require the Company to maintain a zero balance on the line of credit for a stipulated time period each year. Borrowings under these agreements are presented as current liabilities in the Condensed Combined Statements of Financial Position in the line item labeled, "Short-term borrowings."

5. REVENUE RECOGNITION

Citizens recognizes revenue consistent with amounts billed under tariff offerings or at contractually agreed upon rates based on actual delivery of utility service, including estimated volumes delivered when billings have not yet occurred. The majority of the Company's revenues have fixed pricing based on the contractual terms of the published tariffs, with variability in expected cash flows attributable to the customer's volumetric demand during the billing period.

Performance obligations are satisfied over time as utility services are delivered and consumed with billings generally occurring monthly and related payments due within 30 days. Using this output method for revenue recognition provides a

faithful depiction of the transfer of utility services as customers obtain control of the service provided and simultaneously benefit from its use at delivery.

Substantially all the Company's revenues result from tariff-based or fixed-price at-will contracts which either have an expected duration of one year or less, or, in the case of longer-term contracts, are based on a single performance obligation (the delivery of utility services) which will not have future performance obligations for disclosure.

Revenues from Contracts with Customers

Utility services for gas, steam, water, and wastewater are marketed throughout the Company's service territory using published tariff rates. The tariff rates are established by the IURC. Each tariff, which is assigned to customers based on customer class, has multiple components, such as a commodity charge, demand charge, facility or service charge and transportation costs. The Company considers each of these components to be aggregated into a single performance obligation for providing utility service which is satisfied over time and is provided and consumed over the billing period (generally one month). As such, revenue from contracts with customers for such contracts is equivalent to the service supplied and billed in that period, including unbilled estimates. Additionally, utility services are typically at-will and customers can cancel service at any time, without a substantive penalty. The Company maintains common utility credit risk mitigation practices, including requiring deposits and actively pursuing collection of past due amounts with the exception of the temporary suspension of shutoffs noted below. Contracts with chilled water customers are based on a fixed capacity charge and a variable usage charge, resulting in performance obligations similar to that of the regulated utilities.

Monthly billing dates for utility services provided to customers are depicted in the table below.

<u>Gas</u>	<u>Steam</u>	<u>Chilled Water</u>	<u>Water</u>	<u>Wastewater</u>	<u>Westfield Utilities</u>
Cycle basis throughout month	Billed at end of month	Billed at end of month	Cycle basis throughout month	Cycle basis throughout month	Billed near end of month

Unbilled revenues, if applicable, are recognized by applying customer billing rates to the estimated volumes delivered but not yet billed. Unbilled revenues can vary significantly from period to period as a result of factors such as seasonality, weather, customer usage patterns, average price in effect per customer class, timing of rendering bills and meter reading schedules. The accrual for unbilled revenues is reversed in the subsequent accounting period when meters are read and customers are billed.

Revenues and, where applicable, costs are influenced by seasonal weather patterns, with peak sales for gas and steam occurring during the winter heating months, and during the summer months for chilled water and water. Revenues for wastewater are generally independent of seasonality. Residential and commercial customers are more impacted by weather than industrial customers. The Normal Temperature Adjustment (NTA) adjusts monthly billings to normalize Gas and Steam margin collected from certain customer classes during heating months.

Alternative Revenue Programs

Alternative Revenue Programs represent regulator-approved programs which allow for the adjustment of billings and revenue for certain broad, external factors such as normalization programs that adjust revenues for the effects of weather or programs designed to compensate for fluctuations in consumer demand. Such programs typically enable the Company to adjust rates in the future, usually as a surcharge applied to future billings, in response to past activities or completed events. Alternative Revenue Programs represent a contract between the utility and its regulators, not customers, and are therefore not within the scope of the accounting guidance for recognizing revenue from contracts with customers. When the criteria to recognize revenues from Alternative Revenue Programs have been met in accordance with ASC 980-605-25, a regulatory asset is established and the revenue is presented as a component of operating revenues. When amounts previously recognized under Alternative Revenue Programs accounting guidance are billed, the regulatory asset is reduced and a customer account receivable is recorded.

Disaggregated Revenues

Revenue by customer class is most meaningful to the Company as each respective customer class collectively represents unique customer expectations of service, generally has different energy and demand requirements, and operates under custom pricing structures approved by the IURC. Additionally, each customer class is impacted differently by weather and a variety of economic factors. Analyzing revenues disaggregated by customer class allows management to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Disaggregated revenues are presented as follows (in thousands):

Three Months Ended December 31, 2024

	Gas	Steam	Chilled Water	Water	Waste- Water	Resources	Intercompany Eliminations	Total
Residential	\$ 48,117	\$ -	\$ -	\$ 38,588	\$ 40,399	\$ 7,987	\$ -	\$ 135,091
Commercial	18,971	11,525	7,551	20,427	25,342	2,110	(1,546)	84,380
Industrial	5,368	7,885	101	2,333	7,593	70	(1,549)	21,801
Other	2,287	(8)	-	3,280	3,840	2,135	(514)	11,020
Revenues - Contracts w/Customers	74,743	19,402	7,652	64,628	77,174	12,302	(3,609)	252,292
Alternative Revenue Programs	-	-	-	-	-	73	-	73
Gross Operating Revenues	\$ 74,743	\$ 19,402	\$ 7,652	\$ 64,628	\$ 77,174	\$ 12,375	\$ (3,609)	\$ 252,365

Three Months Ended December 31, 2023

	Gas	Steam	Chilled Water	Water	Waste- Water	Resources	Intercompany Eliminations	Total
Residential	\$ 52,931	\$ -	\$ -	\$ 31,836	\$ 41,095	\$ 7,409	\$ -	\$ 133,271
Commercial	20,121	10,188	6,717	18,676	26,228	2,114	(1,499)	82,545
Industrial	6,282	7,000	95	2,325	6,991	21	(1,412)	21,302
Other	2,188	(53)	-	2,708	3,186	2,125	(545)	9,609
Revenues - Contracts w/Customers	81,522	17,135	6,812	55,545	77,500	11,669	(3,456)	246,727
Alternative Revenue Programs	-	-	-	-	-	35	-	35
Gross Operating Revenues	\$ 81,522	\$ 17,135	\$ 6,812	\$ 55,545	\$ 77,500	\$ 11,704	\$ (3,456)	\$ 246,762

Accounts Receivable and Unbilled Revenue

Amounts due from customers are reflected on the Condensed Combined Statements of Financial Position in the line items labeled "Accounts receivable" for revenue billed to customers and "Accrued utility revenue" which represents unbilled customer revenues. Unbilled revenues relate to a portion of a customer's consumption of utility services from the date of the last cycle billing date through the last day of the month (balance sheet date). Factors taken into consideration when estimating unbilled revenue include historical usage and customer rates. The Company had no contract assets or liabilities during the periods presented. Additionally, the Company has not incurred any significant costs to obtain or fulfill contracts. The opening and closing balances for customer accounts receivable and accrued utility revenue for the three months ended December 31, 2024, and 2023 are presented in the tables below.

Citizens and CWA offer flexible payment plans to customers experiencing hardship. At December 31, 2024, the Company's allowance for credit losses is \$5.3 million compared with \$6.2 million at September 30, 2024. The decrease in the allowance at December 31, 2024 compared with September 30, 2024 is largely due to improved collections on past due balances in the first quarter of 2025. The adverse impact economic conditions may have on customers' ability to pay is unknown and difficult to predict; however, management frequently monitors changing circumstances and will adjust, if necessary, the allowance for credit losses as additional information becomes available.

