

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF CITIZENS ENERGY GROUP
HELD FEBRUARY 9, 2011**

Pursuant to notice duly given and posted as required by law, the Regular Meeting of the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis convened at 8:00 a.m. EST, Wednesday, February 9, 2011, at the principal office of the Utility, 2020 North Meridian Street, Indianapolis, Indiana.

Board members present: Jeffrey E. Good, Anita J. Harden Dorothy J. Jones, Martha D. Lamkin, James M. McClelland, and Anne Nobles.

Present from the Utility: President and Chief Executive Officer Carey B. Lykins, Senior Vice President and Chief Financial Officer John R. Brehm, Senior Vice President and General Counsel and Assistant Secretary John R. Whitaker, Senior Vice President, Chief Administrative Officer M Jean Richcreek, Senior Vice President, Operations William A. Tracy, Vice President, Integration Aaron D. Johnson, Vice President, Customer Relationships Michael D. Strohl, Vice President, Information Technology John L. Lucas, Director, Environmental Stewardship Ann McIver, Director of Internal Audit Kristine D. Kuhn, Manager, Corporate Communication Dan C. Considine, and Counsel Ruth A. Hardy.

The meeting was called to order by Chairman Lamkin.

The minutes of the Annual Meeting of the Board of Directors held January 10, 2011 were approved as submitted.

Ms. Lamkin certified that the subject matter of the discussion during the Executive Session of the Board held immediately preceding the Meeting of the Board was solely limited to the item(s) set forth in the Public Notice attached as Exhibit "A."

Mr. Lykins indicated that on January 28, 2011, the Utility filed its thirty-day Gas Cost Adjustment (GCA-109) with the Indiana Utility Regulatory Commission (IURC) for the period of March 1, 2011 through May 31, 2011. The GCA109 rates compared to the February 2011 Monthly Update rates reflect an increase for all classes in the months of March and May 2011. April 2011 reflects a decrease in all classes. The GCA109 rates compared to the rates in effect one year ago reflect a decrease for the month of March for all three classes. The months of April and May reflect an increase for all three classes. In IURC Cause No. 37399-GCA75 (GCA75 Order), the IURC approved a settlement agreement with the Office of the Utility Consumer

Counselor which provides that the Utility may file monthly GCA rates with the IURC subsequent to the IURC's approval of the thirty-day GCA rates, and those monthly GCA rates may be implemented without further approval of the IURC. Due to the summary nature of these monthly GCA rate filings, separate Board approval of GCA rates will not be necessary each month. The following resolution was unanimously adopted:

RESOLVED by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis:

That the thirty-day filing of GCA-109 with the IURC for the period of March 1, 2011 through May 31, 2011 is hereby ratified, confirmed and approved. Pursuant to the terms of the monthly GCA mechanism, the management and staff hereby are authorized to modify the GCA rates for each of the months March 1, 2011 through May 31, 2011 in accordance with the terms of the GCA75 Order and the Order in Cause No. 37399-GCA109.
(CEG6-2011)

Ms. Lamkin reviewed the invoices paid for outside professional services for the Utility for the quarter ended December 31, 2010, as set forth in Exhibit "B." Ms. Harden and Ms. Nobles recused themselves. The following resolution was adopted:

RESOLVED by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis:

That the listing of payments for outside professional services, attached as Exhibit "B," is hereby ratified, confirmed, and approved.
(CEG7-2011)

Ms. Lamkin reviewed Quarterly Report No. 298 to be filed with the City Controller. The following resolution was unanimously adopted:

RESOLVED by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis:

That the necessary and appropriate officials of the Utility are hereby authorized and directed to file Quarterly Report No. 298, as of December 31, 2010, with the City Controller, attached as Exhibit "C."
(CEG8-2011)

Mr. Tracy asked for Board approval to extend the term of steam contract with National Starch from February 15, 2011 to February 15, 2013. This amendment would extend an existing agreement between Citizens Thermal and National Starch pursuant to which Citizens Thermal provides steam utility service to National Starch. The original agreement was approved by the IURC in April 2002 and has been effective since that time. National Starch is the fifth largest customer of the steam system in terms of sendout, and the agreement recognizes the importance of retaining that load. Additionally, under the agreement, Citizens Thermal has the right to interrupt high pressure steam service to National Starch and supplement it with low pressure

steam service, which enhances reliability of the high pressure steam system during periods of peak demand or outages. A copy of the amendment is attached as Exhibit “D.”

