

# ANNUAL REPORT

2023





## A Letter from Jeffrey A. Harrison

*President & CEO, Citizens Energy Group*

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### Dear Citizens Customer:

Since our founding as a natural gas company in 1887, Citizens Energy Group has always focused on providing unparalleled service and creating long-term benefit for our customers and the community.

As a public utility that provides safe and reliable natural gas, water, wastewater, and thermal energy services, we continuously work to balance infrastructure investments and affordability. With inflation and lingering effects of the pandemic continuing to exert economic strain on both residential and business customers, it is imperative that we maximize value without sacrificing safety or quality. It is equally important that we dedicate time and resources to helping make Indianapolis an ideal place to live, work, and play.

Thanks to our employees' dedication and hard work over the past year, we have built momentum in the midst of challenging times. By maintaining focus on our core values as we provide safe and reliable services to our customers, Citizens will sustain that momentum and skillfully navigate our future.

### Vision, Mission, Values

Part of navigating our future is ensuring that Citizens' vision, mission, and values are not only reflective of our present culture but also will remain relevant in the coming years. In 2023, we assembled a cross-functional team of employees

to evaluate the existing vision, mission, and values; conduct workshops; speak with employees, customers, and stakeholders; and facilitate internal and external focus groups. After a tremendous amount of thought, research, and due diligence, I am pleased to share our refreshed vision, mission, and values on page 4.

We made the update in an effort to better represent the value we place on our employees, customers, and community. While our vision, mission, and values have been refreshed, their intent remains unchanged; they simply provide a more inclusive and informed lens through which to view our operations and guide our decision making.

### Serving With Excellence

Citizens employees rise to the occasion every day in the name of providing excellent service to our customers, often going the extra mile to get the job done.

One such example occurred during the Christmas cold snap in 2022. Our utility operations employees prepared our systems for the weather, responded to equipment challenges, and made certain that everything was operating safely to deliver a record amount of natural gas and thermal energy and ensure water and wastewater services continued uninterrupted over the frigid holiday weekend. Our Shared Field Services team also stepped up to respond to roughly 400 emergency calls, which were fielded by our Contact Center and Dispatch teams. During this challenging period, employees came together from across the Trust to provide safe, uninterrupted service and ensure that the needs of our customers were met.

However, it is not just extraordinary actions that make a difference. Improvements to how customers do everyday business with us are just as important.

In recent months, our Customer Operations team deployed a new field service management system that directly benefits Citizens customers, as well as hundreds of employees, by more efficiently routing thousands of utility orders annually. It also improves the communications experience of our customers, providing real-time updates with a photo of the crew member who will be visiting their property and a map to track the crew member's location. Enhanced communications help eliminate confusion about the presence of Citizens employees in the community and provide customers with a more satisfying experience.

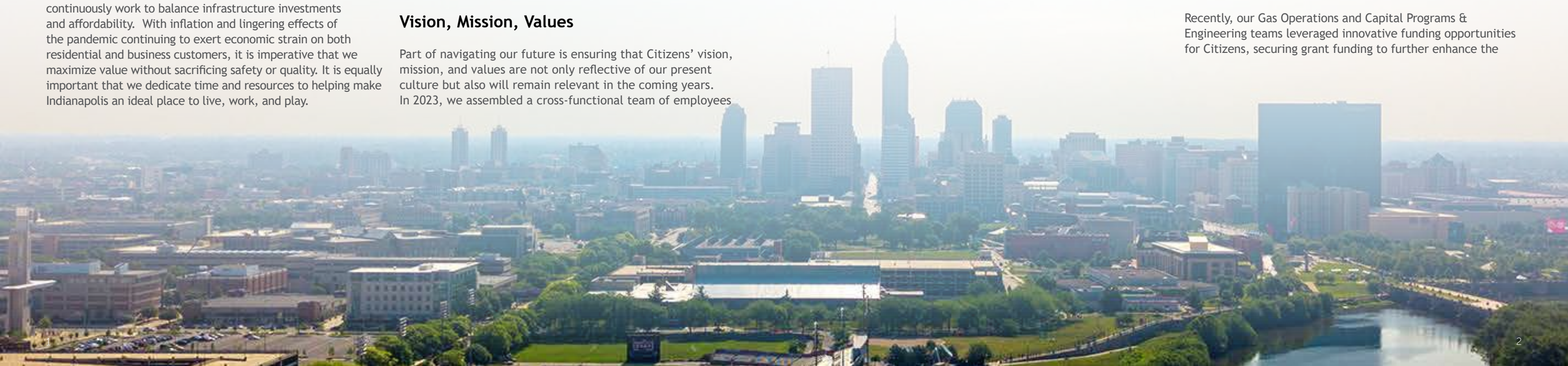
### Maximizing Value

Key to maximizing value is making cost-conscious decisions in the course of our everyday work, without compromising safety and reliability.