Accounts Receivable, net

\$ Thousands	Gas	Steam	Chilled Water	Water	Wastewater	Resources	Total
Balance at December 31, 2024	\$ 32,773	\$ 10,138	\$ 2,885	\$ 27,948	\$ 31,524	\$ 4,523	\$ 109,791
Balance at September 30, 2024	14,759	6,989	6,371	31,651	30,897	3,289	93,956
Increase (Decrease)	\$ 18,014	\$ 3,149	\$ (3,486)	\$ (3,703)	\$ 627	\$ 1,234	\$ 15,835
Balance at December 31, 2023	\$ 30,993	\$ 7,832	\$ 3,400	\$ 24,538	\$ 28,633	\$ 4,632	\$ 100,028
Balance at September 30, 2023	16,735	5,170	6,373	28,771	30,072	4,224	91,345
Increase (Decrease)	\$ 14,258	\$ 2,662	\$ (2,973)	\$ (4,233)	\$ (1,439)	\$ 408	\$ 8,683

Accrued Utility Revenue

\$ Thousands	Gas	Steam	Chilled Water	Water	Wastewater	Resources	Total
Balance at December 31, 2024	\$ 11,066	\$ -	\$ -	\$ 8,801	\$ 12,533	\$ 686	\$ 33,086
Balance at September 30, 2024	2,805	-	-	9,681	13,328	619	26,433
Increase (Decrease)	\$ 8,261	\$ -	\$ -	\$ (880)	\$ (795)	\$ 67	\$ 6,653
Balance at December 31, 2023	\$ 13,465	\$ -	\$ -	\$ 8,666	\$ 11,843	\$ 687	\$ 34,661
Balance at September 30, 2023	3,568	-	-	8,882	11,839	641	24,930
Increase (Decrease)	\$ 9,897	\$ -	\$ -	\$ (216)	\$ 4	\$ 46	\$ 9,731

Accounts receivable and unbilled revenues can vary significantly from period to period as a result of weather, customer usage patterns, customer mix, commodity costs, changes in tariff rates, timing of customer collections, timing of rendering customer bills, and meter reading schedules.

6. FINANCIAL SEGMENT INFORMATION

Operations of Citizens include activities in five reportable segments: Gas, Steam, Chilled Water, Water, and Resources. In addition to these business segments, Other is utilized to capture non-revenue generating segment costs (see discussion below). Operations of CWA include activities for the Wastewater business segment. The Chief Executive Officer is the chief operating decision maker for Citizens and CWA.

Gas activities include purchasing natural gas, operating underground natural gas storage facilities in Indiana, and distributing natural gas to residential, commercial, and industrial customers located in Marion County, Indiana.

Steam activities include the production, purchase, and distribution of steam for use in industrial processes and heating buildings in the downtown Indianapolis area.

Chilled Water activities include the production and distribution of chilled water for use in cooling buildings in the central downtown Indianapolis area.

Water activities include the treatment and distribution of drinking water to residential, commercial, and industrial customers located in and around Marion County, Indiana.

Wastewater activities include wastewater collection and treatment services for residential, commercial, and industrial customers located in and around Marion County, Indiana.

Resources conducts for-profit business activities to ultimately provide enhanced benefits to Citizens' beneficiaries. Resources includes several wholly-owned subsidiaries under CESCO, which serves as a holding company for several LLC subsidiaries. CESCO subsidiaries include: Citizens Westfield Utilities, which is the holding company for the three utilities serving Westfield (Westfield Gas, Westfield Water, and Westfield Wastewater). In addition, Resources provides stormwater management services to the Cities of Indianapolis and Beech Grove through Citizens Energy Management Company, LLC.

Other includes certain non-profit instrumentalities, as well as advertising and philanthropic costs that are not recoverable through rates and are funded by contributions from non-regulated segments. Other also includes shared services comprised of various administrative and operational departments that provide support services to each of Citizens and CWA business segments and the combined enterprise as a whole and allocates the associated cost of the services to the appropriate segment. Management reviews the allocation methodology for shared services on a regular basis and refines the methodology as necessary. The former Manufacturing business segment has been reported as Discontinued Operations and is also included in Other. To the extent certain business segments purchase services from one another, these amounts have been eliminated on the face of the condensed combined financial statements. Such transactions are reported gross for segment presentation, with eliminating entries reported as Eliminations.

Operating revenues and operating expenses are set forth in the Condensed Combined Statements of Operations. Operating income represents operating revenues less operating expenses directly attributable to the segments and an allocation of certain operating expenses benefiting each. Segment Statements of Financial Position at December 31, 2024 and September 30, 2024, Statements of Operations for the three months ended December 31, 2024 and 2023, and Statements of Cash Flows for the three months ended December 31, 2024 and 2023 are summarized as follows:

Segment Footnote - Condensed Combined Statement of Financial Position*Citizens Energy Group and Subsidiary and CWA Authority, Inc.**(In Thousands)**At December 31, 2024*

	Gas	Steam	Chilled Water	Water	Waste- water	Resources	Other	Elimin- ations	Total
Assets									
Property, plant, and equipment	\$ 420,177	\$ 92,133	\$ 79,527	\$ 1,477,175	\$ 2,760,784	\$ 412,356	\$ 20,719	\$ -	\$ 5,262,871
Intangibles	-	9,994	28,432	-	-	-	-	-	38,426
Investments	16,406	7,104	8,554	82,482	135,053	1,531	576	(14,103)	237,603
Cash and cash equivalents	43,190	8,402	25,295	13,093	10,177	46,067	13,857	-	160,081
Other current assets	83,385	16,900	4,954	46,842	53,110	6,768	(113)	(998)	210,848
Deferred charges and other non-current assets	28,827	8,555	1,517	19,235	6,043	3,269	62,891	-	130,337
Total assets	\$ 591,985	\$ 143,088	\$ 148,279	\$ 1,638,827	\$ 2,965,167	\$ 469,991	\$ 97,930	\$ (15,101)	\$ 6,040,166
Capitalization and Liabilities									
Equity	\$ 440,430	\$ 53,612	\$ 133,200	\$ 453,432	\$ 565,758	\$ 161,930	\$ 46,501	\$ -	\$ 1,854,863
Long-term debt	89,000	27,230	1,502	740,846	2,048,654	117,879	-	-	3,025,111
Retirement benefit and Other long-term liabilities	6,945	38,621	751	336,303	215,591	180,309	24,619	(14,103)	789,036
Current mat. of long-term debt	16,460	8,035	5,945	40,900	59,024	-	-	-	130,364
Short-term borrowings	-	-	-	23,000	-	-	-	-	23,000
Other current liabilities	39,150	15,590	6,881	44,346	76,140	9,873	26,810	(998)	217,792
Total capitalization and liabilities	\$ 591,985	\$ 143,088	\$ 148,279	\$ 1,638,827	\$ 2,965,167	\$ 469,991	\$ 97,930	\$ (15,101)	\$ 6,040,166

Segment Footnote - Condensed Combined Statement of Financial Position*Citizens Energy Group and Subsidiary and CWA Authority, Inc.**(In Thousands)**At September 30, 2024*

	Gas	Steam	Chilled Water	Water	Waste- water	Resources	Other	Elimin- ations	Total
Assets									
Property, plant, and equipment	\$ 415,206	\$ 90,715	\$ 76,935	\$ 1,449,910	\$ 2,741,516	\$ 406,411	\$ 20,752	\$ -	\$ 5,201,445
Intangibles	-	10,257	29,111	-	-	-	-	-	39,368
Investments	11,293	13,249	13,138	87,861	177,310	2,227	576	(14,556)	291,098
Cash and cash equivalents	57,739	4,052	24,263	20,235	29,843	49,401	13,374	-	198,907
Other current assets	63,990	13,635	8,293	50,758	51,987	5,712	1,024	(697)	194,702
Deferred charges and other non-current assets	28,525	8,537	1,556	20,725	6,893	3,290	63,848	-	133,374
Total assets	\$ 576,753	\$ 140,445	\$ 153,296	\$ 1,629,489	\$ 3,007,549	\$ 467,041	\$ 99,574	\$ (15,253)	\$ 6,058,894
Capitalization and Liabilities									
Equity	\$ 423,042	\$ 51,896	\$ 132,054	\$ 431,000	\$ 543,040	\$ 159,513	\$ 47,235	\$ -	\$ 1,787,780
Long-term debt	89,461	35,370	7,497	771,381	2,100,406	117,978	-	-	3,122,093
Retirement benefit and Other long-term liabilities	6,998	29,110	734	324,978	199,244	178,475	25,158	(14,556)	750,141
Current mat. of long-term debt	16,460	7,650	5,660	21,895	56,804	-	-	-	108,469
Short-term borrowings	-	-	-	23,000	-	-	-	-	23,000
Other current liabilities	40,792	16,419	7,351	57,235	108,055	11,075	27,181	(697)	267,411
Total capitalization and liabilities	\$ 576,753	\$ 140,445	\$ 153,296	\$ 1,629,489	\$ 3,007,549	\$ 467,041	\$ 99,574	\$ (15,253)	\$ 6,058,894

