

**MINUTES OF THE JOINT MEETING  
OF THE BOARDS OF DIRECTORS OF  
CITIZENS ENERGY GROUP AND CWA AUTHORITY, INC.  
HELD SEPTEMBER 30, 2020**

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 8:20 a.m., EST, Wednesday, September 30, 2020, consistent with prevailing executive orders governing such meetings resulting from the Governor’s declaration of a public health emergency for the coronavirus disease 2019 outbreak (COVID-19).

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

Present from Citizens Energy Group (“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, J.P. Ghio; 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 Corporate Affairs, Jeff Brown; and Senior Manager of Corporate Affairs, Shannon Stahley.

Also present at the meeting was David Wathen, Director and Executive Compensation Practice Leader with Willis Towers Watson (“WTW”).

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 Assistant Secretary.

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 Boards of Directors of Citizens Energy Group and CWA Authority, Inc. held on February 19, 2020 and June 17, 2020 by roll call vote; viz:

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

The Chair certified that the subjects discussed during the Executive Sessions of the Board held on June 17, 2020 and September 30, 2020 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) 59. Upon a motion duly made and seconded, the Citizens Board unanimously approved the following resolution by roll call vote; viz:

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

**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 59 of \$0.55649 to be effective November 1, 2020, subject to approval by the Indiana Utility Regulatory Commission is hereby approved.

The Chair also addressed management’s request to approve the filing set forth in Gas Cost Adjustment (GCA) 147. Upon a motion duly made and seconded, the Citizens Board unanimously approved the following resolution by roll call vote; viz:

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

**RESOLVED** by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis that the updated filing with the Indiana Utility Regulatory Commission (“IURC”) for the proposed gas cost adjustment (“GCA”) rates in Cause No. 37399-GCA 147 for September, October and November 2020 is hereby approved and ratified. Pursuant to the terms of the monthly GCA mechanism, the management and staff hereby are authorized to modify the GCA rates for September, October and November 2020 in accordance with the terms of Cause No. 37399-GCA 75 Order and the Order in Cause No. 37399-GCA 147, which were approved by the IURC in August, 2020.

Next, the Chair invited Mr. Terry to provide a report from the Compensation and Finance Committee (the “Committee”). Mr. Terry requested that Mr. Watson present the WTW Executive Compensation Benchmarking Analysis for fiscal year 2021. Following Mr. Wathen’s report, Mr. Terry reviewed with the Board the Committee’s recommendation for the Board’s consideration and approval. 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, Good, Hicks, Lacy, Nobles, Quintana, Terry, and Whitsett*

**WHEREAS**, by statute, the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis (the “Board”) has the “exclusive government, management, regulation and control of all public utilities consisting of any waterworks, gasworks . . . heating and power plants of any kind [owned and] operated [by the Board] . . . within the city, or outside the city . . .” IC 8-1-11.1-3(a); and

**WHEREAS**, the Board also has the statutory power to “employ such managers . . . and other employees necessary for the proper carrying on and operation of any such utility plant or plants . . . and to fix the compensation of all such employees” and in so doing “shall consider character, training, and general expert and executive fitness and experience for the position in the particular utility to which such [executive] is to be assigned as the necessary requirements . . .” IC 8-1-11.1-3(c)(4); and

**WHEREAS**, the Board has periodically reviewed and made necessary changes in the base pay and other compensation for executives employed by the Department of Public Utilities of the City of Indianapolis d/b/a Citizens Energy Group based upon the recommendations of the Compensation and Finance Committee of the Board (the “Committee”) and its consideration of an analysis of executive compensation performed by a third-party compensation expert and other factors, such as the current level of compensation in the primary market for executive talent necessary to perform the duties of each executive position within Citizens Energy Group; and

**WHEREAS**, the Committee engaged leading compensation consultant Willis Towers Watson to prepare for its consideration and the Board’s information a competitive benchmarking analysis for certain executive positions within Citizens Energy Group; and

**WHEREAS**, on September 23, 2020, Mr. David Wathen of Willis Towers Watson presented to the Committee the executive compensation benchmarking analysis and proposed compensation adjustments for fiscal year 2021 and the Committee indicated that it would take the information in the analysis under advisement in making recommendations to the Board for its use in setting executive compensation for the fiscal year (“FY”) beginning October 1, 2020; and

**WHEREAS**, by Memorandum dated September 30, 2020, Jeffrey A. Harrison, President and CEO, and Jodi L. Whitney, Vice President for Human Resources and Chief Diversity Officer, recommended the following two items to the Committee for its consideration—Item 1: Fiscal Year 2021 Base Pay Recommendation (supported by the