Citizens' average residential natural gas bill over the past year ranked the lowest among the 19 gas utilities operating in the state, according to a monthly survey done by the Indiana Utility Regulatory Commission. In addition to passing on the cost of natural gas to customers with no markup, Citizens employs various measures to keep costs down, including utilizing our underground natural gas storage fields, buying gas in advance of the winter at fixed prices, and entering into long-term gas supply contracts with discounts to market prices. We also help our business customers hold down their energy costs through our gas price hedging program, which is especially helpful to the thousands of small businesses across Indianapolis and to large manufacturers with high energy use.

Citizens Lean and Six Sigma (CLASS) creates a framework for Citizens to make our operations more efficient and save money. In 2023, employees' CLASS efforts across the organization resulted in savings of more than 10,000 hours and \$1.3 million annually, which can then be reallocated.

Recently, our Gas Operations and Capital Programs & Engineering teams leveraged innovative funding opportunities for Citizens, securing grant funding to further enhance the



stability of our already safe and reliable natural gas distribution system and accelerate our lead service line replacement program to remove customer-owned water service lines made of lead.

## Supporting Customers & the Community

Many of our customers make difficult decisions day to day - sometimes hour to hour - about how they will make ends meet. We are committed to linking customers in need to sources of financial assistance to help them stay current on their bills.

Citizens' Universal Service Program and Low-Income Customer Assistance Program help lower natural gas and wastewater bills for customers who qualify for the federal Low Income Home Energy Assistance Program, often referred to as EAP. Other sources of assistance include our Warm Heart Warm Home Foundation™, which provides grant assistance to customers, and the ability to create flexible payment arrangements with customers in need to help ensure continued utility service.

In addition to linking customers to financial assistance, Citizens also works with neighborhood partners to keep lines of communication open and support redevelopment.

Through our Neighborhood Ambassador Program, we are expanding and strengthening our relationships with community stakeholders in areas with high proportions of low-income residents and high numbers of disconnections, and in areas where construction projects are planned.

Now in its 28th year, Citizens Investment Collaboration on Neighborhoods (ICON) program supports neighborhood development by offering low-interest loans to eligible partners, such as community development corporations, and prioritizes small start-up projects with loan applications of up to \$300,000 where expected program outcomes can be met within 24 months.

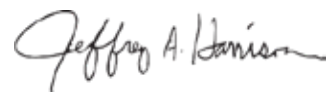
## Transforming our Waterways

The DigIndy Tunnel System, which has been under construction for nearly a decade and has long been spoken of in terms of "the future," is rapidly approaching completion. With four of six tunnels currently in operation, this \$2 billion project is under budget, several months ahead of schedule, and is already making a tangible difference in our waterways.

Since late 2017, DigIndy has prevented more than 4.6 billion gallons of sewage from entering the White River and its tributaries. When the tunnel system is complete in 2025, we can expect it to nearly eliminate sewage overflows. Because our river is already cleaner and more appealing to the public, we are seeing businesses such as Frank's Paddlesports Livery and Back 9 Golf & Entertainment establish themselves along its banks.

As the aforementioned work continues and Citizens navigates our future with a refreshed vision, mission, and values, we remain steadfastly committed to providing unparalleled service and creating long-term benefit for our customers and the community for generations to come.