RESOLVED by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis:

That extension of the term of the steam contract with National Starch, attached as Exhibit “D,” from February 15, 2011 to February 15, 2013 is hereby approved.
(CEG9-2011)

Mr. Tracy then asked for Board approval of reinstatement and amendment of a gas transportation agreement between Citizens Gas and Indianapolis Power & Light Company (“IPL”), which would extend the term of the contract until June 16, 2020. The original agreement was approved by the IURC in October 2002. IPL requires timely and reliable transportation of significant volumes of natural gas on short notice, for electric power generation purposes. The unique nature of gas transportation for electric power generation requires special terms and conditions beyond the utility’s standard gas tariff. Unique scheduling and interruption provisions are required to assure reliable gas transportation for IPL and general system integrity for all Citizens Gas customers. IPL’s hourly demand requirements for gas transportation have increased in recent years and require effective management by both parties to avoid adverse system impacts. The agreement contains special provisions that take all of the foregoing requirements into consideration. A copy of the reinstatement agreement is attached (confidential trade secret information has been redacted) as Exhibit “E.”

RESOLVED by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis:

That reinstatement and amendment of a gas transportation agreement between Citizens Gas and Indianapolis Power & Light Company (confidential trade secret information has been redacted), attached as Exhibit “E,” extending the term of the contract until June 16, 2020, is hereby approved.
(CEG10-2011)

The Board led a discussion regarding the request to adopt the resolution, attached as Exhibit “F,” to establish a formal process for the subsequent resolutions that will have the effect of rule or law to preserve the ability to enforce programs that are outside the jurisdiction of the Indiana Utility Regulatory Commission (IURC). Presently Citizens steam and gas operations do not have programs enforceable outside of the IURC jurisdiction. For example, in the event that a conservation emergency needs to be declared in order to preserve the public safety elements and minimum pressure requirements for household uses, Citizens would need the ability to enforce conservation provisions.

A public hearing was held in accordance with Section 106 of the resolution. Ms. Lamkin then asked for comments from the public regarding the aforementioned resolution. Mr. Glenn Pratt, representing the Sierra Club, urged the Board to seek adequate engagement of informed stakeholders, including the public and regulatory bodies, before final regulations are adopted. Mr. Pratt also urged the Board to provide more public notice of hearing than one legal ad in the Indianapolis Star newspaper. Mr. Pratt also suggested adoption of a rulemaking process similar to that used by the State and Federal governments. Ms. Lamkin recognized and thanked Mr. Pratt for his comments. After discussion, the following resolution was unanimously adopted:

RESOLVED by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis:

That the request to adopt the resolution, attached as Exhibit "F," to establish a formal process for the subsequent resolutions that will have the effect of rule or law to preserve the ability to enforce programs that are outside the jurisdiction of the Indiana Utility Regulatory Commission (IURC) is hereby approved.
(CEG11-2011)

Mr. Tracy discussed the IUPUI/Clarian Life Science Corridor Development Project. IUPUI and Clarian plan to construct a Neuroscience Research Complex on the southwest corner of 16th Street and Senate Avenue. In mid December 2010, Clarian and Shiel Sexton ended their plans to co-develop buildings at the intersection of 16th Street and Capitol Avenue that were a part of Phase I and Phase 2 of the project. In late December, Citizens was informed that the State Budget Committee has indefinitely held approval on the Neurosciences project. Accordingly, IUPUI is unable to enter into any agreement for chilled water service at this time. The Clarian portion of the complex (the Neuroscience Center of Excellence) is being developed by Landmark Healthcare Facilities. Landmark has verbally committed to using Citizens' chilled water. IUPUI Research Building #1 has also verbally committed to using Citizens' chilled water. If Citizens' chilled water service is not available for the Neuroscience Center of Excellence complex, both Landmark Development and IUPUI would need to implement their own on-site HVAC solutions. Additionally, this area is perhaps the last major area with the Thermal Energy System territory that could be developed and connected to District Energy. Management believes the potential of this area to be one of the last opportunities in the City of Indianapolis to leverage the scale of the chilled water system.

Mr. Tracy also stated that Phase 1 of the Citizens system expansion would involve construction of a 24 inch or 30 inch diameter chilled water distribution line extension from 10th

to 16th Streets, providing approximately 7,000 tons of chilled water capacity to this area, which is more than adequate to meet the needs of the complex while allowing for future growth. Mr. Tracy also indicated that subsequent system expansions would continue through 2017.

Mr. McClelland stated that he believed potential risks are adequately mitigated by the significant growth potential offered by the Life Sciences Corridor development and moved the Board to approve the project. After discussion, the following resolution was adopted:

RESOLVED by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis:

That completion of negotiations with Landmark Health Care Facilities for chilled water service to the Neuroscience Center of Excellence Building, and

That construction of chilled water distribution lines from 10th Street and Capitol Avenue to 16th Street and Senate Avenue to service the Neuroscience complex, and

That negotiation of a contract with IUPUI for chilled water service to the IUPUI Research Building once the funds have been released for the construction of this building is hereby approved.
(CEG12-2011)

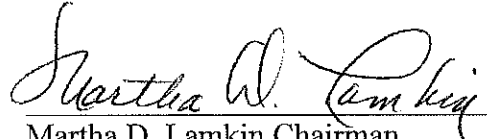
Mr. Brehm reviewed the financial reports and answered any questions. Mr. Good requested that Mr. Brehm discuss the level of natural gas in storage and the seasonal financial impact. Mr. Brehm explained that storage levels are at typical levels for this time of year and noted that financial impacts are being well managed.

