

A full-page photograph of Jeffrey A. Harrison, President & CEO of Citizens Energy Group, standing on a rocky shore in front of the newly finished Citizens Reservoir. He is wearing a grey plaid blazer over a light blue shirt and dark trousers. The background shows a large, multi-tiered concrete dam structure with water behind it, and a line of trees in the distance under a cloudy sky.

# SUSTAINABILITY REPORT

## 2021



*Citizens Energy Group President & CEO Jeffrey A. Harrison  
posing in front of the newly finished Citizens Reservoir.*





# SUSTAINING OUR ENVIRONMENT

*Water quality in the White River and its tributaries is being restored thanks to the ongoing DigIndy Project.*

## ENVIRONMENTAL MANAGEMENT AND QUALITY

At Citizens, we achieve environmental compliance through careful planning, internal assessments and a commitment to operational excellence. Effective data gathering is critical to our efforts. Various monitoring methods, such as in-stack sensors at the Perry K Steam Plant and in-stream water quality monitoring systems, provide real-time information about operational and environmental performance. Our Environmental Stewardship department works closely with operations personnel to implement effective solutions when opportunities for improvement are identified.

Citizens utilizes an Environmental Management System (EMS) that includes a collection of procedures, work instructions, process flows, forms, records and practices that provide a framework for compliance. The EMS also addresses how we work to minimize adverse environmental impacts.

The EMS works in conjunction with the company's primary quality programs - Citizens Lean and Six Sigma and the Partnership for Safe Water. Our quality programs help us standardize, track, manage and control key processes in water distribution, water production, environmental stewardship and laboratory services. The Partnership for Safe Water is a world-wide standard for drinking water quality.

## SUSTAINING OUR WATERWAYS

When Citizens assumed ownership of the Indianapolis water and wastewater utilities in 2011, it also took full responsibility for compliance with a consent decree with the U.S. Environmental Protection Agency (EPA) to reduce combined sewer overflows (CSOs) to area rivers and streams.

The consent decree requires Citizens to capture and treat 97 percent of the sewage overflows in the Fall Creek Watershed, and 95 percent in the White River and other watersheds in a typical year. Overflows will only be allowed for two storms per year on Fall Creek and four storms per year on White River in a typical year. Completion of the consent decree is required by the end of 2025.

Currently, when as little as a quarter of an inch of rain falls, combined sewers reach capacity and raw sewage overflows into local rivers and streams. Historically, about 6 billion gallons of untreated sewage has flowed annually into our rivers and streams, but Long-Term Control Plan measures already completed have reduced this volume by nearly 3 billion gallons annually.

Overall, the consent decree work is on schedule and approximately \$400 million below the original budget. The consent decree program has met 88 percent of its scheduled milestones and no fines, penalties or violations have been recorded to date.

To meet the consent decree requirements, Citizens is designing and constructing a series of six tunnels approximately 250 feet beneath the city that will store over 250 million gallons of untreated wastewater per event until it can be safely treated at our Southport Advanced Wastewater Treatment Plant.

The tunnel system is being built in bedrock using a special tunnel boring machine. After the machine bores the tunnel, a concrete lining is installed to enhance tunnel integrity and reliability. Building the tunnel system deep beneath the city is a lower cost, more effective and safer alternative to shallow sewer designs, while minimizing disturbances to our community.

In addition, Citizens has expanded the treatment capacity of its wastewater treatment plants, added a large tunnel dewatering pump station and built other related infrastructure.





### DIG INDY TUNNEL SYSTEM

The 7.6-mile Deep Rock Tunnel Connector (DRTC) project began in May 2012 with tunnel boring commencing on March 15, 2013. Contractor Shea-Kiewit Joint Venture (S-K JV) completed construction on the \$185 million project which was brought into service in December 2017. The \$85 million DRTC Pump Station constructed by contractor Renda-Southland Joint Venture (R-S JV) was brought into service at the same time.

DRTC, which begins near the Southport Advanced Wastewater Treatment Plant in southern Marion County to downtown Indianapolis, captures the largest volume of CSOs on the White River. The DRTC project, and the Eagle Creek Deep Tunnel described below, will capture over 10 billion gallons of raw sewage between 2018 and 2025 and will improve flow distribution between Citizens’ two advanced wastewater treatment plants. Since beginning service, the DRTC and Eagle Creek Tunnels have prevented nearly 3 billion gallons of sewer overflows from reaching the White River and Eagle Creek.

- Sustainable elements include:
- Eliminating one of two previously planned pump station shafts, saving customers millions of dollars in upfront capital costs and long-term operating costs
  - Improving energy efficiency of operations for cost savings and reduced environmental impacts

### EAGLE CREEK DEEP TUNNEL

The 1.7-mile Eagle Creek Deep Tunnel was originally planned as a large-diameter, shallow interceptor that would convey combined sewage, but not store it. To achieve overall project savings, reduce disruption to local residents and businesses, and to further improve water quality by enhancing the storage volume of combined sewage, the project was modified to include the Eagle Creek Deep Tunnel as part of the DigIndy Tunnel System. The tunnel is located just off of the path of DRTC and adds 17 million gallons of storage to the DigIndy Tunnel System. Construction of the \$38 million tunnel by DRTC contractor, S-K JV, was completed in December 2017, one year ahead of the project’s consent decree milestone date of December 31, 2018.

### WHITE RIVER TUNNEL AND LOWER POGUES RUN TUNNEL

Construction of the \$175 million White River Tunnel and \$110 million Lower Pogues Run Tunnel commenced in June 2016. Contractor, S-K JV, is on schedule with completion for both tunnels by December 31, 2021. The 5.3-mile White River Tunnel and 1.9-mile Lower Pogues Run tunnel will eliminate most CSOs along White River and Lower Pogues Run.

- Sustainable elements include:
- Eliminating one of three previously planned drop shaft locations along the Lower Pogues Run Tunnel alignment, saving customers millions of dollars in upfront capital costs and long-term operating costs
  - Refurbishing and recommissioning the tunnel boring machine that was used for the DRTC and Eagle Creek Deep Tunnel projects
  - Project bundling using one tunnel boring machine with projected savings of over \$70M.

### FALL CREEK TUNNEL

Construction of the \$220 million Fall Creek Tunnel commenced in 2018 and is scheduled to be complete by December 31, 2025. The Fall Creek Tunnel will nearly eliminate CSOs on Fall Creek between the Indiana State Fairgrounds and the intersection of Fall Creek Boulevard and Dr. Martin Luther King Jr. Street, where the system will connect to the White River Tunnel.