Sincerely,



## Vision, Mission, Values

### Vision

*Enhance the well-being of our customers, communities, and employees by providing unparalleled service now and for generations to come.*

### Mission

*We fulfill the Promise of the Trust to provide essential utility services for our customers and communities, maintain the lowest possible rates with sound financial management, and create the greatest long-term benefit through a unique business structure.*

### Values

**Safety:** *We protect our employees and communities by committing to the highest standards of safety, reliability, and quality.*

**Integrity:** *We conduct our business with honesty, transparency, and accountability.*

**Inclusion:** *We foster a diverse culture where everyone is respected, valued, and empowered to contribute their unique perspectives and talents. We actively listen and adapt to ensure that our services are accessible, equitable, and responsive to the needs of the communities we serve.*

**Collaboration:** *We provide superior customer service through teamwork. We engage with our employees, customers, and communities for the betterment and success of all.*

**Leadership:** *We prepare and empower all employees to be leaders at work and within the communities we live, and to inspire, innovate, and continuously improve our processes, services, and ourselves.*

**Stewardship:** *We invest in solutions and infrastructure to deliver long-term value and improve the quality of life for our customers and our communities.*

## Cost Control Through Innovative Funding

### Gas Operations

In 2023, Citizens Energy Group’s Gas Operations area utilized a grant program from the federal Pipeline and Hazardous Materials Safety Administration to secure a \$7.5 million grant to replace the remaining 4.7 miles of cast iron pipe left in our distribution system with more reliable plastic or protected steel pipe. Citizens was one of only 37 organizations out of 139 applicants to be awarded funds. In addition, we were one of an even smaller group to be awarded 100% of the money requested. Moving forward, Citizens has applied for \$21 million in grants for the second round of the program, which would pay to replace certain types of services and reduce leaks.

“Previously at 99.9% percent completion, the upcoming pipe replacement means that the totality of Citizens’ natural gas distribution system will soon be composed of this safer style of pipe, which is more resistant to corrosion and leaks,” said Benjamin Warren, Director Gas Transmission and Distribution. “Building on decades of pipe safety improvements, Citizens’ natural gas system has been recognized as one of the safest, best maintained urban gas utilities in the U.S., a comparison confirmed by an ongoing leak detection study by the Environmental Defense Fund.”



### Lead Service Line Replacement Program

The Capital Programs & Engineering team recently secured \$11 million in no-interest and forgivable loans from the Indiana Finance Authority to help accelerate Citizens lead service line replacement program.

The program, which kicked off in 2022, is an effort to replace customer-owned water service lines made of lead to help reduce potential exposure to health risks. The multi-year program consists of replacing approximately 55,000 lead service lines most commonly present in structures built before 1950 at an estimated cost of around \$500 million.

Andy Lutz, Director Program and Technical Services, said, “In the first year of the program, we replaced more than 400 customer-owned lead service lines. The additional \$11 million in funds from the Indiana Finance Authority will allow us to pick up the pace of our program in 2024 and help us replace even more customers’ lead service lines sooner.”

“While Citizens’ water distribution system has no active water mains made of lead, this program is designed to eliminate any lead piping owned by customers between the water main and the customer’s home and help minimize lead exposure risk to customers associated with these legacy piping materials,” said John Trypus, Director Underground Engineering and Construction.

## Citizens ICON Loan Program: Spotlight on Aspire House

Citizens Energy Group’s Investment Collaboration on Neighborhoods (ICON) loan program can be a valuable resource for community development corporations and other organizations working to improve the lives of families and individuals through affordable housing and community development projects. The program’s low, simple interest rates have made it an attractive financing option for many of Indianapolis’ neighborhood organizations that struggle to access traditional sources of funding. ICON’s redevelopment efforts are in keeping with Citizens’ efforts to enhance quality of life and economic development in the communities it serves.

Sharon Clark was asked to be executive director of Aspire House at the beginning of 2023 after 10 years serving on the board of directors, and she knew her experience in higher education would serve her well in championing the organization’s health/wellness, housing, and technology literacy initiatives in Indianapolis’s Near Northwest neighborhood.

“Gratification comes for me through seeing people happy,” Sharon said. “When I saw my neighbors rallying around the idea of revitalizing this historic firehouse as a community space, that was the final push for me to take the executive director position.”

The firehouse in question is a 123-year-old building at 1002 Udell St., which will be the cornerstone of the Aspire House Village. Navigating through construction on a building with a historic designation would be her first challenge as executive director, but Sharon was enamored with the vision of a renovated community space with a demonstration kitchen and four apartment units (two specifically held for new teachers). To complete the project, she applied for a loan through ICON.

