

**MINUTES OF THE JOINT MEETING  
OF THE BOARDS OF DIRECTORS OF  
CITIZENS ENERGY GROUP AND CWA AUTHORITY, INC.  
HELD MAY 15, 2019**

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 at 10:00 a.m., EST, Wednesday, May 15, 2019, at the offices of Citizens Energy Group (“Citizens”), 2150 Dr. Martin Luther King, Jr. Street, Indianapolis, Indiana.

All Board members were present at the meeting: Daniel C. Appel (Chair), Moira M. Carlstedt, Jeffrey E. Good, Christia Hicks, J.A. Lacy, Anne Nobles, Maria M. Quintana, Phillip A. Terry, and Joseph E. Whitsett.

Present from Citizens: President and Chief Executive Officer, Jeffery 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 Capital Programs and Engineering, Mark C. Jacob; Vice President and Controller, Sabine E. Karner; Vice President of Information Technology, John F. Lucas; Vice President of Customer Operations, Curtis H. Popp; Vice President of Regulatory and External Affairs, LaTona S. Prentice; Vice President of Human Resources and Chief Diversity Officer, Jodi L. Whitney; Vice President of Water Operations, Jeffrey A. Willman; Director of Treasury, Sara Mamuska-Morris; Director of Government and External Affairs, Joseph M. Sutherland; and Manager, External Affairs & Special Projects, Shannon Stahley.

The meeting was called to order by the Chair of the Board.

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 meeting of the Boards of Directors of Citizens Energy Group and CWA Authority, Inc. held on February 20, 2019. Thereafter, and upon a motion

duly made and seconded, the Board unanimously approved the minutes of the special joint meeting of the Boards of Directors of Citizens Energy Group and CWA Authority, Inc. held on April 17, 2019.

The Chair certified that the subjects discussed during the Executive Sessions of the Board held on April 17, 2019 and May 15, 2019 were limited solely to the items set forth in the Public Notices, attached as Exhibits “A” and “B”.

The Chair addressed management’s request to approve the filing set forth in Fuel Cost Adjustment (FAC) 53. Upon a motion duly made and seconded, the Citizens 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 the FAC 53 rate of \$0.42668 to be effective May 1, 2019, subject to approval by the IURC, is hereby ratified and approved.

The Chair also addressed management’s request to approve the filing set forth in Gas Cost Adjustment (GCA) 142. Upon a motion duly made and seconded, the Citizens 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 the updated filing of the proposed GCA rates in Cause No. 37399 GCA 142 with the IURC for the months of June, July and August 2019 is hereby 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 June, July and August 2019 in accordance with the terms of the GCA75 Order and the Order in Cause No. 37399 GCA 142, which is expected to be approved by the IURC in May, 2019.

Next, the Chair invited Mr. Good to provide a report from the Audit and Risk Committee (the “Audit Committee”). Mr. Good reported that Mr. Popp provided an overview of the Customer Information System project that Citizens plans to implement next year (“CIS2020”). He reported that several years of careful evaluation, assessment and planning led the team to the decision to replace the old billing system. He noted that given the significance of the CIS2020 project, in addition to internal audit, an independent third party provides quality assurance reviews to the project team.

Mr. Good next reported that Ms. Mamuska-Morris updated the Audit Committee on the enterprise risk management (“ERM”) process. He noted that ERM is integrated into the business process and that it

needs to be a dynamic process to identify emerging risks. He reported that Mr. Willman presented to the Audit Committee risk mitigation strategies concerning drinking water quality. He also reported that Ms. Mamuska-Morris addressed with the Audit Committee an updated ranking of residual risks.

Mr. Good then reported that Mr. Siefer provided the Audit Committee with an update on internal audit activities noting that the department is on track with the current audit plan. The Audit Committee was presented with the proposed annual risk-based Internal Audit plan. Mr. Good reported that this plan places an emphasis on internal audit's support of CIS2020 and third party risk management. The Audit Committee recommended to the Board approval of the proposed annual risk-based Internal Audit plan. Upon a motion duly made and seconded, the Board unanimously approved the annual risk-based Internal Audit plan.

Mr. Good also reported that during the second quarter, new estimates were determined for depreciation impacting equity and net income. He did note that increases in net income were needed to cover utility debt. He acknowledged that the Audit Committee was satisfied with the preliminary Fiscal Year 2019 Second Quarter Financial Statements for Citizens Energy Group and CWA Authority, Inc. and recommended approval to the Board. Upon a motion duly made and seconded, the Board unanimously approved the preliminary Fiscal Year 2019 Second Quarter Financial Statements for Citizens Energy Group and CWA Authority, Inc.