### PLEASANT RUN TUNNEL

Construction of the \$220 million Pleasant Run Tunnel project commenced in 2019 and is on schedule to be complete by December 31, 2025. Once completed, it will eliminate more than 35 CSO discharge points along the stream, which flows through densely populated neighborhoods on the southeast side of Indianapolis.



The Fall Creek Tunnel construction

Pleasant Run Tunnel Construction





## BELMONT ADVANCED WASTEWATER TREATMENT PLANT

Secondary treatment capacity of the Belmont Wastewater Treatment Plant has been doubled from 150 MGD to 300 MGD. The secondary expansion has eliminated partially treated sewage overflows of more than 1 billion gallons per year and significantly improved water quality on the White River. A new ultraviolet disinfection system was also added to further eliminate pathogens and bacteria from the plant's discharge.

## SOUTHPORT ADVANCED WASTEWATER TREATMENT PLANT

Capacity of the Southport Plant needed to be doubled from 125 million gallons per day (MGD) to 250 MGD to accommodate increased sewer capture from the tunnel system. The increased capacity will allow for CSO reductions in the existing collection system and is already treating the flows from the DRTC, including with ultraviolet light disinfection.

## CONSENT DECREE - WHAT'S NEXT?

Citizens will remain focused on implementing the various aspects of the overarching DigIndy project on schedule and within budget. We will periodically update the Long-Term Control Plan. Citizens is focused on continuous improvement of the overall program and individual projects that will maximize environmental benefits while reducing costs.

The Belmont Advanced Wastewater Treatment Plant

## 10 THOUSAND TREES INITIATIVE REACHES HALFWAY POINT

On March 6, 2021, the 5,000th tree in Citizens Energy Group's 10 Thousand Trees initiative was planted at Haughville Park on the city's near-west side.

The 10 Thousand Trees project started in 2017 as a partnership between Citizens, Keep Indianapolis Beautiful (KIB), and the Indianapolis Department of Public Works (DPW) to beautify neighborhoods and support the DigIndy Tunnel System. Ten thousand mature trees planted within the CSO area may provide up to a million gallons of stormwater storage during rain events and thus further reduce CSOs. All 10,000 trees are expected to be planted by spring 2024.

Nearly 100 individuals signed up through KIB to participate in the planting. Remarks were made by Citizens President & CEO Jeffrey Harrison, as well as President of KIB Jeremy Kranowitz, Indy Parks Director Linda Broadfoot, and Indianapolis Mayor Joe Hogsett.

The trees are maintained by Citizens and KIB for three years, which is critical for long-term survivability. DPW and Indy Parks own and maintain the trees after their first three years of growth.

"Our 10 Thousand Trees partnership with KIB is an important part of our plan to clean up area waterways and our ongoing efforts to enhance quality of life in neighborhoods across the city," said Harrison. "This program also results in KIB hiring local youth to plant and maintain the trees. Providing jobs and a great learning experience for young people is another great benefit to the community."



(Left to Right) President of KIB Jeremy Kranowitz, Indianapolis Mayor Joe Hogsett, Indy Parks Director Linda Broadfoot, Citizens Energy Group President & CEO Jeffrey A. Harrison planting the 5,000th tree in Citizens Energy Group's 10 Thousand Trees initiative





Two Citizens employees performing routine maintenance on a sewer.

## SEPTIC TANK ELIMINATION PROGRAM (STEP)

Approximately 30,000 homes in Marion County are served by private septic systems. Septic systems have a limited life and eventually fail, leaching human waste into groundwater, backyards and neighborhood ditches and streams. Septic systems are linked to high E. coli bacteria counts in many small neighborhood streams and ditches during dry weather.

Citizens Energy Group assumed responsibility for the Septic Tank Elimination Program (STEP) when it purchased the wastewater utility from the City of Indianapolis in 2011. Through 2020, over 10,000 homes in Marion County have been or are in progress to be taken off septic systems as part of the Septic Tank Elimination Program (STEP). This represents about a 35 percent reduction from the total of 30,000 septic systems identified in Marion County.

In 2016, Citizens implemented a new approach to STEP that has lowered the average cost to impacted homeowners from about \$8,000-10,000 per home to about \$2,800. Under the new program Citizens completes the construction and offers 60-month, zero-percent-interest financing, which is added directly to the customer's bill. Benefits of STEP include reduced health hazards from dangerous bacteria and cleaner streams and neighborhood ditches that support the overall improvement in Indianapolis' water quality. The septic tank replacements are spread across Marion County, with many in the outlying townships. Citizens prioritizes septic tank replacements on several parameters including density of septic tanks in the area, proximity to drinking water wells, and the proximity to the floodplain.

## SEWER REHABILITATION PROGRAM

A large and long-overdue sanitary sewer rehabilitation program is underway at Citizens. Although you may not notice the work being done due to the non-invasive "trenchless" methods being utilized tens of millions of dollars are being spent to rehabilitate pipes that have, in some cases, been untouched since they were installed in the 1800s. Citizens is addressing the backlog of needed repairs by employing a number of different technologies, but primarily cured-in-place piping (CIPP) methods to rehabilitate the lines and extend their service life by another 100-plus years.

As part of the sewer rehabilitation program, over 1 million linear feet of sewer are inspected each year and categorized in one of three priority classifications. Priority one sewers are in the worst condition and, left untreated, are generally prone to failure within one year. Priority two sewers are in slightly better condition, but failure would be expected to occur within two years if left untreated. Priority three sewers are considered to be in fair condition and are placed on a list to be monitored at least every eight years. Since its inception in 2011, Citizens sewer rehabilitation program has repaired over 350,000 linear feet of sewers using the CIPP or alternate rehabilitation technology.

## ENERGY EFFICIENCY

Citizens continues to implement a companywide program to reduce energy usage. The urgency of this initiative is enhanced by the fact that Citizens' electricity usage will grow significantly in the years ahead with the full opening of the DigIndy Tunnel System and expanded treatment plants, which use large electric pumps.

The wastewater utility has already implemented various operational measures that are reducing electric usage at the Belmont Advanced Wastewater Treatment Plant. The water utility is using variable frequency pumps at drinking water treatment plants to reduce electric use. The thermal utility also has implemented various operational measures to reduce electric use based on an energy efficiency assessment by a third party.

The Belmont Plant also is reducing in-plant use of natural gas in the incinerators that incinerate sewage sludge from the Belmont and Southport plants. The reduction in natural gas use is reducing costs and greenhouse gas emissions from the facility. In addition, a team has been formed to enhance solids handling to reduce sludge dryness and in turn enhance the incineration process.