Segment Footnote - Condensed Combined Statement of Operations*Citizens Energy Group and Subsidiary and CWA Authority, Inc.**(In Thousands)**For the Three Months Ended December 31, 2024*

	Gas	Steam	Chilled Water	Water	Waste- water	Resources	Other	Elimin- ations	Total
Operating revenues									
Customer revenues	\$ 72,264	\$ 18,815	\$ 7,652	\$ 64,435	\$ 76,824	\$ 12,375	\$ -	\$ -	\$ 252,365
Intercompany revenues	2,479	587	-	193	350	-	-	(3,609)	-
Gross operating revenues	74,743	19,402	7,652	64,628	77,174	12,375	-	(3,609)	252,365
Operating expenses:									
Cost of goods sold	31,661	10,203	2,549	-	-	1,043	-	(3,069)	42,387
Operations and maintenance	19,793	5,434	2,314	24,784	21,753	5,223	34	(540)	78,795
Depreciation and amortization	5,112	1,646	1,436	8,209	17,102	1,897	-	-	35,402
Taxes	1,638	203	565	3,591	6,549	785	-	-	13,331
Total operating expenses	58,204	17,486	6,864	36,584	45,404	8,948	34	(3,609)	169,915
Operating income (loss)	16,539	1,916	788	28,044	31,770	3,427	(34)	-	82,450
Other income (expense), net:									
Interest income	561	165	306	1,062	1,627	59	164	(152)	3,792
Non-operating post-employment benefits, net	1,744	383	103	944	626	139	-	-	3,939
Other	(645)	-	-	64	83	12	(747)	152	(1,081)
Total other income (expense), net	1,660	548	409	2,070	2,336	210	(583)	-	6,650
Income (loss) before interest charges	18,199	2,464	1,197	30,114	34,106	3,637	(617)	-	89,100
Interest charges:									
Interest on long-term debt	1,217	565	90	8,427	20,379	1,328	-	-	32,006
Other interest, including net (premium) discount amortization	(326)	169	(50)	(1,472)	(8,990)	(107)	-	-	(10,776)
Total interest charges	891	734	40	6,955	11,389	1,221	-	-	21,230
Income (loss) from continuing operations	17,308	1,730	1,157	23,159	22,717	2,416	(617)	-	67,870
Income from discontinued operations	-	-	-	-	-	-	96	-	96
Net income (loss)	\$ 17,308	\$ 1,730	\$ 1,157	\$ 23,159	\$ 22,717	\$ 2,416	\$ (521)	\$ -	\$ 67,966

Segment Footnote - Condensed Combined Statement of Operations*Citizens Energy Group and Subsidiary and CWA Authority, Inc.**(In Thousands)**For the Three Months Ended December 31, 2023*

	Gas	Steam	Chilled Water	Water	Waste- water	Resources	Other	Elimin- ations	Total
Operating revenues									
Customer revenues	\$ 79,092	\$ 16,606	\$ 6,812	\$ 55,374	\$ 77,174	\$ 11,704	\$ -	\$ -	\$ 246,762
Intercompany revenues	2,430	529	-	171	326	-	-	(3,456)	-
Gross operating revenues	81,522	17,135	6,812	55,545	77,500	11,704	-	(3,456)	246,762
Operating expenses:									
Cost of goods sold	38,509	8,504	2,114	-	-	1,000	-	(2,855)	47,272
Operations and maintenance	18,894	4,960	1,966	21,585	20,930	4,855	21	(601)	72,610
Depreciation and amortization	5,059	1,442	1,384	7,236	17,073	1,560	-	-	33,754
Taxes	1,652	200	527	3,587	6,975	716	-	-	13,657
Total operating expenses	64,114	15,106	5,991	32,408	44,978	8,131	21	(3,456)	167,293
Operating income (loss)	17,408	2,029	821	23,137	32,522	3,573	(21)	-	79,469
Other income (expense), net:									
Interest income	417	199	342	1,067	2,644	71	163	(152)	4,751
Non-operating post-employment benefits, net	832	176	54	532	337	73	-	-	2,004
Other	(394)	-	-	221	83	61	(766)	152	(643)
Total other income (expense), net	855	375	396	1,820	3,064	205	(603)	-	6,112
Income (loss) before interest charges	18,263	2,404	1,217	24,957	35,586	3,778	(624)	-	85,581
Interest charges:									
Interest on long-term debt	1,527	659	161	8,848	21,267	684	-	-	33,146
Other interest, including net (premium) discount amortization	(452)	(64)	(91)	(1,404)	(10,363)	(212)	-	-	(12,586)
Total interest charges	1,075	595	70	7,444	10,904	472	-	-	20,560
Income (loss) from continuing operations	17,188	1,809	1,147	17,513	24,682	3,306	(624)	-	65,021
Loss from discontinued operations	-	-	-	-	-	-	20	-	20
Net income (loss)	\$ 17,188	\$ 1,809	\$ 1,147	\$ 17,513	\$ 24,682	\$ 3,306	\$ (604)	\$ -	\$ 65,041

Segment Footnote - Condensed Combined Statement of Cash Flows*Citizens Energy Group and Subsidiary and CWA Authority, Inc.**For the Three Months Ended December 31, 2024 (In Thousands)*

	Gas	Steam	Chilled Water	Water	Waste- water	Resources	Other	Total
Net cash provided by (used in) operating activities	1,744	1,446	3,182	19,364	8,760	1,279	2,011	\$ 37,786
Investing Activities:								
Construction expenditures	(10,075)	(5,591)	(831)	(26,888)	(41,861)	(5,964)	(1,843)	(93,053)
Other investing activities	86	-	(31)	(384)	79	-	315	65
Net cash provided by (used in) investing activities	(9,989)	(5,591)	(862)	(27,272)	(41,782)	(5,964)	(1,528)	(92,988)
Financing Activities:								
Proceeds from bank line of credit	-	10,000	-	-	15,000	-	-	25,000
Repayment of bank line of credit	-	-	-	-	-	-	-	-
Principal payments of long-term debt and bond refunding	-	(7,650)	(5,660)	(9,555)	(44,910)	-	-	(67,775)
Proceeds from issuance of long-term debt and bond refunding	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	(69)	-	(69)
Contributions in aid of construction	-	-	-	5,218	1,086	724	-	7,028
Other financing activities	272	-	-	-	-	-	-	272
Net cash provided by (used in) financing activities	272	2,350	(5,660)	(4,337)	(28,824)	655	-	(35,544)
Net change in cash, cash equivalents, and restricted cash	(7,973)	(1,795)	(3,340)	(12,245)	(61,846)	(4,030)	483	(90,746)
Cash, cash equivalents & restricted cash - beginning of period	63,603	17,301	30,608	79,632	205,777	51,627	13,374	461,922
Cash, cash equivalents & restricted cash - end of period	\$ 55,630	\$ 15,506	\$ 27,268	\$ 67,387	\$ 143,931	\$ 47,597	\$ 13,857	\$ 371,176
Reconciliation:								
Cash and cash equivalents	\$ 43,190	\$ 8,402	\$ 25,295	\$ 13,093	\$ 10,177	\$ 46,067	\$ 13,857	\$ 160,081
Restricted cash included in Bond restricted funds	8,884	7,104	1,973	52,596	132,116	1,530	-	204,203
Restricted cash included in Other current assets	3,556	-	-	-	-	-	-	3,556
Restricted cash included in Investments, Other	-	-	-	1,698	1,638	-	-	3,336
Cash, cash equivalents & restricted cash - end of period	\$ 55,630	\$ 15,506	\$ 27,268	\$ 67,387	\$ 143,931	\$ 47,597	\$ 13,857	\$ 371,176