Mr. Good concluded his report to the Board noting that the external audit firm, Deloitte and Touche LLP ("Deloitte"), had substantially completed its quarterly review and had no issues to report to the Audit Committee.

The Chair invited Mr. Lacy to provide a report from the Wastewater Resources Executive Committee ("Wastewater Committee"). Mr. Lacy reported that the Wastewater Committee held a meeting on April 17, 2019 and reviewed financial highlights for the wastewater utility system, noting that debt for the utility system remains high, as projected. He commented on the joint report delivered by Mr. Willman and Mr. Jacob to the Wastewater Committee concerning wastewater operations and capital programs. He highlighted that the decision to insource wastewater operations in 2017 has yielded a number of positive outcomes including a \$7 million reduction in operations expenses and a 21 percent reduction in solid waste

disposal. He commended Citizens for reaching a new milestone in the DigIndy project: since the opening of the first ten miles of the DigIndy Tunnel System in December, 2017, more than one billion gallons of sewage have been captured and treated diverting the overflows from White River and Eagle Creek. Mr. Lacy noted that recently the Board toured various DigIndy surface projects, including the Upper Pogue's Run CSO (combined sewer overflow) Reduction project, which included plans to restore the park upon completion of the project. Considering management's ability to be creative in finding savings and its efforts to keep our waterways clean, he noted that the scope of the projects and careful coordination with the community and its stakeholders was impressive. The Chair thanked Mr. Lacy for his report and concurred with Mr. Lacy's observation adding that the tours help the Board understand the scope of the projects and that he is increasingly impressed with Citizens' ability to engineer creative solutions.

The Chair invited Mr. Brehm to provide a financial report. Mr. Brehm noted that with the end of the heating season, net income for the gas and thermal utilities peaked in March. He reported that overall liquidity is good and that debt service coverage ratios are essentially on plan so as to maintain Citizens' credit ratings.

Mr. Harrison was invited to present the report of the President and CEO. Mr. Harrison reported that Citizens Reservoir was on track for completion by year-end 2020 and will provide approximately 3.2 billion gallons of additional water storage capacity for our water system. He also expanded on Mr. Lacy's report of the DigIndy Tunnel System milestone highlighting that mining had been completed for more than half of the 28-mile DigIndy Tunnel System, which is now ahead of schedule and approximately \$400 million below the original budget. Upon inquiry from the Board, Mr. Harrison and Mr. Willman provided an update concerning the status of various intake projects, noting that Citizens' White River-to-Canal intake was in place and fully functional and that the construction of the Broad Ripple floodgate was progressing. With respect to the 16<sup>th</sup> Street dam, the team continues to review and consider optimal locations for the relocation of the dam and, in so doing, is partnering with the White River Envisioning Task Force. Mr. Harrison concluded his report to the Board by recognizing Moira M. Carlstedt, President and CEO of Indianapolis Neighborhood and Housing Partnership (INHP) and board member of Citizens Energy Group. He remarked

that Ms. Carlstedt was presented with the John L. Krauss Award for Public Policy Innovation, an award that recognizes an individual or entity for applied research or activity that helps the state of Indiana and/or Indiana communities with real-world solutions.

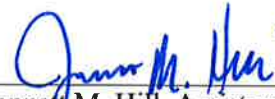
Following Mr. Harrison's report, Mr. Sutherland provided a recap of the 2019 Indiana General Assembly legislative session. He noted that the Indiana General Assembly passed four bills during the session that will impact Citizens, mainly its water and wastewater operations. He first addressed Senate Enrolled Act (SEA) 4 and companion bill House Enrolled Act (HEA) 1406 reporting that, together, the acts enhanced authority for the Indiana Finance Authority (IFA) to support infrastructure investment, established a separate Storm Water Task Force, and expanded upon Best Management Practices (BMP) outlined in last year's legislation. The BMP now requires water utilities to perform annual non-revenue water audits. He next discussed SEA 472 noting that this legislation amended the definition of small utilities from those with 5,000 customers to 8,000 and modified the statute governing forced connections for sewer and unsewered customers. He concluded his report with an update on SEA 240 noting that language was added to the current statutes that may enhance utility worker protections.

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



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Anne Nobles, Vice Chair  
Board of Directors



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Jennifer M. Hill, Assistant Secretary  
Board of Directors