Concurrently, a new telecommunication system was activated in all Citizens-owned vehicles at the beginning of 2021. The project is expected to improve the company's fleet-maintenance program.

The technology system, called Verizon Telematics, was piloted in 2019 in about three dozen vehicles to test its benefits before being expanded to the full fleet in January.

With telematics in place, preventative vehicle maintenance is now scheduled based on actual vehicle usage data, such as mileage and engine hours, instead of on a calendar-based schedule. Likewise, corrective maintenance also will be scheduled in real time when engine diagnostic codes are received from the telematic devices.

Information received through the telematics system is expected to reduce overall maintenance costs and extend the life of the fleet, as well as assist with accident investigations. In addition to these benefits, the built-in GPS tool is helping Dispatch make routing decisions, which is improving response times for gas, water, and sewer emergencies.

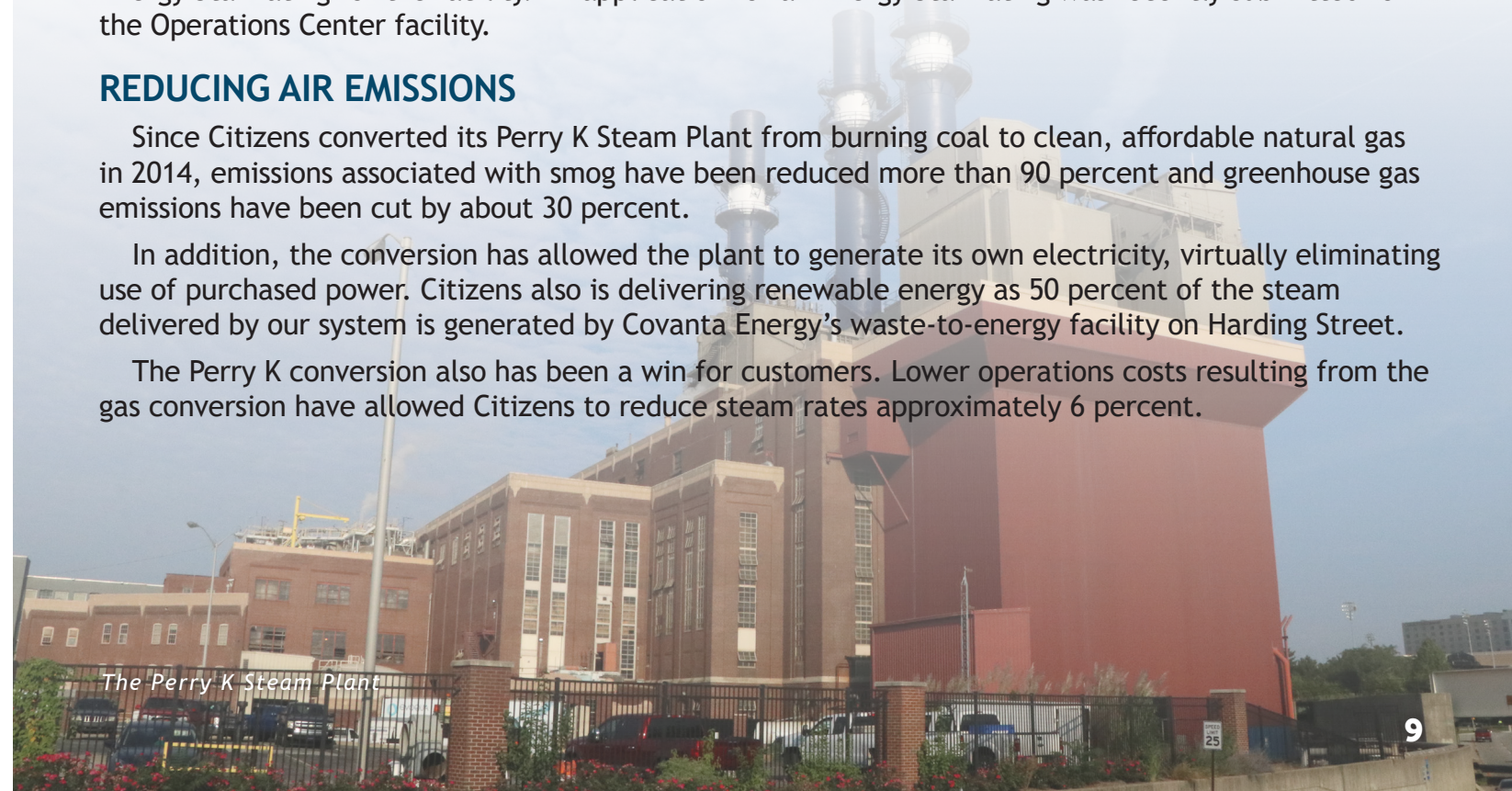
Citizens is participating in U.S. EPA's Energy Star for Buildings Program at its general office and its Operations Center office building. Reconfiguration of the general office has already achieved the Energy Star rating for the facility. An application for an Energy Star rating was recently submitted for the Operations Center facility.

## REDUCING AIR EMISSIONS

Since Citizens converted its Perry K Steam Plant from burning coal to clean, affordable natural gas in 2014, emissions associated with smog have been reduced more than 90 percent and greenhouse gas emissions have been cut by about 30 percent.

In addition, the conversion has allowed the plant to generate its own electricity, virtually eliminating use of purchased power. Citizens also is delivering renewable energy as 50 percent of the steam delivered by our system is generated by Covanta Energy's waste-to-energy facility on Harding Street.

The Perry K conversion also has been a win for customers. Lower operations costs resulting from the gas conversion have allowed Citizens to reduce steam rates approximately 6 percent.