“The permits and historic preservation requirements slowed us down a little bit at the beginning of the project, but that’s about when the ICON loan came in,” said Sharon. “It was perfect timing for our team. As a smaller, newer organization without a specific blueprint for funding projects, it felt like this resource was made for the little guy.”

She also noted that the ICON application was designed to be applicant-friendly and that her contacts at Citizens felt like part of the team working to successfully finish the project. With the firehouse renovation nearly complete, Sharon and Aspire House are already looking ahead to applying for future funding through ICON, particularly with a focus on affordable housing. She hopes that her experience can be a model for other organizations who will lead their own neighborhoods into new and exciting community projects.



## DigIndy Is Making an Impact

With full completion expected in fewer than two years, the DigIndy Tunnel System will be the largest improvement to the cleanliness of our waterways in generations, diverting millions of gallons of sewage for years to come.

With 17 of 28 miles of the system currently in operation, the condition of the White River has noticeably improved, sparking innovation and development along its banks. Local entrepreneurs Peter Bloomquist of Frank's Paddlesports Livery and Steve Alexander of Back 9 Golf & Entertainment have translated their deep appreciation of the river into businesses that not only provide recreational opportunities but also invite the public to connect with a waterway that means so much to them.

### Frank's Paddlesports Livery

For Peter Bloomquist, the river has long been a place of healing. He's been a river user for nearly two decades, turning to the water for solace when he lost his mother and paddling on it to connect with the natural world. In spring 2023, Peter left his career in biomedical research to open Frank's Paddlesports Livery. Frank's, named after Peter's dearly departed Boston Terrier, is situated on the White River alongside the Parks Alliance of Indianapolis, offering canoe, kayak, and stand-up paddleboard rentals along with guided tours, instruction, and shuttle services.

"For too many years now, Indianapolis has had its back to the White River. It's time for that to change. We have this amazing body of water in our city, but it's underutilized—people don't know how to access it or may be unsure how to recreate in and around it. Over the past few years, I've seen the quality of the river change before my eyes thanks to DigIndy, and I hope more people are drawn to the water as the renewal continues."



Frank's welcomed nearly 2,000 people to the river between opening in May and closing for the season in November, and they hope to increase that number in 2024. Peter's ultimate goal is for Frank's to provide equitable access to our local waterways for all.

"I'm grateful for what Citizens is doing to clean up the White River. It has so many benefits. It's a place you can go to enjoy the tranquil water and catch sight of a bald eagle or even a deer in the middle of the city. In a chaotic world, it offers somewhere to get away from the noise, reflect, and heal amongst nature. The White River is a place for everyone."

**The White River  
is a place for everyone.**



### Back 9 Golf & Entertainment

When Steve Alexander was a child, he spent his weekends playing in the clear lake water of Brown County amongst freshwater jellyfish. At 12 years old, he got his first job delivering newspapers so he could pay his way into state parks and go camping on rivers and lakes. Now an architect and developer with more than 40 years of professional experience, Steve followed his love of water to an unlikely place - an industrial area on the south side of downtown Indianapolis - to open Back 9 Golf & Entertainment along the White River.

"When I bought this land, my primary goal was to bring people to the river to have fun. In the 1800s and 1900s, the area was home to stockyards and a railroad line—not the first place you think of when you hear the word 'fun.' But now that DigIndy is cleaning up the White River, I want to bring people down here so they can see for themselves how fun it can be."

Opened in summer 2022, Back 9 has 75 climate-controlled golf bays and a three-story driving range, along with a food and drink menu and space for gathering. The venue is situated next to industrial buildings but also features clear views of the river and a nearby horse paddock, providing a way to connect with nature in the middle of the city. That's exactly what Steve intended.

"No matter where I go in the world, I look for water. And here in downtown Indianapolis, I want to share my enthusiasm and help people enjoy the White River just as much as I do. Citizens is making that easier to do as DigIndy continues to make a difference."

**Frank's Paddlesports Livery**  
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Indianapolis, IN  
(260) 226-3075  
[www.frankselivery.com](http://www.frankselivery.com)

**Back 9 Golf & Entertainment**  
1415 Drover St.  
Indianapolis, IN 46221  
(317) 912-0920  
[www.back9golf.com](http://www.back9golf.com)

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