Segment Footnote - Condensed Combined Statement of Cash Flows*Citizens Energy Group and Subsidiary and CWA Authority, Inc.**For the Three Months Ended December 31, 2023 (In Thousands)*

	Gas	Steam	Chilled Water	Water	Waste- water	Resources	Other	Total
Net cash provided by (used in) operating activities	\$ 6,741	\$ (930)	\$ 2,835	\$ 9,343	\$ 14,398	\$ 3,056	\$ 1,963	\$ 37,406
Investing Activities:								
Construction expenditures	(16,273)	(3,757)	(3,417)	(14,882)	(61,927)	(10,023)	(3,195)	(113,474)
Other investing activities	-	-	(1)	(294)	55	-	(855)	(1,095)
Net cash provided by (used in) investing activities	(16,273)	(3,757)	(3,418)	(15,176)	(61,872)	(10,023)	(4,050)	(114,569)
Financing Activities:								
Proceeds from bank line of credit	-	5,000	-	-	-	-	-	5,000
Principal payments of long-term debt and bond refunding	-	(7,278)	(5,377)	(9,580)	(42,505)	-	-	(64,740)
Proceeds from issuance of long-term debt and bond refunding	-	-	-	11,000	-	-	-	11,000
Bond issuance costs	-	-	-	(238)	(178)	-	-	(416)
Contributions in aid of construction and customer advances, net	-	-	-	2,531	3,953	(65)	-	6,419
Other financing activities	214	-	-	-	-	-	-	214
Net cash provided by (used in) financing activities	214	(2,278)	(5,377)	3,713	(38,730)	(65)	-	(42,523)
Net change in cash, cash equivalents, and restricted cash	(9,318)	(6,965)	(5,960)	(2,120)	(86,204)	(7,032)	(2,087)	(119,686)
Cash, cash equivalents & restricted cash - beginning of period	40,696	23,770	31,223	65,075	298,788	29,017	12,688	501,257
Cash, cash equivalents & restricted cash - end of period	\$ 31,378	\$ 16,805	\$ 25,263	\$ 62,955	\$ 212,584	\$ 21,985	\$ 10,601	\$ 381,571
Reconciliation:								
Cash and cash equivalents	\$ 19,199	\$ 10,164	\$ 23,468	\$ 14,410	\$ 72,481	\$ 21,231	\$ 10,601	\$ 171,554
Restricted cash included in Bond restricted funds	10,126	6,641	1,795	46,477	138,497	754	-	204,290
Restricted cash included in Other current assets	2,053	-	-	-	-	-	-	2,053
Restricted cash included in Investments, Other	-	-	-	2,068	1,606	-	-	3,674
Cash, cash equivalents & restricted cash - end of period	\$ 31,378	\$ 16,805	\$ 25,263	\$ 62,955	\$ 212,584	\$ 21,985	\$ 10,601	\$ 381,571

7. ADDITIONAL FINANCIAL INFORMATION – CITIZENS WESTFIELD UTILITIES

Operations of CWU include the activities of Westfield Gas, Westfield Water, and Westfield Wastewater. CWU (Parent) is the holding company for the three utilities serving residential, commercial, and industrial customers in Westfield, Indiana:

- Westfield Gas activities include purchasing and distributing natural gas.
- Westfield Water activities include treatment and distribution of drinking water.
- Westfield Wastewater activities include wastewater collection and treatment services.

Condensed Consolidated Statement of Financial Position

Citizens Westfield Utilities, LLC

(In Thousands)

At December 31, 2024

	Parent	Westfield Gas	Westfield Water	Westfield Wastewater	Eliminations	Total
Assets						
Property, plant, and equipment	\$ -	\$ 23,590	\$ 186,395	\$ 201,921	\$ -	\$ 411,906
Investments	159,452	302	656	573	(159,452)	1,531
Cash and cash equivalents	292	4,340	18,115	20,877	-	43,624
Other current assets	1	3,119	1,738	1,968	-	6,826
Other non-current assets	-	2,017	1,250	-	-	3,267
Total assets	\$ 159,745	\$ 33,368	\$ 208,154	\$ 225,339	\$ (159,452)	\$ 467,154
Capitalization and Liabilities						
Member's equity	\$ 159,062	\$ 17,772	\$ 62,457	\$ 79,223	\$ (159,452)	\$ 159,062
Long-term debt	-	13,792	57,022	47,066	-	117,880
Other long-term borrowings	-	-	-	-	-	-
Other long-term liabilities	-	417	84,739	95,153	-	180,309
Current maturities of long-term debt	-	-	-	-	-	-
Short-term borrowings	-	-	-	-	-	-
Other current liabilities	683	1,387	3,936	3,897	-	9,903
Total capitalization and liabilities	\$ 159,745	\$ 33,368	\$ 208,154	\$ 225,339	\$ (159,452)	\$ 467,154

Condensed Consolidated Statement of Financial Position

Citizens Westfield Utilities, LLC

(In Thousands)

At September 30, 2024

	Parent	Westfield Gas	Westfield Water	Westfield Wastewater	Eliminations	Total
Assets						
Property, plant, and equipment	\$ -	\$ 23,108	\$ 183,858	\$ 198,991	\$ -	\$ 405,957
Investments	157,293	140	1,122	964	(157,293)	2,226
Cash and cash equivalents	552	6,250	19,824	21,028	-	47,654
Other current assets	-	2,265	2,362	1,988	-	6,615
Other non-current assets	-	2,040	1,250	-	-	3,290
Total assets	\$ 157,845	\$ 33,803	\$ 208,416	\$ 222,971	\$ (157,293)	\$ 465,742
Capitalization and Liabilities						
Member's equity	\$ 156,904	\$ 17,276	\$ 62,090	\$ 77,927	\$ (157,293)	\$ 156,904
Long-term debt	-	13,849	57,032	47,096	-	117,977
Other long-term borrowings	-	-	-	-	-	-
Other long-term liabilities	-	417	84,245	93,813	-	178,475
Current maturities of long-term debt	-	-	-	-	-	-
Short-term borrowings	-	-	-	-	-	-
Other current liabilities	941	2,261	5,049	4,135	-	12,386
Total capitalization and liabilities	\$ 157,845	\$ 33,803	\$ 208,416	\$ 222,971	\$ (157,293)	\$ 465,742

Condensed Consolidated Statement of Operations
Citizens Westfield Utilities, LLC
For the Three Months Ended December 31, 2024
(In Thousands)

	Parent	Westfield Gas	Westfield Water	Westfield Wastewater	Eliminations	Total
Operating revenues	\$ -	\$ 2,471	\$ 3,345	\$ 4,713	\$ -	\$ 10,529
Operating expenses						
Cost of goods sold	-	1,043	-	-	-	1,043
Other operating expenses	-	567	1,419	1,650	-	3,636
Depreciation and amortization	-	208	630	1,053	-	1,891
Taxes	-	49	416	319	-	784
Total operating expenses	-	1,867	2,465	3,022	-	7,354
Total operating (loss) income	-	604	880	1,691	-	3,175
Other income (expense)	-	44	94	67	-	205
Equity in earnings of subsidiaries	2,159	-	-	-	(2,159)	-
Interest charges						
Interest on long-term debt	-	159	622	546	-	1,327
Other interest	-	(7)	(15)	(84)	-	(106)
Total interest charges	-	152	607	462	-	1,221
Net income (loss)	\$ 2,159	\$ 496	\$ 367	\$ 1,296	\$ (2,159)	\$ 2,159

Condensed Consolidated Statement of Operations
Citizens Westfield Utilities, LLC
For the Three Months Ended December 31, 2023
(In Thousands)