The Perry K Steam Plant



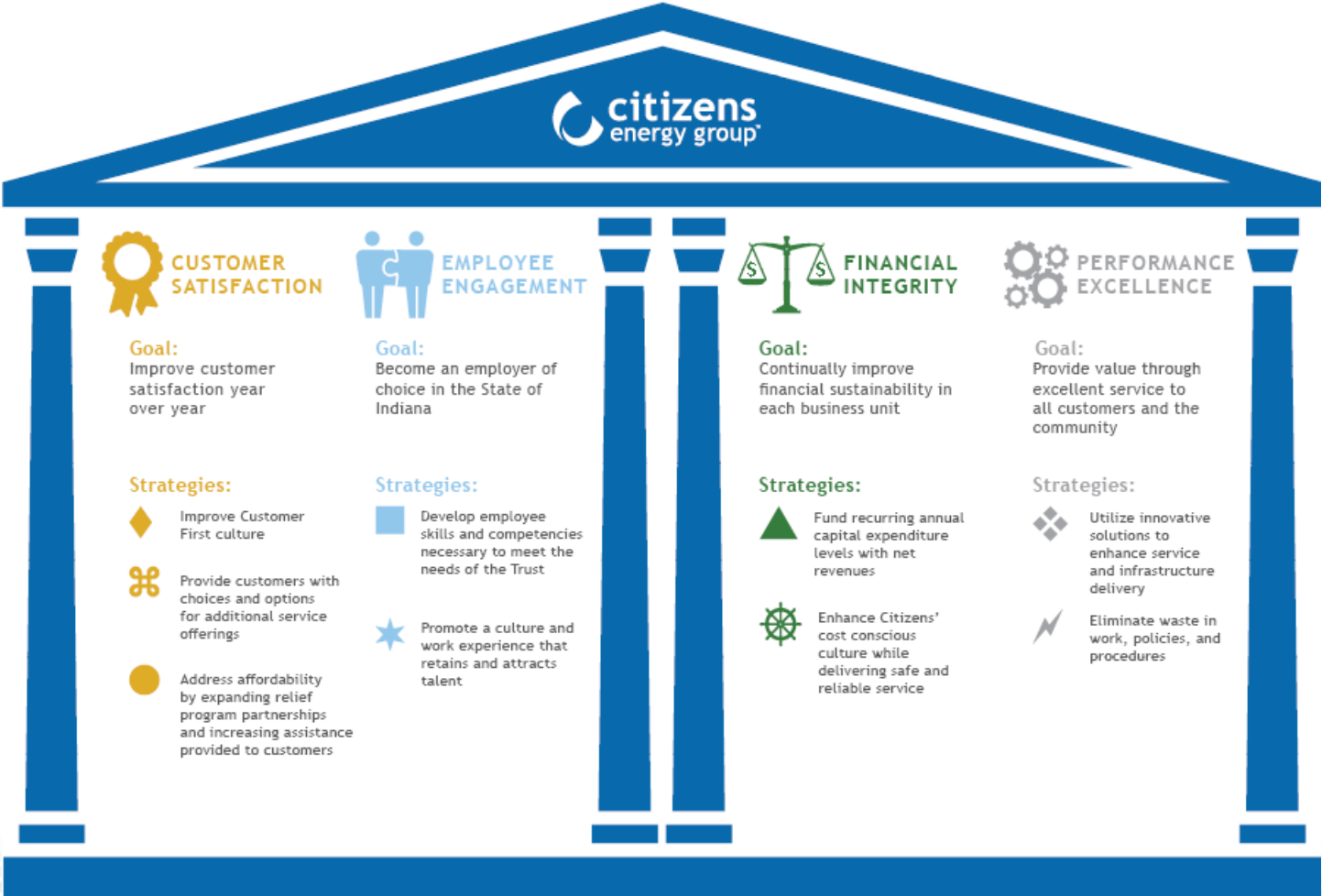


# SUSTAINING OUR BUSINESS

Citizens Energy Group General Office

## STRATEGIC PLANNING DRIVES SUSTAINABILITY

At Citizens, our Strategic Planning Process is an important component of sustaining our businesses. The strategic roadmap is an essential tool to align the organization around a set of shared goals, objectives and initiatives and enables all of us to see how our jobs influence our overall corporate strategy. Housed under the pillars of Customer Satisfaction, Employee Engagement, Financial Integrity and Performance Excellence, the strategic roadmap also includes a number of objectives and initiatives. Whereas the goals are what we aspire to achieve, the objectives and the initiatives tell us “how” we will achieve those goals. Everyone in the company should be able to draw a line of sight from their individual job to one of our goals, objectives and/or initiatives.



Citizens Energy Group Representative fielding customer calls in the Call Center.





*A Citizens water crew replacing a pipe in the street.*

## DEDICATED TO SAFETY

Citizens continues to put a renewed focus on safety. We reinforce with our new employees that the safety of our community and employees is one of the company's five core values which drive our decision making across the organization. We ensure safe, reliable utility service by:

- Fostering a safety culture among our employees
- Executing rigorous maintenance of our facilities
- Making appropriate capital investments
- Pursuing safety partnerships with the community

Each of our business units has a safety professional assigned to conduct training and audits, assess hazards, and manage safety needs. The primary elements of our safety program are consistent throughout the organization but are modified to meet the special regulatory and other requirements of various agencies such as the American Gas Association, Indiana Energy Association and the Indiana Department of Environmental Management. The two primary measurements used to manage Citizens' safety culture are "DART" (Days Away, Restricted or Transferred) cases and vehicle incidents. The work environment is fostered through implementation of safe work processes, maintaining hazard-free workspaces, and comprehensive safety training programs. Citizens is again coordinating click or call before you dig pipeline safety efforts through the state and national dial 811 "Know What's Below" awareness campaign. This campaign uses radio, internet and newspaper advertising to educate the general public and contractors about the importance of contacting 811 before digging or excavating anywhere in Indiana.

Citizens continues to participate in statewide safety training for emergency responders and contractors through the Indiana Pipeline Awareness Association. The training provides participants potentially - life-saving information about various kinds of pipeline emergencies.

