

**MINUTES OF THE JOINT MEETING
OF THE BOARDS OF DIRECTORS OF
CITIZENS ENERGY GROUP AND CWA AUTHORITY, INC.
HELD AUGUST 18, 2021**

Pursuant to notice duly given and posted as required by law, a joint meeting of the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis d/b/a Citizens Energy Group and the Board of Directors of CWA Authority, Inc. (jointly referred to as the “Board” unless otherwise noted) convened electronically, via video-conference, at 9:00 a.m., EST, Wednesday, August 18, 2021, consistent with prevailing executive orders governing such meetings resulting from Governor Holcomb’s declaration of a public health emergency for the coronavirus disease 2019 outbreak (“COVID-19”). The meeting was conducted utilizing Microsoft Teams technology by which participants could join by computer or mobile app, or call in (audio only), being the identified electronic means of communication that allowed members of the Board to simultaneously communicate with each other, and for the public to simultaneously attend and observe the meeting.

All Board members were present at the meeting: Anne Nobles (Chair), Daniel C. Appel, Moira M. Carlstedt (Secretary), Sherry D. Davis, Jeffrey E. Good, Christia Hicks, J.A. Lacy, Maria M. Quintana, and Phillip A. Terry. Members of the Board of Trustees were also present at the meeting: Dennis E. Bland and Brian Williams.

Present from Citizens Energy Group (“Citizens”): Jeffrey A. Harrison, President and Chief Executive Officer; John R. Brehm, Senior Vice President and Chief Financial Officer; Jennett M. Hill, Senior Vice President and General Counsel; Michael D. Strohl, Senior Vice President and Chief Customer Officer; J.P. Ghio, Vice President of Energy Operations; Mark C. Jacob, Vice President of Capital Programs and Engineering; Sabine E. Karner, Vice President and Controller; John F. Lucas, Vice President of Information Technology; Curtis H. Popp, Vice President of Customer Operations; LaTona S. Prentice, Vice President of Regulatory and External Affairs; Jodi L. Whitney, Vice President of Human Resources and Chief Diversity Officer; Jeffrey A. Willman, Vice President of Water Operations; Debi Bardhan-Akala,

Director of Regulatory Affairs; Korlon Kilpatrick, Director of Regulatory Affairs; Lauren Toppen, Counsel; and Shannon Stahley, Senior Manager of Corporate Affairs.

The meeting was called to order by the Chair of the Board. All members of the Board were pronounced present following a voice roll call by the Secretary. Each of the members of the Board participated in the meeting by using the designated electronic means of communication. The Chair requested Board members to recuse themselves from any action items on the agenda if they identified a conflict. No items or conflicts were identified.

The Board considered the minutes of its previous meetings. Upon a motion duly made and seconded, the Board unanimously approved the minutes of the joint meetings of the Board of Directors of Citizens Energy Group and CWA Authority, Inc. held on February 17, 2021 and May 19, 2021 by roll call vote; viz:

9 YEAS: Appel, Carlstedt, Davis, Good, Hicks, Lacy, Nobles, Quintana, and Terry

The Chair certified that the subject discussed during the Executive Session of the Board held on August 18, 2021 was limited solely to the item set forth in the Public Notice, attached as Exhibit "A".

The Chair addressed management's request to approve the filing set forth in Fuel Cost Adjustment 62. Upon a motion duly made and seconded, the Citizens Board of Directors (the "Citizens Board") unanimously ratified and approved the following resolution by roll call vote; viz:

9 YEAS: Appel, Carlstedt, Davis, Good, Hicks, Lacy, Nobles, Quintana, and Terry

RESOLVED by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis that the proposed fuel cost adjustment ("FAC") rate in Cause No. 41969-FAC 62 of \$0.56917 to be effective August 1, 2021, subject to approval by the Indiana Utility Regulatory Commission, is hereby ratified and approved.