	Parent	Westfield Gas	Westfield Water	Westfield Wastewater	Eliminations	Total
Operating revenues	\$ -	\$ 2,368	\$ 3,051	\$ 4,427	\$ -	\$ 9,846
Operating expenses						
Cost of goods sold	-	1,000	-	-	-	1,000
Other operating expenses	5	532	1,528	1,384	-	3,449
Depreciation and amortization	-	180	572	802	-	1,554
Taxes	-	44	366	306	-	716
Total operating expenses	5	1,756	2,466	2,492	-	6,719
Total operating (loss) income	(5)	612	585	1,935	-	3,127
Other income (expense)	-	29	118	49	-	196
Equity in earnings of subsidiaries	2,855	-	-	-	(2,855)	-
Interest charges						
Interest on long-term debt	-	41	360	283	-	684
Other interest	-	60	7	(278)	-	(211)
Total interest charges	-	101	367	5	-	473
Net income (loss)	\$ 2,850	\$ 540	\$ 336	\$ 1,979	\$ (2,855)	\$ 2,850

Condensed Consolidated Statement of Cash Flows

Citizens Westfield Utilities, LLC

(In Thousands)

For the Three Months Ended December 31, 2024

	Parent	Westfield Gas	Westfield Water	Westfield Wastewater	Total
Net cash provided by (used in) operating activities	\$ (260)	\$ (646)	\$ 912	\$ 1,389	\$ 1,395
Investing Activities:					
Construction expenditures	-	(1,034)	(2,363)	(2,567)	(5,964)
Net cash provided by (used in) investing activities	-	(1,034)	(2,363)	(2,567)	(5,964)
Financing Activities:					
Repayment of bank line of credit	-	-	-	-	-
Proceeds from issuance of long-term debt	-	-	-	-	-
Bond issuance costs	-	(69)	-	-	(69)
Additional paid-in capital and dividends	-	-	-	-	-
Contributions in aid of construction and customer advances, net	-	-	(724)	636	(88)
Net cash provided by (used in) financing activities	-	(69)	(724)	636	(157)
Net change in cash, cash equivalents, and restricted cash	(260)	(1,749)	(2,175)	(542)	(4,726)
Cash, cash equivalents & restricted cash - beginning of period	552	6,390	20,946	21,992	49,880
Cash, cash equivalents & restricted cash - end of period	\$ 292	\$ 4,641	\$ 18,771	\$ 21,450	\$ 45,154
Reconciliation:					
Cash and cash equivalents	\$ 292	\$ 4,340	\$ 18,115	\$ 20,877	\$ 43,624
Restricted cash included in Bond restricted funds	-	301	656	573	1,530
Cash, cash equivalents & restricted cash - end of period	\$ 292	\$ 4,641	\$ 18,771	\$ 21,450	\$ 45,154

Condensed Consolidated Statement of Cash Flows

Citizens Westfield Utilities, LLC

(In Thousands)

For the Three Months Ended December 31, 2023

	Parent	Westfield Gas	Westfield Water	Westfield Wastewater	Total
Net cash provided by (used in) operating activities	\$ (98)	\$ (20)	\$ 498	\$ 2,091	\$ 2,471
Investing Activities:					
Construction expenditures	-	(588)	(2,108)	(7,327)	(10,023)
Net cash provided by (used in) investing activities	-	(588)	(2,108)	(7,327)	(10,023)
Financing Activities:					
Contributions in aid of construction and customer advances, net	-	-	(369)	304	(65)
Net cash provided by (used in) financing activities	-	-	(369)	304	(65)
Net change in cash, cash equivalents, and restricted cash	(98)	(608)	(1,979)	(4,932)	(7,617)
Cash, cash equivalents & restricted cash - beginning of period	206	3,036	12,077	11,728	27,047
Cash, cash equivalents & restricted cash - end of period	\$ 108	\$ 2,428	\$ 10,098	\$ 6,796	\$ 19,430
Reconciliation:					
Cash and cash equivalents	\$ 108	\$ 2,345	\$ 9,723	\$ 6,500	\$ 18,676
Restricted cash included in Other non-current assets	-	83	375	296	754
Cash, cash equivalents & restricted cash - end of period	\$ 108	\$ 2,428	\$ 10,098	\$ 6,796	\$ 19,430

8. LEASES

The Company has operating leases for certain Thermal Steam property, plant, and equipment. The Company does not have any finance leases. Leases with an initial term of 12 months or less are not recorded on the balance sheet but are expensed on a straight-line basis over the lease term. The Company's leases do not contain any material residual value guarantees, restrictive covenants, or subleases. There were no lease transactions with related parties for the three months ended December 31, 2024, and 2023.

Right-of-use assets represent the Company's right to use an underlying asset for the lease term while lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease right-of-use assets and lease liabilities are recognized on commencement of the lease based on the present value of lease payments over the lease term. As the Company's leases do not provide an implicit rate, the Company uses the respective business unit's incremental borrowing rate, on a collateralized basis over a similar term, based on the information available at commencement date in determining the present value of lease payments. The lease term includes the option to extend or terminate the lease if it is reasonably certain that the option will be exercised. Operating lease expense for lease payments is recognized on a straight-line basis over the lease term. Variable payments, which are immaterial, are excluded from right-of-use assets and lease liabilities are recognized as incurred.

The following table summarizes the amounts recognized on the Condensed Combined Statements of Financial Position related to lease asset and liability balances as of the period indicated (in thousands):

	<u>Condensed Combined Statement of Financial Position Classification</u>	<u>At December 31, 2024</u>	<u>At September 30, 2024</u>
Assets			
Right-of-use assets - operating leases	Property, plant, and equipment, net	\$ 2,460	\$ 2,534
Liabilities			
Operating lease liabilities - current	Other current liabilities	\$ 307	\$ 303
Operating lease liabilities - non-current	Other long-term liabilities	\$ 2,153	\$ 2,231

The following table presents the components of lease expense recognized in operations and maintenance expense (in thousands):

	<u>Three Months Ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Operating lease expense	\$ 105	\$ 105
Short-term lease expense	620	259
Variable lease expense	33	36
Total lease expense	<u>\$ 758</u>	<u>\$ 400</u>

The following table presents operating lease maturities and a reconciliation of the undiscounted cash flows to operating lease liabilities (in thousands) on a fiscal-year basis:

	<u>At December 31, 2024</u>
2025	\$ 315
2026	420
2027	420
2028	420
2029	420
Thereafter	910
Total operating lease payments	<u>2,905</u>
Less: imputed interest	445
Total operating lease liabilities	<u>\$ 2,460</u>

The following table contains additional information related to leases (in thousands):

	<u>At December 31, 2024</u>
Weighted-average remaining lease term	83
Weighted-average discount rate	4.9%
Right-of-use assets obtained in exchange for new operating lease liabilities	

Operating cash outflows from operating leases included in the measurement of lease liabilities were \$105 thousand for the three months ended December 31, 2024, and 2023, respectively.

9. DISCONTINUED OPERATIONS AND RELATED ASSET RETIREMENT OBLIGATIONS

The Manufacturing segment, d/b/a Indianapolis Coke, ceased operations on July 13, 2007. Prior to the cessation of operations, Manufacturing (reported as Discontinued Operations) produced manufactured gas, coke, and various chemical by-products for industrial use. Indianapolis Coke had been in operation since 1909 and once produced all of the gas used for heating and other purposes in Marion County. With the introduction of natural gas transported to Indianapolis via interstate pipelines in the 1950's, the percentage of manufactured gas in the gas distribution system gradually declined and reached zero when the Manufacturing segment ceased operation in 2007.

Estimated costs relating to the closure, including liquidation of inventories, plant demolition, and environmental remediation are reflected in the accompanying condensed combined financial statements in accordance with FASB guidance related to asset retirement obligations (ASC 410-20) and exit or disposal cost obligations (ASC 420). Citizens enrolled this facility in the Indiana Department of Environmental Management Voluntary Remediation Program to address historical environmental impacts associated with these operations. Demolition costs concluded in 2017, and costs of remediation will continue for several years. As the full nature and extent of the environmental impacts can be difficult to determine with certainty, Citizens, in conjunction with internal and external environmental consultants, has estimated and accrued costs associated with environmental remediation of this site based on currently available information. Estimates of these costs are included in the condensed combined financial statements as part of the asset retirement obligation. Citizens reviews the asset retirement obligation annually, evaluating newly assumed costs or substantive changes in previously assumed costs to determine if cost estimate impacts are sufficiently material to warrant application of the updated estimates to the asset retirement obligation. Changes resulting from revisions to the timing or amount of the original estimate of cash flows are recognized as an increase or a decrease in the asset retirement cost to the extent applicable.