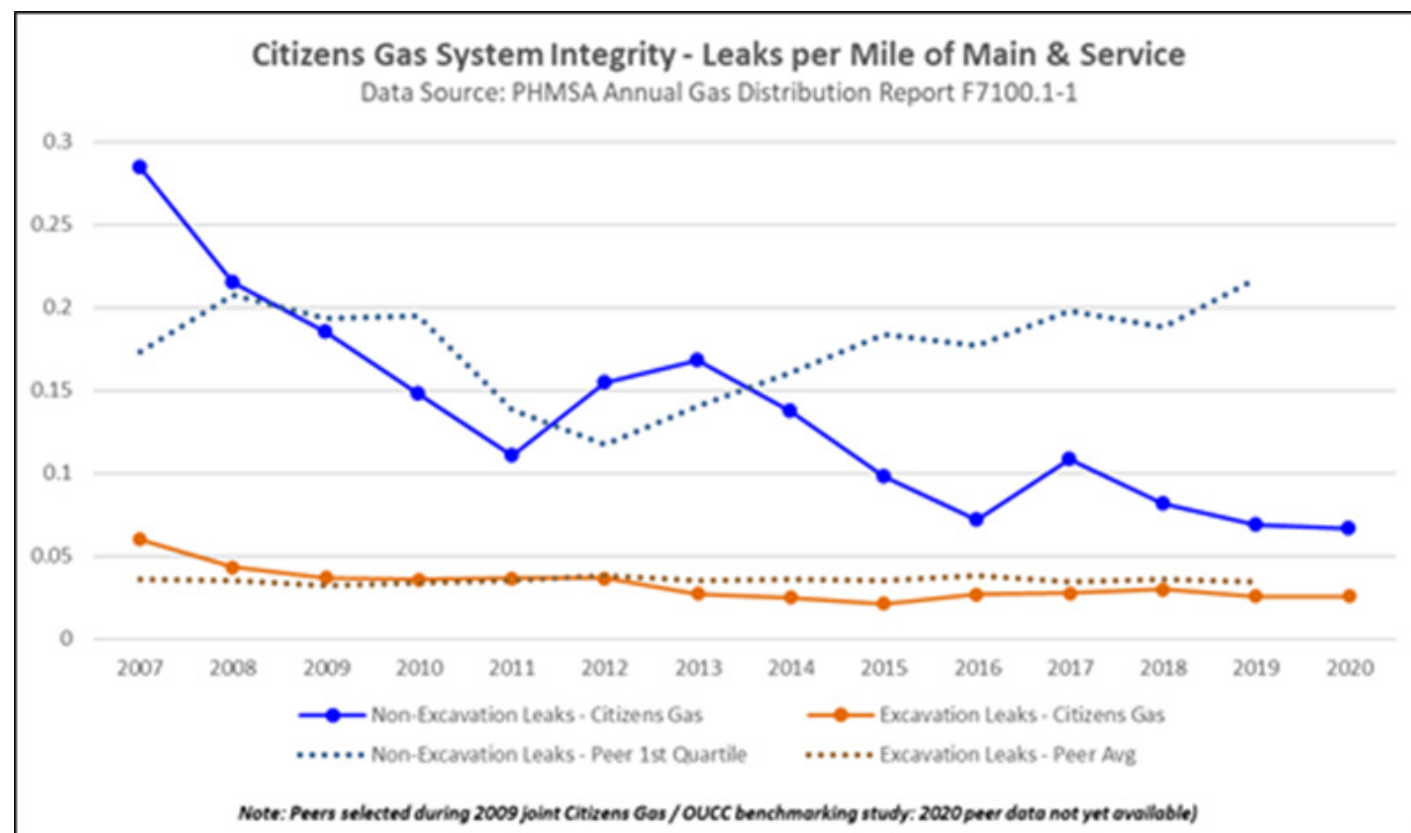


A Shared Field Services employee checking a manhole.

## ENSURING SAFE & RELIABLE ENERGY OPERATIONS

Citizens spends a significant percentage of its annual energy capital budget on new and/or replacement energy infrastructure. Since 1984 we have invested nearly \$600 million in our natural gas system to improve safety and reliability. Thanks to these investments more than 99 percent of our gas system is now plastic or protected steel pipe. The benefits of these investments have been validated by a leak survey study by Google Maps and the Environmental Defense Fund which found only five tiny leaks, which have been repaired, on the Citizens natural gas system while thousands of leaks were found along the much older natural gas systems in New York, Boston, Pittsburg and Dallas.

Citizens' operational effectiveness centers on its ability to deliver services through a safe and dependable system. This effectiveness is exemplified in the overall integrity of its distribution system that is measured in terms of the number of leaks per mile of pipe.



Leaks caused by a third party (i.e. contractors, homeowners, etc.) have remained relatively constant which is attributed to our ongoing pipeline safety/awareness messages. Non-excavation leaks continue to decline overall which can be directly attributed to capital investments into the gas system infrastructure. The chart does indicate a slight increase in non-excavation leaks between years 2011 and 2013 due to the gas system density in the area being surveyed. A five-year leak survey cycle was completed in 2011 and a slight increase at the end of a cycle is a normal occurrence. Citizens expects the decline in system leaks per mile to continue coinciding with gas system improvements.

Operating divisions utilize a variety of instruments to monitor the output and quality of the production and delivery processes. These include a Gas Control Center, which monitors system pressures and flows on more than 4,000 miles of pipeline systems, and the Thermal Control Centers at Perry K and West Street Chilled Water, which monitors plant production processes as well as more than 47 miles of steam and chilled water lines. The appropriate parameters are alarmed with visual and audible indications that notify the operators of any process problems. The operators are trained to react to the alarms and correct the relevant problems. In addition, computerized maintenance management systems are used to schedule and record maintenance activities.

Citizens maintains 24-hour remote video monitoring of all key facilities, and we have staff available 24 hours a day, 365 days a year to respond to customer requests and emergencies.

In addition to our monitoring and response capabilities, we have programmed inspection and maintenance of all gas piping systems, which meet or exceed state and federal laws. All of our work is conducted by employees or contractors who have been qualified under federal requirements to safely perform work on the gas piping system, and to respond to emergencies. In addition, our work is audited and inspected by outside agencies including the Pipeline Safety Division of the Indiana Utility Regulatory Commission and Aegis, our liability insurance carrier. We also subject our systems to audits conducted by third party engineering firms.

Citizens has implemented Integrity Management Programs for our distribution and high-pressure gas pipelines. This is a process of assessing and mitigating pipeline risks to reduce both the likelihood and consequence of incidents.

The Gas and Thermal Divisions test new production or delivery systems off-line to ensure systems operate as intended and the goals for the system are met. In the event off-line testing is unavailable, pilot programs are utilized to fine tune new systems. Similar techniques are used in modifications to boiler control systems and other critical applications so steam and chilled water service interruptions are avoided.

The steam distribution system contains 680 manholes that consist of an assortment of valves, traps, anchors, and expansion joints. These components are scheduled to be inspected once a year. Data from these inspections are compiled so we can schedule repairs with customer needs in mind. In order to provide the best service and minimize interruptions of service to our customers, we schedule this work to be completed at night, on weekends, or sometimes on holidays. Whenever we have one of our main steam lines down for repair, once the work begins it will continue until all repairs are complete.

Citizens Thermal annually performs thermal infrared scans of its entire distribution system, which provides the utility with data to determine locations of existing leaks and "hot spots" within the distribution system that would not be detected at the surface level. Annually, Citizens Thermal spends about \$1.8 million to repair manholes and mains, replace customer service lines, and upgrade the system's main steam valves and trap assemblies.

Shared Field Service employee checking meters.



