

**MINUTES OF THE JOINT MEETING  
OF THE BOARDS OF DIRECTORS OF  
CITIZENS ENERGY GROUP AND CWA AUTHORITY, INC.  
HELD APRIL 20, 2016**

Pursuant to notice duly given and posted as required by law, the joint meeting of the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis (d/b/a Citizens Energy Group) and the Board of Directors of CWA Authority, Inc. (jointly referred to as the “Board” unless otherwise noted) convened at 10:25 a.m. EST, Wednesday, April 20, 2016, at 3200 Cold Spring Road, Indianapolis, Indiana.

Board members present were: Daniel C. Appel (Chair), Moira M. Carlstedt, Jeffrey E. Good, Anita Harden, Anne Nobles, Phillip A. Terry, and Joseph E. Whitsett. Christia Hicks and J.A. Lacy were unable to attend the meeting. Brian Williams, a member of the Board of Trustees, was also present.

Present from Citizens: President and Chief Executive Officer, Jeffrey A. Harrison; Senior Vice President and Chief Financial Officer, John R. Brehm; Senior Vice President and General Counsel, Jennett M. Hill; Senior Vice President and Chief Customer Officer, Michael D. Strohl; Vice President of Energy Operations, Christopher H. Braun; Vice President of Capital Programs and Engineering, Mark Jacob; Vice President of Strategy and Corporate Development, Aaron D. Johnson; Vice President and Controller, Sabine Karner; Vice President of Information Technology, John Lucas; Vice President of Customer Operations, Curtis Popp; Vice President of Regulatory and External Affairs, LaTona Prentice; Vice President of Water Operations, Jeffrey A. Willman; Director of Environmental Stewardship, Ann McIver; Director of Government and External Affairs, Joe Sutherland; and Manager of Water Quality, Dan Moran.

The meeting was called to order by the Chair.

The Board considered the minutes of its last meeting. Upon a motion duly made and seconded, the Board unanimously approved the minutes of the joint meeting of the Boards of Directors of Citizens Energy Group and CWA Authority Inc. held February 17, 2016.

The Chair certified that the subject matter of the discussion during the Executive Session of the Board held on April 20, 2016 was solely limited to the items set forth in the Public Notice, attached as Exhibit "A".

The Chair requested Board members to recuse themselves from any action items on the agenda if they identified a conflict. No items were identified.

Next, the Chair invited Ms. Prentice to discuss regulatory activities for consideration by the Board of Directors of Citizens Energy Group. Ms. Prentice requested that the Board of Directors for Citizens Energy Group consider and approve the proposed steam rates and charges and terms and conditions for submission to the Indiana Utility Regulatory Commission (the "Commission"). Mr. Harrison and Ms. Prentice discussed with the Board the elements of a Petition that management recommends be filed with the Commission to decrease the authorized revenue requirement for steam service, for approval of a new schedule of rates and charges for service, approval of a Normal Temperature Adjustment ("NTA") rate mechanism and approval of certain changes to the terms and conditions of steam service. Following discussion and upon a motion duly made and seconded, the Board of Directors for Citizens Energy Group unanimously approved the following:

**WHEREAS**, the current rates and charges for steam service provided for by the Board of Directors for Utilities of the City of Indianapolis (d/b/a Citizens Energy Group) acting in its capacity for the provision of energy services, d/b/a Citizens Thermal (the "Utility") were approved by the Commission in its Order in Cause No. 44349 issued on May 21, 2014. In Cause No. 44149, the Commission approved a Settlement Agreement in connection with the Utility's plan to convert certain boilers at the Perry K steam production plant from coal-fueled to natural gas-fueled (the "Natural Gas Conversion Plan"). Pursuant to the Settlement

Agreement, the Utility (1) implemented an Operating Expense Rate Adjustment (“OPERA”) mechanism to, among other things, pass back to customers operating cost savings realized as a result of the Natural Gas Conversion Plan; and (2) agreed to file a base rate case with a test year ending 12 to 16 months following completion of the Natural Gas Conversion Plan in order to reflect in base rates and charges the ongoing operating cost savings achieved as a result of the Natural Gas Conversion Plan and discontinue the OPERA mechanism. The Natural Gas Conversion Plan is complete; and

**WHEREAS**, based on an analysis conducted in connection with preparing for a base rate case filing, management has concluded that the implementation of an NTA mechanism similar to the NTA mechanism that the Commission approved for the gas utility and placed in effect in 2007 would improve billing and revenue stability and provide other benefits for the Utility and its steam customers; and

**WHEREAS**, the Board authorizes management to prepare and file a Petition with the Commission seeking approval to implement a decrease in the Utility’s authorized revenue requirement and a new schedule of rates and charges based upon such revenue requirement and the results of the cost-of-service study.

**WHEREAS**, the Board authorizes management to request in the Petition the Commission’s approval to implement an NTA as well as certain changes to the Utility’s terms and conditions of service and discontinue the OPERA mechanism.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis, that:

(1) the officers of the Utility are hereby authorized and directed, individually or jointly, to execute a Petition on behalf of the Board requesting the Commission’s approval of a decrease in the operating revenues produced by the Utility’s rates and charges for steam service and approval of the other relief discussed at the Board meeting; and

(2) pursuant to I.C. 8-1.5-3-8 and I.C. 8-1-11.1-3.1, a revised schedule of rates and charges and terms and conditions of service are hereby approved by the Board, subject to approval thereof by the Commission under I.C. 8-1.5-3-8 and I.C. 8-1-11.1-3(c)(9), and Management shall be authorized to file with the Commission a schedule of compliance rates and charges and revised terms and conditions of service immediately following the Commission’s approval of same by final Order; and

(3) Management of the Utility is hereby authorized and directed to provide such public notice of the filing of the Petition as may be required by law and to

take such other action determined by Management to be necessary or advisable in connection with the foregoing.

Chairman Appel then addressed management's request to approve the energy efficiency and fuel cost adjustments set forth in the Energy Efficiency Adjustment – Rider E and Fuel Cost Adjustment (FAC 41). Upon a motion duly made and seconded, the Board unanimously approved the following:

RESOLVED by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis that Energy Efficiency Adjustment – Rider E, attached as Exhibit “B”, is hereby ratified, confirmed, and approved; and

FURTHER RESOLVED by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis that FAC 41, attached as Exhibit “C”, is hereby ratified, confirmed, and approved.

Next, Mr. Sutherland provided the Board an overview of legislative activity and its impact on the utility sector.

Then, Mr. Willman reported on Water Operations and addressed the increased public awareness of water quality across the country. He discussed how Citizens is engaging stakeholders and responding to community concerns. He then reaffirmed that the water quality at Citizens remains stable due to proven and consistent water treatment and delivery processes and extensive monitoring and testing of both source water and finished drinking water.

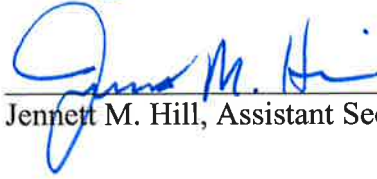
The Board reviewed the amended memorandum dated April 20, 2016 listing all such individuals authorized to perform banking transactions on behalf of Citizens Energy Group. Upon a motion duly made and seconded, the Board approved the amended listed of individuals authorized to perform banking transactions on behalf of Citizens Energy Group, attached as Exhibit “D”.

The Chair invited public comment. There being no public comment and no further business, the meeting was adjourned.



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Daniel C. Appel, Chair



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Jennett M. Hill, Assistant Secretary