Activity for the three months ended December 31, 2024, for the asset retirement obligation liability is as follows (in thousands):

Asset retirement obligation at September 30, 2024	\$	12,277
Accretion expense		72
Remediation liabilities settled		<u>(31)</u>
Asset retirement obligation at December 31, 2024	<u>\$</u>	<u>12,318</u>

The major classes of assets and liabilities of the Manufacturing segment (reported as Discontinued Operations in Other) at December 31, 2024, and September 30, 2024, are as follows (in thousands):

	December 31, 2024	September 30, 2024
Current assets	<u>\$ 2,002</u>	<u>\$ 2,136</u>
Non-current assets	<u>4,963</u>	<u>4,776</u>
Total assets	<u>\$ 6,965</u>	<u>\$ 6,912</u>
Equity (deficiency)	<u>\$ (6,367)</u>	<u>\$ (6,466)</u>
Retirement benefit and other long-term liabilities	<u>13,283</u>	<u>13,292</u>
Current liabilities	<u>49</u>	<u>86</u>
Total capitalization and liabilities	<u>\$ 6,965</u>	<u>\$ 6,912</u>

For the three months ended December 30, 2024, and 2023, Discontinued Operations operating expenses were \$(0.1) million and \$0.0 million, respectively. Approximately \$1.7 million of cash was provided by Gas to Discontinued Operations during fiscal year 2024 to settle a portion of the liabilities. Additional cash funding from Gas to settle liabilities may be provided to Discontinued Operations in future periods.

10. RATE AND REGULATORY MATTERS

A. Regulatory Developments

Gas

The gas utility's most recent general rate case order was issued by the IURC in September 2011.

On January 17, 2025, the gas utility filed a petition and testimony supporting a request for approval of two special contracts for gas transportation service to two liquefied natural gas ("LNG") plants owned by the same customer. The combined volumes of gas delivered to the two plants make the customer the gas utility's second largest transportation

customer. Each special contract is for a ten-year term and incorporates a demand charge into the pricing structure, which will provide the gas utility certainty over a longer period of time and a more stable revenue stream.

Citizens Thermal Steam

On March 1, 2023, the steam utility filed a petition and supporting testimony with the IURC seeking approval, among other things, to increase its base rates charges. On August 2, 2023, Citizens Thermal filed a settlement agreement entered into by Citizens Thermal, the Office of Utility Consumer Counselor (OUCC), and all other parties to the case. Under the settlement agreement, the parties recommend, among other things, the IURC approve an increase of \$2.5 million, approximately \$3.4 million less than what Citizens Thermal requested in its case-in-chief. A hearing was held on August 23, 2023. On November 8, 2023, the IURC issued an order approving the settlement agreement without modification, including an increase in revenues of \$2.5 million.

On December 20, 2024, the steam utility filed a petition and testimony supporting a request for approval of a special contract for steam utility service to one of its largest customers. The special contract is a proposed second amendment to a contract initiated in April 1998. A first amendment to that contract was approved by the IURC in May 2023. The first amendment was a short-term stop-gap measure to allow the steam utility to continue providing service to the customer while the parties negotiated a long-term amendment to the 1998 contract. The second amendment, like the first amendment, incorporates a demand charge into the pricing structure, which will provide the steam utility a more stable revenue stream. The pricing structure also provides for annual increases. The second amendment will extend the term to December 31, 2034, and includes provisions for renewal terms.

Water

The water utility's most recent general rate case order was issued by the IURC in April 2016. In accordance with a statute enacted by the Indiana General Assembly authorizing the recovery of costs related to replacement of customer-owned lead service lines, certain rate adjustment mechanisms have also been approved by the IURC which facilitate Citizens Water's recovery of such costs.

On August 19, 2021, Citizens Water filed a petition and testimony seeking approval of a Lead Service Line Replacement ("LSLR") Plan pursuant to which it would replace customer-owned lead service lines in its service territory. The LSLR Plan contemplated Citizens Water spending approximately \$2.5 to \$5.0 million each year on lead service line replacements during the first five years of the plan. On March 2, 2022, the IURC approved Citizens Water's proposed LSLR Plan, finding it to be reasonable and in the public interest.

On March 14, 2022, Citizens Water filed a petition and testimony seeking approval of a rate schedules establishing amounts to provide for recovery of costs to replace customer-owned lead service lines pursuant to the LSLR Plan the IURC approved in August 2021. Citizens Water sought approval of two sets of fixed charges. The first set of fixed charges would be in effect during year 1 of the LSLR Plan and designed to recover expected costs of \$2.5 million, and the second set of fixed charges would be in effect during years 2 – 5 of the LSLR Plan and designed to recover expected costs of \$5.1 million. On May 11, 2022, the IURC approved the proposed rate schedules and directed Citizens Water to make a compliance filing at the end of each 12-month period reconciling the difference between the billed charges and the actual costs incurred for the 12-month period. Citizens Water has made compliance filings reconciling the differences between charges billed and actual costs incurred for the first two years of the LSLR Plan. Revised rate schedules based on both compliance filings were approved by the IURC.

On November 23, 2022, the IURC issued an order approving recovery of \$15.0 million of infrastructure improvement costs over a four-year period via a Distribution System Improvement Charge ("DSIC"), which is designed to recover "infrastructure improvement costs" associated with "eligible infrastructure improvements" as those terms are defined in a statute enacted by the Indiana General Assembly.

On September 19, 2023, Citizens Water filed a petition and supporting testimony seeking approval to implement a second DSIC designed to generate total revenues of \$31.3 million over a one-year period. On November 22, 2023, the IURC issued an order approving recovery of \$31.3 million of infrastructure improvement costs over a one-year period.

On July 16, 2024, Citizens Water filed a petition and testimony seeking approval of revised rate schedules to provide for recovery of increased LSLR costs ranging from \$10.0 - \$25.0 million per year. The petition additionally seeks approval to recover approximately \$3.5 million of unrecovered costs incurred during year 2 of the LSLR Plan, which were incurred as a result of accelerating certain LSLR projects to take advantage of overall savings achieved by coordinating with public improvement projects being completed by the City of Indianapolis. On August 15, 2024, the OUCC filed testimony generally supporting the Citizens Water proposal. On September 11, 2024, the IURC issued an order approving the relief requested in the petition.

On September 20, 2024, Citizens Water filed a petition and supporting testimony seeking approval to implement a third DSIC designed to generate total revenues of approximately \$26 million over a one-year period. On November 22, 2024, the IURC issued an order approving recovery of \$24.5 million of infrastructure improvement costs over a one-year period.

Wastewater

The wastewater utility's most recent general rate case order was issued by the IURC in July 2019.

Resources – Westfield Gas

On August 26, 2022, Westfield Gas filed a petition and supporting testimony with the IURC seeking approval, among other things, to increase its base rates charges. The petition requested approval of a base rate increase designed to increase the utility's revenues by \$1.29 million, which translates to an approximate 18% increase for the average residential customer. On December 2, 2022, the OUCC filed testimony recommending an approximate 5.5% increase. On January 20, 2023, Westfield Gas and the OUCC jointly filed a notice of settlement with the IURC. The settlement resolved all issues in the case, including agreement to request the IURC authorize a base rate increase designed to increase the utility's revenues by \$751,832 or 10.6%. On April 12, 2023, the IURC issued an order approving the settlement agreement without modification, including the agreed to base rate increase.

On October 25, 2023, Westfield Gas filed a petition with the IURC seeking approval to issue \$10 million of long-term debt. On December 1, 2023, the OUCC filed testimony indicating it does not object to the requested financing authority. A hearing was held on January 8, 2024. On February 29, 2024, the IURC issued an order approving the request.