## PARTNERSHIP FOR SAFE WATER

The Partnership for Safe Water is a voluntary effort between six drinking water organizations and more than 300 water utilities. The goal of the Partnership is to provide a new measure of public health protection to millions by encouraging utilities to voluntarily improve performance beyond current regulatory requirements.

Citizens Energy Group's White River North and T.W. Moses Water Treatment Plants are the most recent facilities to receive Directors Awards from the Partnership for Safe Water.

To be considered for the Directors Award, utilities must submit a comprehensive self-assessment of the facility's performance and operations. This assessment is reviewed by a team of utility optimization experts from the Partnership's Program Effectiveness Assessment Committee to ensure an effective and unbiased evaluation.

Award-winning utilities demonstrate an outstanding commitment to delivering superior quality drinking water to customers. Citizens has previously received Directors Awards for the White River Water Treatment Plant, Fall Creek Water Treatment Plant, and the Distribution System.

"Citizens is incredibly pleased that two additional water treatment plants were recently recognized with Directors Awards," said Jeff Willman, Vice President, Water Operations. "This is a testament to the hard work and time our employees dedicate not only to meeting the Partnership's water quality optimization goals and operational requirements, but also to implementing improvements identified during the self-assessment journey. It is through recognition such as the Directors Award that Citizens' commitment to continuous improvement really shines through."

## WATER SYSTEM RELIABILITY

Citizens' water system reliability and optimization utilizes a risk-based approach focused around a Level of Service Strategy (LOSS). LOSS goals are developed and tied to each risk and include three primary categories: 1) Compliance with regulatory requirements, 2) Failure rates, and 3) Service reliability.

Performance measures and targets have been identified for these top three risks. In recent years, Citizens has had zero violations associated with compliance with regulatory requirements and we continue to maintain that strong level of performance. Continual investments in our water distribution system are focused on reducing costly water main breaks and ensuring water can be moved efficiently across the service territory.

## SUSTAINING OUR WATER SUPPLY

Citizens has both short- and long-term plans to sustain our water supplies to meet the growing needs of Central Indiana.

The Citizens Water Wise Plan is promoting water conservation efforts focused on reducing demand during periods of peak demand. The foundation of this plan is implementation of the Marion County Water Shortage Ordinance through Citizens' Drought Management Plan. The Drought Management Plan establishes tiers for water conservation measures that are tied to operational factors such as water levels in area reservoirs. The tiers range from a water shortage alert that calls for every other day mandatory water use restrictions to a water emergency that bans most outdoor water uses. Continual communications with customers are a key factor in ensuring the ongoing success of Water Wise initiatives.

The long-term water planning process aligns projected water supply needs for Citizens' current service area plus wholesale water sales to adjoining communities with future water supply project schedules. The design is based on a level of service goal of supplying customer demands under moderate drought conditions with no mandatory restrictions on usage. Rare, more severe droughts would be mitigated through restrictions implemented in accordance with the Marion County Water Shortage Ordinance. The water planning process also assumes a long-term approach to securing supply utilizing a diverse portfolio of water resource options.

The planning process predicts peak system demand in 25 years using peak demand trends across the various distribution districts, demographic projections and wholesale customer projections. The analysis predicts 0.65 percent growth rate in demand, which results in 43 million gallons per day of additional supply needed in 25 years.

Identified water resource options for the next 25 years include water conservation, system optimization, water reuse, local water supply, local water storage, purchased water, water use restrictions, and regional water resources. The planning process prioritizes the lower-cost alternatives into the short-term plan while maintaining higher-cost alternatives as options for future long-term supply needs.

The most cost-effective supply scenario is using a mix of water conservation, water reuse, system optimization, local supply, local storage, water purchases and water use restrictions. Based on the various available scenarios, Citizens is prepared to meet the long-term water supply needs of Central Indiana.



## CITIZENS RESERVOIR

In July 2015, Citizens announced plans for the development of Citizens Reservoir which will sustain Central Indiana's water supply starting in 2021 for the next 15 years. Citizens acquired an 88-acre retired quarry from IMI Materials and developed the property into a reservoir that stores approximately 3 billion gallons of water, or more than 50 percent of the effective capacity of the adjacent Geist Reservoir. The reservoir captures water previously lost over Geist Dam during periods of heavy rain. Citizens Reservoir is now complete and ready to provide new water supply to Central Indiana.

The development of Citizens Reservoir represents a cost-effective way to meet future water demand. The utilization of an existing quarry to create a new water supply reservoir is an example of Citizens' approach of seeking out innovative, cost-effective ways to ensure that sufficient water resources are available to support the future growth of Central Indiana. While building a conventional reservoir like Geist would likely cost more than \$500 million, Citizens Reservoir was completed for about \$30 million.

## SUSTAINING OUR GROUNDWATER RESOURCES

Citizens Water accesses ground water from nine strategically located wellfields. A wellfield is the land above and surrounding wells drilled into an aquifer. The surface area that contributes groundwater to the aquifer is called a wellfield protection area.

Approximately 60 percent of the state's public drinking water currently comes from groundwater sources, according to the Indiana Department of Environmental Management (IDEM). In addition, groundwater is expected to be the primary source of drinking water in the future. As a result, Citizens Water and other utilities across Indiana have committed to minimizing the risk of groundwater contamination through best management practices and by educating the public on the need to protect water resources.

Citizens has developed Wellhead Protection Plans for the wellfields in Marion, Morgan, Madison and Hamilton counties, which are implemented in accordance with the state Wellhead Protection Rule and local ordinances. The program involves working with local planning teams and regulators to:

- Map the wellhead protection areas and post signs identifying their locations
- Identify potential sources of groundwater contamination
- Work with businesses to prevent spills and releases of chemicals
- Prepare contingency plans in case of contamination
- Encourage the public to report potential sources of contamination

Citizens also works to educate the public and businesses on ways they can protect groundwater from contamination.

## EMERGENCY PREPAREDNESS

Being properly prepared for an emergency is the first step to ensuring safety and reliability of our systems. Citizens uses a risk management process to identify and measure risks, and then develop effective solutions that ensure safety and reliability.

Communication with emergency responders and contractors is essential to effective emergency preparedness. Citizens communicates regularly with the local police, fire and EMT providers in the counties in which it operates to continually share information about our respective emergency response plans. For example, each year we hold training luncheons and dinners with emergency responders across our service territories to share the latest information on natural gas pipeline safety. We also periodically hold similar training events with third party contractors and excavators to make them aware of various aspects of pipeline safety.