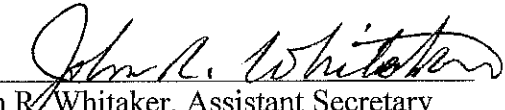
Mr. Lykins responded to questions regarding the Monthly Operational Status Report and discussed the Operational Model Chart from the Integration Design.

Public Comments:

Mr. Pratt expressed concern regarding the serious health threat posed by failing septic tanks throughout Marion County. Mr. Pratt informed the Board that while not opposing the utility transfer, he requested clarification of Citizens' position on future plans for the Septic Tank Elimination Program (STEP). Ms Lamkin then asked for comments from management present at the board meeting. Mr. Johnson stated that Citizens is committed to the approximate 7,000 STEP projects planned by the City by 2015, and added that the utility is further committed to working with all community stakeholders to pursue additional projects after the initial projects are complete, utilizing a cost benefit analysis that encompasses tangible and intangible costs associated with STEP projects, their environmental impact, overall community benefit and available funds.

There being no further business, the meeting adjourned at 9:00 a.m. EST.


Martha D. Lamkin Chairman


John R. Whitaker, Assistant Secretary

**MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS OF
CWA AUTHORITY, INC.
HELD FEBRUARY 9, 2011**

Pursuant to notice duly given and posted as required by law, the Meeting of the Board of Directors for CWA Authority, Inc. convened at 9:00 a.m. EST, Wednesday, February 9, 2011, at the principal office of the Utility, 2020 North Meridian Street, Indianapolis, Indiana.

Board members present: Jeffrey E. Good, Anita J. Harden Dorothy J. Jones, Martha D. Lamkin, James M. McClelland, and Anne Nobles.

Present from the Utility: President and Chief Executive Officer Carey B. Lykins, Senior Vice President and Chief Financial Officer John R. Brehm, Senior Vice President and General Counsel and Assistant Secretary John R. Whitaker, Senior Vice President, Chief Administrative Officer M Jean Richcreek, Senior Vice President, Operations William A. Tracy, Vice President, Integration Aaron D. Johnson, Vice President, Customer Relationships Michael D. Strohl, Vice President, Information Technology John L. Lucas, Director, Environmental Stewardship Ann McIver, Director of Internal Audit Kristine D. Kuhn, Manager, Corporate Communication Dan C. Considine, and Counsel Ruth A. Hardy.

The meeting was called to order by Chairman Lamkin.

The minutes of the Meeting of the Board of Directors held August 11, 2010, were approved as submitted.

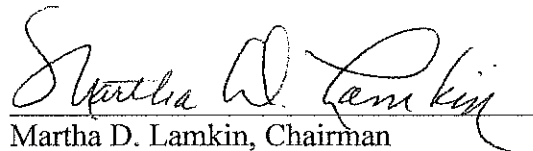
The Board led a discussion regarding the request to adopt Resolution No. CWA1-2011, attached as Exhibit "A," to establish a formal process for the subsequent resolutions that will have the effect of rule or law to preserve the ability to enforce programs that are outside the jurisdiction of the Indiana Utility Regulatory Commission (IURC). CWA Authority will be assuming the delegation (from the U.S. EPA) for the industrial pretreatment program, which requires permits to be issued to certain industrial users. These permits have compliance requirements, and we want to make sure that an alleged violation could not be challenged by a permit holder who would claim to have no notice of the applicable requirements or changes to those requirements. A public hearing was held in accordance with Section 106 of the resolution. Ms. Lamkin then asked for comments from the public regarding the aforementioned resolution. Mr. Glenn Pratt, representing the Sierra Club, urged the Board to seek adequate engagement of informed stakeholders, including the public and regulatory bodies, before final regulations are

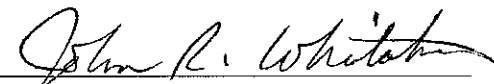
adopted. Mr. Pratt also urged the Board to provide more public notice of hearing than one legal ad in the Indianapolis Star newspaper. Mr. Pratt also suggested adoption of a rulemaking process similar to that used by the State and Federal governments. Ms. Lamkin recognized and thanked Mr. Pratt for his comments. After discussion, the following resolution was unanimously adopted:

RESOLVED by the Board of Directors for CWA Authority, Inc.:

That the request to adopt the resolution, attached as Exhibit "A," to establish a formal process for the subsequent resolutions that will have the effect of rule or law to preserve the ability to enforce programs that are outside the jurisdiction of the Indiana Utility Regulatory Commission (IURC) is hereby approved.
(CWA1-2011)

There being no further business, the meeting adjourned at 10:00 a.m. EST.


Martha D. Lamkin, Chairman


John R. Whitaker, Assistant Secretary