On October 28, 2024, Westfield Gas filed a petition and supporting testimony with the IURC requesting approval of an extension of the utility's current line of credit in the amount of \$7.0 million and authority to renew the line of credit up to three times without filing a new petition, if the terms of any such renewals remain substantially the same. On December 16, 2024, the OUCC filed testimony. While the OUCC recommends the Commission grant Westfield Gas authority to secure a line of credit up to \$7.0 million and renew it up to three times as requested in the petition, the OUCC raised issues regarding reporting requirements and terms of the debt. On December 23, 2024, Westfield Gas filed rebuttal testimony responding to the issues raised by the OUCC. An evidentiary hearing was held on January 14, 2025.

Resources – Westfield Water

Westfield Water's rates were approved by the IURC in November 2013.

On October 25, 2023, Westfield Water filed a petition with the IURC seeking approval to issue \$20.0 million of long-term debt. On December 13, 2023, the OUCC filed testimony, which was generally supportive of the request for financing authority. A hearing was held on January 23, 2024. On February 21, 2024, the IURC issued an order approving the request.

On March 6, 2024, Westfield Water filed a petition and supporting testimony with the IURC seeking approval, among other things, to increase its base rate charges. The petition requests approval of a base rate increase designed to increase the utility's revenues by \$3.8 million to be implemented in two steps. The proposed step 1 is an increase of \$3.1 million in authorized revenues, which would be implemented upon issuance of an IURC order approving the increase. The proposed step 2 is an increase of \$704,151 in authorized revenues, which would be implemented later upon submission of a compliance filing subject to the IURC's review. On June 21, 2024, the OUCC filed its testimony, which was revised with corrected testimony on July 8, 2024. In its revised testimony, the OUCC proposed a rate decrease of 4.8%, which would reduce Westfield Water's authorized revenues by \$681,042. On July 22, 2024, Westfield Water filed its rebuttal testimony arguing the OUCC's recommended rate decrease should be rejected and making certain adjustments to the increase proposed in Westfield Water's initial filing. On August 14, 2024, Westfield Water and the OUCC filed a signed settlement agreement which would resolve all issues in the case. The settlement contemplates an overall revenue increase of \$2.7 million to be implemented in two steps. The step 1 increase of \$1.3 million in authorized revenues would take effect after issuance of a final order in the case, and the step 2 increase of \$1.4 million in authorized revenues would take effect the later of January 1, 2026 or 12 months after the implementation of the step 1 increase. On August 14, 2024, Westfield Water and the OUCC also filed testimony in support of the settlement agreement. An evidentiary hearing was held on August 26, 2024. On November 27, 2024, the IURC issued an order approving the settlement agreement.

On October 28, 2024, Westfield Water filed a petition and supporting testimony with the IURC requesting approval of an extension of the utility's current line of credit in the amount of \$7.0 million and authority to renew the line of credit up to three times without filing a new petition, if the terms of any such renewals remain substantially the same. On December 16, 2024, the OUCC filed testimony. While the OUCC recommends the Commission grant Westfield Water authority to secure a line of credit up to \$7.0 million and renew it up to three times as requested in the petition, the OUCC raised issues regarding reporting requirements and terms of the debt. On December 23, 2024, Westfield Water filed rebuttal testimony responding to the issues raised by the OUCC. An evidentiary hearing was held on January 15, 2025.

Resources – Westfield Wastewater

Westfield Wastewater's most recent general rate case order was issued by the IURC in May 2017.

In February 2023, the IURC notified Westfield Wastewater that based on a periodic review of Westfield Water's rates and charges conducted pursuant to Indiana Code Section 8-1-2-42.5, the IURC determined that Westfield Wastewater's rates and charges have produced revenues in years 2018 through 2022 which exceed the earnings authorized by the IURC in the general rate case order issued in May 2017. After various discussions with IURC staff, Westfield Wastewater voluntarily committed to temporarily reduce its base charge for all customers for a period of two years. On November 13, 2023, Westfield Wastewater requested IURC approval of the temporary adjustment using the IURC's 30-day filing procedure. The temporary adjustment is expected to result in a total credit to customers of approximately \$3.2 million. Upon expiration of the two-year period, the base charge would return to its current authorized levels. On December 20, 2023, the IURC approved the temporary adjustment requested in Westfield Wastewater's 30-day filing.

On October 25, 2023, Westfield Wastewater filed a petition with the IURC seeking approval to issue \$20.0 million of long-term debt. On December 14, 2023, the OUC filed testimony, which was generally supportive of the request for financing authority. A hearing was held on January 23, 2024. On February 21, 2024, the IURC issued an order approving the request.

On October 28, 2024, Westfield Wastewater filed a petition and supporting testimony with the IURC requesting approval of an extension of the utility's current line of credit in the amount of \$5.0 million and authority to renew the line of credit up to three times without filing a new petition, if the terms of any such renewals remain substantially the same. On December 16, 2024, the OUC filed testimony. While the OUC recommends the Commission grant Westfield Wastewater authority to secure a line of credit up to \$5.0 million and renew it up to three times as requested in the petition, the OUC raised issues regarding reporting requirements and terms of the debt. On December 23, 2024, Westfield Wastewater filed rebuttal testimony responding to the issues raised by the OUC. An evidentiary hearing was held on January 15, 2025.

Joint Depreciation Case

On December 1, 2023, Citizens filed a depreciation case requesting approval to implement changes in depreciation rates for Gas, Citizens Thermal Steam, Water, Wastewater, and the Westfield utilities, which are wholly-owned indirect subsidiaries of Resources. Citizens proposed depreciation rates were developed using the equal life group ("ELG") methodology, which is the methodology Citizens used and the IURC approved in Citizens most recent depreciation case. Compared to the current depreciation rates, the requested new depreciation rates would produce decreases in depreciation expense for Gas, Citizens Thermal Steam, Wastewater, and Westfield Wastewater, and increases for Water, Westfield Gas, and Westfield Water. On April 12, 2024, the OUC filed testimony recommending adjustments to Citizens' proposed depreciation rates. The OUC's proposed depreciation rates, which were developed using the average life group ("ALG") methodology for certain asset types, would result in an approximate \$5.0 million reduction to the annual depreciation expense generated by Citizens' proposed depreciation rates. Citizens' rebuttal testimony was filed on May 3, 2024. On June 21, 2024, an evidentiary hearing was held. On October 16, 2024, the IURC issued an order approving the depreciation rates proposed by Citizens based on the ELG methodology. Under the IURC's order, (i) new depreciation rates for Gas, Water, Citizens Thermal Steam, and Wastewater are to be implemented immediately; and (ii) new depreciation rates for Westfield Gas, Westfield Water, and Westfield Water will not take effect until each utility's next base rate increase is approved.

11. COMMITMENTS AND CONTINGENCIES

A. Environmental Commitments and Contingencies

Citizens and CWA are subject to various environmental laws and regulations and believe they are in compliance with existing federal, state, and local statutes, ordinances, rules, and regulations governing environmental matters. Citizens and CWA have no way of estimating the enactment or promulgation of future environmental laws and regulations. See Note 9 for additional information regarding demolition and environmental remediation of the former Indianapolis Coke Manufacturing facility. For operating facilities, accruals for environmental commitments and contingencies are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated based on current law and existing technologies. Such accruals are adjusted as further information develops or circumstances change. Costs of future expenditures for environmental remediation obligations are not discounted to their present value.

Water System

The Water System is currently in compliance with the requirements of the Clean Water Act, the Safe Drinking Water Act, the Disinfectants and Disinfection Byproducts Rule, the Enhanced Surface Water Treatment Rule, the Radon Rule and other applicable laws, except to the extent that such non-compliance would not have a material adverse effect on the Water System.

In 1991, the EPA issued federal regulations which establish acceptable concentrations of lead and copper in public water supplies, as measured at the customer's tap (the "EPA Lead and Copper Rule"). Samples of the Water System have

never exceeded the action levels established in the existing EPA Lead and Copper Rule. In January 2021, the EPA finalized revisions to the Lead and Copper Rule (the "Lead and Copper Rule Revisions" or "LCRR") which include several new requirements, including revised sampling procedures and a trigger level, obligations to create an inventory of lead service lines served by the Water System, as well as development of a lead service line replacement program which would be triggered if certain regulatory triggers are exceeded. The Water system does not have any active water mains containing lead. The Water System has finalized its customer-owned Lead Service Line inventory, submitting the inventory and its plan to comply with public education obligations in the LCRR to the regulatory agency on October 14, 2024.