## CLASS DRIVES EFFICIENCY AND PROCESS IMPROVEMENT

Citizens Energy Group has an ongoing quality initiative called Citizens Lean and Six Sigma (CLASS). Lean and Six Sigma are two sets of techniques and tools for process improvement.

The Lean Methodology is derived from the Toyota Production Systems in the 1990s. It focuses on eliminating non-value-added steps (waste) in a process and increasing speed (cycle time). The seven types of Lean waste are errors, overproduction, transportation, waiting, inventory, motion and processing.

Six Sigma seeks to improve the quality of an output by minimizing the variability in the process. The improvement approach has five steps: 1) Define 2) Measure 3) Analyze 4) Improve 5) Control.

Citizens launched CLASS because we believe these tools will help us eliminate waste in our jobs and create more efficient systems. "More efficient systems will demonstrate that we are using our resources wisely, keeping rates affordable for our customers, while investing in infrastructure to provide safe, reliable systems and a cleaner environment," said Jeffrey Harrison, President & CEO of Citizens.

By working together, Citizens will reenergize our core value of quality and our commitment to continuous improvement, according to Harrison. "Implementing CLASS will lead to higher quality, enhanced job satisfaction and improved customer satisfaction. With the help of our employees throughout this process, our company will be further positioned for success in serving our customers and communities with unparalleled excellence and integrity."



## SUSTAINING OUR WORKFORCE

Citizens Energy Group launched the Partnership for Excellence in Research and Learning (PERL) to create stronger partnerships with Indiana colleges and universities. PERL presents many career, research and educational opportunities at Citizens, or its vendor companies, as a way of inspiring students to embark on careers in Indiana after graduation.

“As a crucial part of our future workforce planning, we are continuously looking for talented individuals who can someday fill positions at Citizens,” said Jeffrey Harrison, Citizens President & CEO. “We want the best and brightest to join our team and the teams of our vendor partners. We believe Indiana universities have a vast talent pool from which to choose so we are working hard to engage those students before they seek jobs out of state or even out of the country.”

As part of PERL, Citizens has identified “University Ambassadors” within the company. These Ambassadors are Citizens employees who are still connected to their alma mater and are willing to act as a liaison between these institutions and Citizens. The Ambassadors are tasked with either coming up with creative learning opportunities for students or simply being a contact for students who might be searching for a job shadow opportunity, an internship or even for someone to serve as a guest speaker.

Purdue University, IUPUI, University of Indianapolis, Ball State University, Anderson University, University of Evansville and Trine University have already signed partnership agreements to work with Citizens through PERL. To date we have engaged over 2,440 students through over 80 collaborations such as senior design projects, over 70 events such as tours and 30 internships. The projects range from students evaluating solar panel carports for Citizens, custom filters for a blower building and developing a 3D model of Citizens Reservoir.



*Luis Maldonado and Jason Ostanek check weather sensor data at a cellular transmitter adjacent to ventilation shafts connected to Citizens Energy Group's DigIndy Tunnel System in Indianapolis, Indiana. (Purdue University photo/John O'Malley)*





# SUSTAINING OUR COMMUNITY

*Citizens employees volunteering at the United Way Day of Caring.*

## HELPING CUSTOMERS IN NEED

Citizens offers support to low-income families in our service territory in a number of ways. We encourage those families in need to reach out to the United Way or Indiana 211 for support. We coordinate with those agencies to ensure the families connect with the programs and services that best meet their needs.

Each year Citizens provides bill assistance through its Universal Service Program, the Warm Heart Warm Home Foundation, and support to the United Way's Winter Assistance Fund. These programs, in concert with the State's Energy Assistance Program, work to keep utility service connected to thousands of homes each year. During the COVID-19 pandemic, Citizens provided enhanced assistance to customers in need including providing flexible payment arrangements up to 12 months.

In 2020, we provided over \$450,000 in energy efficiency support to low-income families throughout Indianapolis. Citizens completed more than 20 whole-house weatherization projects in 2020 where we replaced the home heating system, cleaned and sealed the ductwork, blew added sidewall and attic insulation, provided a programmable thermostat, installed low-flow water devices, and conducted home energy education classes with the families.

We also provide financial support to Habitat for Humanity of Greater Indianapolis to ensure each of the 14 homes they constructed this past year had the same products and services we offer in our retrofit weatherization houses. Lastly, we provided furnace and service line repair or replacement to over 100 low-income families that had health and safety issues occur in the home this past year. In 2020, Citizens was named Habitat for Humanity's Corporate Partner of the Year for our long-time support of the local building program.



COMMUNITY CONTRIBUTIONS

Citizens Energy Group has an active corporate philanthropy program designed to support a wide range of nonprofits working to improve quality of life in Central Indiana. Utilizing revenue from non-utility operations, Citizens supports organizations promoting economic development, education, diversity, culture and arts, environmental stewardship, and basic needs.

- **Economic Development** - Citizens invests in programs to attract, expand and retain businesses and residents in the communities we serve. We also support organizations that advance the development of their neighborhood or local community. These include the Community Development Corporations, Indianapolis Chamber of Commerce, and Greater Indianapolis Progress Committee.
- **Education** - A strong education system from pre-school through college is the foundation of a thriving community. Our education partners include Ivy Tech, IPS Bridges to Success, Purdue University Science Bound, the Indianapolis Public Library, and the Children’s Museum of Indianapolis.
- **Diversity** - Citizens believes a diverse community produces higher quality of life for all. Our diversity partners include Indiana Black Expo, Indiana Latino Institute, NAWBO, Indy Pride, Noble and Mid-States Supplier Development Council.
- **Cultural Institutions** - A strong cultural arts community is part of the fabric of Indianapolis. Cultural arts help the community retain residents, enhance quality of life and support economic development. Our cultural arts partners include the Children’s Museum of Indianapolis, Indianapolis Symphony Orchestra, and the Indianapolis Zoo.
- **Environmental Stewardship** - We believe sustaining our natural resources and economy go hand-in-hand. Our environmental partners include Indianapolis Parks Foundation, the Greenways Foundation, Reconnecting to Our Waterways, White River Alliance and Keep Indianapolis Beautiful.
- **Basic needs** - We support organizations that meet various needs including, but not limited to, food, clothing, shelter, educational programs, health and wellness programs, etc. We believe organizations and programs/services within this category are crucial to meeting the needs of many individuals and families. Among the agencies we support in this category are the United Way, Gleaners Food Bank, Central Indiana Council on Aging, Multiplying Good and Fathers and Families.