Next, the Chair invited Mr. Good to provide a report of the Audit and Risk Committee (the "Audit Committee"). Mr. Good reported that Ms. Karner presented to the Audit Committee the preliminary Fiscal Year (FY) 2021 Third Quarter Financial Statements for Citizens Energy Group and CWA Authority, Inc. He reported that overall net income was up approximately six percent over last year, in part due to an increase in wastewater utility rates. He noted the successful refunding of two series of wastewater utility

bonds and that liquidity for the enterprise remains strong and sufficient to meet cash requirements. Mr. Good further reported that the external auditor (Deloitte and Touche LLP) provided its report on the third quarter financials and informed the Audit Committee that they had no concerns or issues to report based on their review.

Mr. Good informed the Board that the Audit Committee was satisfied with the preliminary FY 2021 Third Quarter Financial Statements for Citizens Energy Group and CWA Authority, Inc. and recommended approval to the Board. Following discussion, and upon a motion duly made and seconded, the Board unanimously approved the preliminary FY 2021 Third Quarter Financial Statements for Citizens Energy Group and CWA Authority, Inc. by roll call vote; viz:

9 YEAS: Appel, Carlstedt, Davis, Good, Hicks, Lacy, Nobles, Quintana, and Terry

Mr. Good also informed the Board that the Audit Committee considered Deloitte's proposed 2022 Audit Engagement Letter for Citizens Energy Group and CWA Authority, Inc. and that the Audit Committee, as that term is described and used in Indiana Code section 5-11-1-24.4(e), approved such engagement and recommended approval of the same to the Board. Upon a motion duly made and seconded, the Board unanimously approved the proposed 2022 Audit Engagement Letter for Citizens Energy Group and CWA Authority, Inc. by roll call vote; viz:

9 YEAS: Appel, Carlstedt, Davis, Good, Hicks, Lacy, Nobles, Quintana, and Terry

Mr. Good then reported that Ms. Shunk provided the Audit Committee with an update on internal audit activities. He noted that the department remained on track with its projects outlined in the current audit plan. Mr. Good also informed the Board that, following its annual review, the Audit Committee did not recommend any changes to the Internal Audit Charter.

Mr. Good concluded his report to the Board with a report on the Audit Committee's annual review of Citizens' insurance program. He reported that insurance premiums continue to rise in part due to various catastrophic events across the country, including the pandemic. However, Mr. Good highlighted that the insurance programs are appropriate and consistent with industry benchmarks.

Next, Ms. Nobles provided a report from the Energy Resources Executive Committee (the “Energy Committee”). She reported that the Energy Committee held a meeting on August 11, 2021 and received a financial report concerning the energy utility system. She noted that gas net earnings were above target, and the earnings before interest, taxes, depreciation and amortization (EBITDA) were sufficient to cover capital expenditures. She also noted that net earnings for the thermal business units, particularly for steam, were not as favorable due to declining usage and extended effects of the public health emergency. She also reported that although the steam utility did not have sufficient EBITDA to cover its capital expenditures, chilled water’s EBITDA was sufficient to cover its expenses. Ms. Nobles reported that Mr. Ghio provided a report to the Energy Committee concerning the volatile gas market in February 2021, noting that despite this volatility, Citizens was able to maintain low natural gas costs for its customers.

Next, the Chair invited Mr. Lacy to provide a report from the Wastewater Resources Executive Committee (the “Wastewater Committee”). Mr. Lacy reported that the Wastewater Committee held a joint meeting with the Water Resources Executive Committee (the “Water Committee”) on June 16, 2021. He reported that Ms. Karner’s financial report highlighted that the utility’s capital needs continued to significantly outpace EBITDA, primarily due to consent decree construction expenditures. He also reported that reports delivered to both the Water and Wastewater Committees included a ten year review of the water and wastewater utilities. He highlighted the notable progress of the wet utilities since the acquisition of these utilities ten years ago on a variety of measures including customer growth, operating revenues, cost control and system investment levels. Mr. Lacy reported that updates delivered to the Wastewater Committee included favorable progress on the implementation of the Septic Tank Elimination Program (STEP) and the DigIndy project. He noted that the DigIndy project remains ahead of schedule and under budget.