On October 30, 2024, the EPA published its final revisions to the EPA Lead and Copper Rule, styled as the Lead & Copper Rule Improvements rule ("LCRI"). Management continues to review the final rule to understand the breadth of the new requirements, which include changes to the customer tap sampling program, implementation of a sampling program for schools and childcare facilities, and the obligation for public water systems to replace all lead service lines under their control no later than December 31, 2037. In addition to these federal regulatory actions, the Indiana General Assembly has enacted statutes which authorize the IURC to approve a water utility's plan for the replacement of the customer-owned portion of the lead service lines within or connected to the water utility's system. See Note 10, Rate and Regulatory Matters, Water for additional information. Management is reviewing and revising its previously-approved Lead Service Line Replacement Program to ensure it satisfies the obligations of the LCRI and will be identifying the funding needed to comply with LCRI. Although it is difficult to project the ultimate costs of complying with LCRI at this point, the Company expects a significant portion of the requirements to implement the LCRI to be recoverable through the regulatory process.

Wastewater System

The Wastewater System is subject to wastewater collection and treatment requirements under both federal and state law. Those requirements are contained in a National Pollutant Discharge Elimination System (NPDES) permit. Both United States Environmental Protection Agency and Indiana Department of Environmental Management have jurisdiction over the Wastewater System. As authorized by the Clean Water Act, the NPDES permit program controls water pollution by regulating point sources that discharge pollutants into waters of the United States.

Combined Sewer Overflow Long-Term Control Plan Consent Decree

As was the common engineering practice during the late 1800's through the early 1900's, the older portion of the Wastewater System was designed to carry both stormwater and sanitary waste (also referred to as a "combined sewer system"). In times of wet weather, the capacity of the combined portion of the System can be overloaded. Combined Sewer Overflow (CSO) outfalls that discharge to Indianapolis' waterways were constructed as relief points to prevent combined stormwater and sewage from backing up into homes, businesses, and streets. The EPA requires communities to implement specific minimum controls and to develop and implement long-term control plans (LTCPs) to reduce CSOs by capturing or eliminating these overflows. The City of Indianapolis (the City), Indiana Department of Environmental Management (IDEM), U.S. Environmental Protection Agency, and the U.S. District Court entered into a Consent Decree in 2006 that established a LTCP to address the City's combined sewer system. The plan established a 20-year schedule for the required combined sewer system and advanced wastewater treatment plant (AWTP) improvements. In 2020, the EPA and IDEM approved a Use Attainability Analysis (UAA) for the long-term sewer overflow control plan.

Upon acquisition of the Wastewater System in August 2011, CWA assumed the City's obligations under the order of the U.S. District Court for the Southern District of Indiana (the Court) dated December 19, 2006, among the EPA, IDEM, and the City, as amended (the Consent Decree). CWA has a capital improvement plan to meet guidelines of the Consent Decree and the overall needs of the Wastewater System. The improvements related to the Consent Decree and LTCP have been planned and scheduled through 2025. The DigIndy program, the most significant element of the Consent Decree, is the largest sewer infrastructure project in Indianapolis' history. The Deep Rock Tunnel Connector (DRTC) and the Eagle Creek Tunnel were the first two segments online of the 250 feet deep, 28-mile underground tunnel system designed to store 250 million gallons of combined sewage during wet weather events to prevent overflows from entering area rivers and streams. The stored flows are pumped to the Southport AWTP, which was expanded as a part of this Consent Decree. The Belmont AWTP was also expanded as part of the Consent Decree and this work was completed in 2012. On December 29, 2017, the first ten miles of the DigIndy Tunnel system and the DRTC pump station were operational and placed in use. The White River and Lower Pogues Run tunnels, which comprise approximately 7.4 miles of the DigIndy tunnel system, are operational and in use as of June 3, 2022. Tunnel boring to mine the 3.8-mile Fall Creek Tunnel has been completed. Mining began on the tunnel system's final segment, the 7.8-mile Pleasant Run Tunnel, in April 2021. As of August 25, 2022, all tunnel segments have been completely mined and are expected to be online in 2025. CWA estimates the projected cost of the Consent Decree, including capital and operation and maintenance costs, is approximately \$2.4 billion in 2021 dollars.

IDEM Investigation

In the final week of 2023, the Indiana Department of Environmental Management alerted Citizens to a claim against one of its contractors; the claim alleges improper past activities including the disposal of materials on a property owned by

CWA. Since IDEM made contact, Citizens has fully cooperated with state and federal investigators to uncover evidence of any improper disposal activities at or near this location. IDEM has issued three Violation Letters to Citizens and its contractor. These Violation Letters assess violations to various environmental rules against the contractor and require both Citizens (as property owner) and the contractor to provide a plan to investigate the entire site. A Sitewide Investigation Plan, a plan for further investigation of the final location identified by the claimant, and a Waste Characterization Plan of the containers discovered during the investigation was submitted to and approved by IDEM. Investigation of this site is complete and characterization of the containers found and soils removed are underway with the final conclusions yet to be delivered. Citizens also received a Notice of Violation and a proposed Agreed Order from IDEM as a result of this matter; Citizens is currently discussing settlement with IDEM. The U.S. Environmental Protection Agency is leading the criminal investigation portion of this matter and Citizens is fully cooperating. At this time, management cannot predict the final outcome of the investigation. Citizens is seeking full reimbursement of costs it incurs arising from the activities from the contractor.

B. Legal Contingencies

Citizens and CWA are party to litigation in the normal course of business in which the payments for damages may be substantial but cannot be determined. Management regularly analyzes current information and, as necessary, provides accruals for probable liabilities on the eventual disposition of these matters. Management believes that these matters ultimately will be resolved in a manner which will not materially adversely affect the financial position, operations, equity or cash flows of Citizens and CWA.

C. Citizens Lebanon Water System

The Indiana Economic Development Corporation (IEDC) has created the Limitless Exploration Advanced Pace (LEAP) district in the City of Lebanon and Boone County, a large-scale research and innovation development focusing on sites for manufacturing, research and development facilities, and corporate campuses. The IEDC and the Indiana Finance Authority (IFA) approached Citizens Energy Group regarding the need for a reliable water supply for the LEAP District.

On November 25, 2024, Lebanon Utilities reached a wholesale customer agreement with Citizens Energy Group whereby Citizens Water will supply, at established wholesale tariff rates, up to two million gallons of water per day (MGD) to Lebanon Utilities by 2027, and ultimately, 25 MGD by 2031, unless Citizens provides notice of revised delivery dates in accordance with the agreement. With the addition of service to Lebanon Utilities, Citizens Water's current maximum treatment capacity of 256 MGD will be expanded to nearly 300 MGD. Estimated costs to increase capacity and supply water to Lebanon Utilities are currently projected to be at least \$538 million. Construction is anticipated to last approximately six years, with interim water-delivery milestones throughout the construction period. This forecast is based on available information at the time of estimation and is subject to change based on various factors, including variation in material costs, additional requirements, or unforeseen circumstances inherent in multi-year construction projects.

Citizens Energy Group is committed to protecting its current customers from bearing costs associated with serving Lebanon Utilities. In order to accomplish this goal, on December 10, 2024, Citizens Energy Group and the IFA signed a Financial Assistance Agreement. This agreement funds the initial loan of \$104.8 million for the Citizens Water expansion via issuance of non-recourse bonds through Indiana's State Revolving Fund (SRF) and absolves Citizens Energy Group, or any of its affiliates, from any liability associated with repayment of said funding. Through provisions in associated transaction agreements, IFA will only seek repayment of the non-recourse, limited obligation bonds from the City of Lebanon and the IEDC. Funding for subsequent improvements needed to supply water to Lebanon will be through a series of financial assistance agreements structured similar to the initial \$104.8 million loan.

12. SUBSEQUENT EVENTS

Management has considered the impact of subsequent events through February 19, 2025, the date at which these condensed combined financial statements were issued.