EMPLOYEE VOLUNTEERISM

Each year Citizens employees volunteer for a wide range of nonprofit organizations working to improve quality of life across Central Indiana.

In 2020, our employees donated 3,717 hours of their time at Citizens-sponsored events and for other community organizations.



Citizens Energy Group 2020 volunteering statistics



Volunteers at the 2020 Sharing the Dream event

SHARING THE DREAM

Because of the pandemic, Citizens Energy Group employees were not able to volunteer in-person for the 2021 Sharing the Dream event. However, Citizens, along with many of our partners, contributed \$100,000 in donated materials and labor to refurbish the Pool House at Frederick Douglass Park.

Sharing the Dream partners in 2021 were Mitch Design, Paine Engineering, Powers & Sons Construction Company, Connor Fine Painting, Denney Companies, A.G. Maas, SSI Services, LLC, Miller Pipeline, Eubanks Fencing, SCI, Inc., BrightView, Greene’s Auto & Truck Service, Manscape, PFM Car & Truck Care Center, McGrath Concrete, Indy Excavating and Utilities, Refined Restoration, Nishida, Herman & Kettles Properties, Pulse Electric, A All Star Garage Door LLC, and General Communications Inc.

Projects included installing a security camera system, new flooring, high-efficiency lighting, lockers and shower curtains; painting (including murals); adding new storage rooms; updating the concession stand, appliances, and furniture; removing asbestos; repairing the exhaust system; replacing the water heater; adding ADA access; and more. These renovations were part of a three-year commitment Citizens made to Frederick Douglass Park.

This is the 13th year of Sharing the Dream, for which we partner with the Parks Alliance of Indianapolis (formerly Indy Parks Foundation) and Indy Parks to refurbish a facility in need, to honor the legacy of Dr. Martin Luther King, Jr.

CENTENNIAL CELEBRATION

Citizens announced on MLK Day 2021 that it would be the Presenting Sponsor of the Frederick Douglass Park Centennial Celebration. On July 7, 2021, the City of Indianapolis kicked off a multi-day celebration commemorating the 100-year anniversary of Frederick Douglass Park.

Citizens President & CEO Jeffrey Harrison said, “We are proud to continue our commitment to Indy Parks, and Frederick Douglass Park in particular, by serving as the Presenting Sponsor of this summer’s centennial celebration.”

Harrison toured the facility with Indianapolis Mayor Joe Hogsett on Martin Luther King, Jr. Day.

Over the past 13 years, Citizens and its partners have provided about \$4 million of enhancements to 12 Indy Parks facilities.



CITIZENS EARNS COMMUNITY INVESTOR AWARD FROM UNITED WAY

Citizens Energy Group recently received the Top Community Investor Award in 2021 from the United Way of Central Indiana (UWCI). This award is given to dedicated corporate partners and their employees that give over \$300,000 in the annual United Way campaign.

Citizens has been a top contributor to UWCI since 2007. Citizens joined 17 other corporate partners, like Eli Lilly, UPS, and Enterprise Holdings, in receiving this prestigious award. These community investors were recognized in late July at the UWCI annual celebration, which was held at Tibbs Drive-In this year.



Jeff Brown, Citizens Director of Branding, accepting the Community Investor Award from the United Way of Central Indiana.

EMPLOYEES HONORED WITH ONE IN A MILLION AWARD

Citizens Energy Group employees were recognized in 2020 with a One in a Million Award from Multiplying Good (previously known as the Jefferson Awards Foundation).

The One in a Million Awards were created as a way to offer hope and celebrate the millions of people acting with bravery and generosity during these challenging times. Recipients are dedicated to putting others first.

Citizens employees were honored for continuing to provide essential utility services during the pandemic to thousands of customers throughout Central Indiana.

PROMOTING CONSERVATION

Citizens actively promotes energy and water conservation through ongoing communications including media outreach, advertising, website promotions and utilization of social media channels.

We promote energy and water conservation at schools through the National Energy Foundation and the Indianapolis Colts. Our Energy Conservation Poster Contest annually receives over 1,000 entries from more than 40 schools with students participating from 3rd through 8th grade.

Energy and water education signage and advertising reached about 3.5 million people with conservation messaging in 2020.

CITIZENS SUPPORTS WHITE RIVER CLEANUP

Each spring, many Citizens Energy Group employees enjoy participating in the annual White River Clean Up, organized by nonprofit organization Friends of the White River. Due to the pandemic and the cancellation of many in-person events, this volunteer opportunity was reimaged.

From April 1 through October 1, individuals were invited to join the “Clean Our Watershed” initiative. The goal was to reduce visual pollution by cleaning up areas along the White River, its tributary streams, and other features that make up the watershed. Individuals were encouraged to pick up litter near waterways, in a local park, around a school, or on the street where they live.

Participants were asked to record what types of litter they picked up, when, and where to help Friends of the White River develop a strategy to target areas where illegal dumping is an ongoing issue.



Citizens employee, Shannon Stahley, volunteering at the 2021 White River Clean-Up with her family.



## CITIZENS EXPANDS NEIGHBORHOOD AMBASSADOR PROGRAM

Three Citizens employees are serving as Neighborhood Ambassadors through a program expansion resulting from the strategic planning process during fiscal year 2020. Over the next 3-5 years, Citizens employees will engage with So Indy, Martindale-Brightwood and Kings Commons.

The goal of the Neighborhood Ambassador Program is to enhance community and public engagement, positively impact customer satisfaction and mitigate risk due to the disruption and potential conflicts associated with Citizens' infrastructure projects.

Several years ago, Citizens successfully deployed the program in the Twin Aire and other neighborhoods near the company's former manufactured gas and coke plant on East Prospect Street. The objective was to work alongside the community and return the site, comprised of 140 acres, to uses that would enhance economic development and quality of life for the residents. The Indianapolis Community Justice Campus is now being built on the property and will serve as a catalyst for economic growth to attract private and public investments.

"Citizens has a great reputation, and we want to build upon that solid foundation," said Shannon Stahley, Senior Manager, Corporate Affairs. "We envision this program will deepen our roots of engagement and eventually expand beyond the three initial areas."

Ambassadors will regularly engage with the neighborhoods' residents and help leverage various Citizens resources such as branding and marketing support, technical expertise, employee volunteers, and philanthropic grants to support neighborhood initiatives.

"Our main objective is to listen to the community members and identify ways Citizens can serve our residents, beyond providing safe, reliable services," Stahley added.



*The Kings-Common Neighborhood, one of the Citizens Neighborhood Ambassador areas*