September 30, 2020 Willis Towers Watson Executive Compensation Benchmarking Analysis and the Proposed FY2021 Compensation Increases) and Item 2: Recommendation of Short Term Incentive Plan (STIP) Framework for FY2021; and

**WHEREAS**, based upon the recommendation of the Committee, input from officers of Citizens Energy Group who are responsible for the delivery of utility services provided by seven regulated utilities, and consideration of other factors, the Board has determined that (a) the primary market for talent for the officers of Citizens Energy Group consists of a blended peer group of public power utilities and investor owned utilities with annual revenues between one-half to two times the annual revenues of Citizens Energy Group, (b) the secondary market reference point for an officer performing a functional role should be general industry, (c) the targeted market pay position should be the market 50<sup>th</sup> percentile, and (d) the targeted market pay component should be target total direct compensation; and

**WHEREAS**, based upon the foregoing, the Board continues to believe that the primary market for talent necessary to perform the duties of each executive position within Citizens Energy Group consists of a peer group of utilities made up of a blend of similarly-sized public power utilities and investor owned utilities.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS FOR UTILITIES OF THE DEPARTMENT OF PUBLIC UTILITIES OF THE CITY OF INDIANAPOLIS (the “Board”), that:**

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

**SECTION 2.** After consultation with Willis Towers Watson, review of the Willis Towers Watson (“WTW”) Executive Compensation Benchmarking Analysis for FY2021 (Executive Summary) dated September 30, 2020 (a copy of which is attached hereto as Attachment “A”) and the Committee’s recommendations to the Board, the Board hereby adopts the compensation set forth in Attachment “B” for each of the listed officers for the fiscal year beginning October 1, 2020.

**SECTION 3.** The Board, by recommendation of the Committee and having considered the necessary and appropriate measures for inclusion in the STIP Plan for fiscal year (“FY”) 2021, hereby adopts the financial trigger and performance measures (overall customer satisfaction, safety and cost containment) set forth in the FY2021 Short Term Incentive Pay Plan (a copy of which is attached hereto as Attachment “C”).

Mr. Terry next acknowledged that the Committee was satisfied with the proposed budget and forecast for fiscal year 2021 for Citizens Energy Group and CWA Authority, Inc. (as outlined in the Citizens Energy Group and CWA Authority, Inc. Fiscal Year 2021 Budget and 2020-2025 Forecast) and recommended approval of the same to the Board. Upon a motion duly made and seconded, the Board unanimously approved the Citizens Energy Group and CWA Authority, Inc. Fiscal Year 2021 Budget and 2020-2025 Forecast with a roll call vote; viz:

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

Mr. Terry also reported that it recommends for approval to the Board the customer benefit distribution for 2021. Upon a motion duly made and seconded, the Citizens Board unanimously approved the following resolution by roll call vote; viz:

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

**BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS FOR UTILITIES OF THE DEPARTMENT OF PUBLIC UTILITIES OF THE CITY OF INDIANAPOLIS (the “Board”)** that the necessary and appropriate officers of Citizens Energy Group are hereby authorized and directed to file a gas rate decrease to reflect the Customer Benefit Policy distribution approved by the Board, which represents an overall decrease of Four Hundred and Ten Thousand Dollars (\$410,000.00) for 2021.

The Chair invited Mr. Brehm to provide a financial report. Mr. Brehm reviewed and recommended approval of the proposed Disposition of Funds – Estimated for Fiscal Year Ended September 30, 2021 (attached as Exhibit “C”), to be filed with the city of Indianapolis. Upon a motion duly made and seconded, the Board unanimously approved the Disposition of Funds – Estimated for Fiscal Year Ended September 30, 2021 with a roll call vote; viz:

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

The Chair invited Mr. Harrison to present the report of the President and CEO. Mr. Harrison reported on operational activities, noting that all businesses were operating without disruption of service to customers notwithstanding the public health emergency resulting from COVID-19. These activities included progress on construction projects such as DigIndy and Citizens Reservoir. He also reported that Citizens continues to amplify its outreach efforts to keep customers connected during the pandemic, despite having 14,000 customers eligible for disconnection. He noted that currently, over 6,600 accounts had active payment arrangements, with some extending up to twelve months. He also cautioned that presently, bad debt expense is projected to be \$1.7 million higher than normal for the gas, water and wastewater utilities combined at year-end for fiscal year 2020.

Following discussion, and with no further business, the Chair adjourned the meeting.

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*Anne Nobles*

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Anne Nobles, Chair  
Board of Directors

DocuSigned by:

*Jennett M. Hill*

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Jennett M. Hill, Assistant Secretary  
Board of Directors