Thereafter, Ms. Hicks provided a report from the Water Committee. She reported that the fiscal year 2021 projection anticipates net income to remain on target overall; however, EBITDA will not be sufficient to cover capital expenditures. She reported that the construction of a new rock ramp would begin on the White River near Riverside Park in July to restore a critical upstream pool lost in 2018 when the

City's Emrichsville Dam failed. Ms. Hicks also reported that the White River Treatment Plan and Madison Tank and Pump Station were both removed from service for several hours this summer for critical repairs without customer service disruption. She also reported on a proposed Lead Service Line Replacement Plan ("Replacement Plan") that will need to be filed with the Indiana Utility Regulatory Commission (IURC). At the conclusion of the Committee reports, the Board acknowledged the ten year anniversary of the acquisition of the water and wastewater assets, commending Citizens' management for its cost-effective, safe and reliable operation of these utilities.

The Chair invited Mr. Willman to provide a report on Water Operations. He reviewed with the Citizens Board a proposed resolution authorizing management to file a Replacement Plan. Upon inquiry from the Board, Mr. Willman provided an overview of Citizens' process for sampling water quality in accordance with guidelines promulgated by the U.S. Environmental Protection Agency. In addition, he advised that with the proposed Replacement Plan, Citizens would coordinate with the Marion County Board of Health to further optimize Citizens' community engagement efforts for those prioritized areas outlined in the Replacement Plan. Following discussion, and upon a motion duly made and seconded, the Citizens Board unanimously approved the following resolution by roll call vote; viz:

9 YEAS: Appel, Carlstedt, Davis, Good, Hicks, Lacy, Nobles, Quintana, and Terry

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

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

WHEREAS, based on an analysis of the records acquired from DOW, management has identified legacy "Services Pipes" connected to Citizens Water's distribution system that contain lead components; and

WHEREAS, a "Service Pipe" is the line connecting a Customer's premises to the main in the right-of-way and pursuant to Citizens Water's Terms and Conditions for Water

Service, the Service Pipe “shall be installed and owned by the Customer” and once installed, the Customer remains responsible for maintaining, repairing or replacing the portion of the Service Pipe from the right-of-way to their premises while Citizens Water is responsible for the portion of the Service Pipe in the right-of-way; and

WHEREAS, in 1991, the Environmental Protection Agency (“EPA”) published a regulation known as the Lead and Copper Rule (“LCR”) designed to protect public health by requiring operators of water systems, like Citizens Water, to take certain steps to minimize lead and copper levels in drinking water; and

WHEREAS, the EPA published proposed revisions to the LCR in 2019, which if adopted would require more proactive planning in communities with lead Service Pipes, including among other things, requiring operators to develop lead Service Pipe replacement plans within three years; and

WHEREAS, the Indiana General Assembly enacted Indiana Code chapter 8-1-31.6 (the “Customer Owned Lead Service Lines Statute”) in 2017, authorizing the Commission to approve a water utility’s plan for replacement of the customer owned portion of lead Service Pipes and recover costs incurred under the plan; and

WHEREAS, under the Customer Owned Lead Service Lines Statute, if the Commission first approves a water utility’s plan for replacement of lead Service Pipes, the utility may thereafter file a petition with the Commission annually setting forth an adjustment to its rates and charges to provide for recovery of customer owned lead Service Pipe replacement costs; and

WHEREAS, in accordance with the Customer Owned Lead Service Lines Statute, Citizens Water has developed a Lead Service Line Replacement Plan (the “Plan”) setting forth a holistic approach to addressing legacy lead Service Pipes serving customers on the Citizens Water system; and

WHEREAS, if the Commission approves the Plan, Citizens Water will file subsequent petitions on an annual basis, as necessary, to adjust its rates and charges to recover costs incurred to implement the Plan; and

WHEREAS, management has briefed the Board on: (i) the Plan, (ii) the expected cost of addressing lead Service Pipes during each year of the Plan; (iii) the anticipated impact on customer rates; and (iv) efforts Citizens Water will undertake to monitor the availability of grants that may offset the cost of lead Service Pipe replacements and the Plan; and

WHEREAS, based on management’s report and presentation, the Board finds it is appropriate and responsible for Citizens Water to: (i) seek Commission authority to implement the Plan; and (ii) upon Commission approval of the Plan, obtain Commission authority to implement such adjustments to its rates and charges as are necessary to provide for recovery of costs incurred to implement the Plan.

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

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

SECTION 2. The Board hereby authorizes and directs management to file with the Commission a petition and prepared testimony and exhibits and to take such other action as deemed necessary and desirable, in support of the Commission approving the Plan pursuant to the Customer Owned Lead Service Lines Statute.

SECTION 3. Upon Commission approval of the Plan, the Board hereby authorizes and directs management to obtain Commission authority to implement such adjustments to its rates and charges as are necessary to provide for recovery of costs necessary to implement the Plan on an annual basis, to the extent necessary.

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

ADOPTED AND APPROVED this 18 day of August, 2021.

The Chair invited Mr. Brehm to provide a financial report. Mr. Brehm reported that current projections for fiscal year 2021 are trending within 0.5 percent of overall net income projections. He noted that despite a projection that cash projects will likely overspend for the capital budget this year due primarily to water utility public works construction projects, most of this cash will be reimbursed early next fiscal year. He also reported that adequate liquidity was available to support utility needs. Mr. Brehm also reviewed with the Board debt service coverage ratios for the utilities, noting that the gas and thermal units should continue to make strong progress over time. He noted that the wet utilities debt service coverage trends have improved over time but will continue to require long-term focus to progress against industry benchmarks.

The Chair invited Mr. Harrison to present the report of the President and CEO. Mr. Harrison provided an update on the impact of the pandemic on the workforce, noting that as Citizens continues to strongly encourage vaccinations, safety protocols deployed to protect employees, customers and communities to mitigate the spread of COVID-19 have been maintained. He next reported that employees returned to the workplace on July 6, 2021, with many returning under Citizens' flexible work program allowing some employees the flexibility to continue working remotely. He explained that this pilot program allows for departmental flexibility based on position requirements and customer expectations and is designed for Citizens to achieve its strategic goal of becoming an employer of choice in central Indiana.

Acknowledging the impact of the pandemic on the community and Citizens customers, Mr. Harrison reminded the Board that because of service disconnect suspensions during the public health emergency caused by COVID-19, delinquent accounts continue to increase for all Citizens services. Mr. Harrison emphasized Citizens' outreach efforts to help customers maintain services by offering flexible payment arrangements and a compendium of resources to assist customers in need such as Warm Heart Warm Home Foundation, the Low-Income Customer Assistance Program (LICAP) for wastewater customers and the Low-Income Home Energy Assistance Program (LIHEAP) for gas customers.

Mr. Harrison reported on operational activities, noting that the DigIndy project is progressing well, under budget, and ahead of schedule. He was pleased to report that five of the six segments of the DigIndy tunnel system have been mined. He noted that as of the end of July, the 10-mile section for the system that is fully operational has prevented nearly 2.5 billion gallons of raw sewage discharges from entering local rivers and streams.

Mr. Harrison concluded his report by providing an update on certain external activities, including a recent milestone related to the 10 Thousand Trees initiative, a partnership between Citizens, Keep Indianapolis Beautiful (KIB), and the Indianapolis Department of Public Works. He reported that in March, the 5,000th tree was planted at Haughville Park on the city's west side. While helping to enhance the natural beauty of the neighborhoods we serve, ten thousand mature trees strategically planted in the combined sewer overflow (CSO) areas may provide up to a million gallons of stormwater storage during rain events thereby further reducing CSOs. He also reported the significance of this program to local youth who are hired to plant and maintain the trees.

Following Mr. Harrison's report, Ms. Karner was invited to present an update on the Citizens Strategic Plan. Ms. Karner reviewed Citizens' planning process, including strategies for employee and leadership engagement. She then reviewed the actions recommended and adopted for fiscal year 2022 which aligned under Citizens' pillars for customer satisfaction, employee engagement, financial integrity, and performance excellence. These actions included a pilot program to install low flow devices on water meters for select customer accounts and enhanced platforms to support employee development and retention.

There being no further business, the Chair adjourned the meeting.

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Jeffrey E. Good

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Jeffrey E. Good, Vice Chair
Board of Directors

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Jennett M. Hill

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Jennett M. Hill, Assistant Secretary
Board of Directors