

April 10, 2026

Office of the Indianapolis – Marion County City-County Council
200 E. Washington St.
Indianapolis, IN 46204

Re: Citizens-Lebanon Water Supply Program

Councilor Dan Boots, and Councilors of the City-County Council,

Thank you again for your recent letter regarding the Citizens-Lebanon Water Supply Program (CLWSP). One observation is that it is clear we all agree on ensuring the preservation of the Eagle Creek Reservoir and the surrounding ecosystem. Another observation is that many of the other issues outlined in the letter have been discussed openly in public meetings and information sessions, and with key stakeholder groups including the City-County Council. Citizens has enjoyed the collaboration with the Council on many topics, and we believe that collaboration will help allay the concerns you outlined in your letter.

As a public charitable trust, Citizens Energy Group's highest priority has been (and will always be) serving, providing benefit to, and enhancing the well-being of our customers and beneficiaries—all residents of Marion County. We fulfill this mission in several ways, including delivering safe, reliable, and affordable utility services and owning and managing key assets both inside and outside of Marion County. In fact, one of the foundational tenets of the public charitable trust is to shield decision-making from short-term actions that are driven by politics and instead prioritize long-term strategies developed by subject matter experts.

For example, our average residential natural gas bills are consistently among the lowest of Indiana's 19 regulated natural gas utilities according to the Indiana Utility Regulatory Commission (IURC), thanks in part to our ownership and operation of significant natural gas storage fields in Greene County and gas transmission mains that traverse a dozen counties.

Similarly, Citizens operates a robust regional water system over an eight-county area in Central Indiana. Since acquiring the water and wastewater utilities from the City of Indianapolis in 2011, Citizens has developed a 50-year water resource plan and added 50+ million gallons per day (MGD) of supply and 100+ MGD of water transfer capacity to our system. In 2021, we added more than 3 billion gallons of storage capacity with the development of Citizens Reservoir, which is situated in Hamilton County alongside Geist Reservoir. These improvements have strengthened the region's drought resilience and lessened dependence on other water supply assets, including the T.W. Moses Water Treatment Plant and Eagle Creek Reservoir.

With the acquisition came eight wholesale customers, all of which are outside of Marion County. Citizens (and previously Veolia, under the City's ownership) has served portions of Boone County for more than 25 years, providing retail service in Zionsville and supplying Whitestown with 100 percent of their water as a wholesale customer. Citizens has always operated as a regional water utility; this is not new.

As the water utility that serves the majority of Central Indiana, Citizens must think broadly and consider the best interests of all communities on issues related to regional water supply planning and management, consistent with State policy. While Citizens Water assets are located in eight counties and many municipalities, it is critically important that all assets be managed as one system that benefits the entire region, and that county and/or municipal boundaries do not limit or impair the delivery of safe, reliable, and affordable service across the region.

Current Citizens customers, particularly in the northwest portion of our service area, will benefit from the CLWSP by way of improved service stability, increased water pressure, and 450 fire hydrants, along with roughly \$565 million worth of new water infrastructure funded by the Indiana Drinking Water State Revolving Fund—not customer rates.

On the subject of rates, the commitment Citizens has made to protect our current customers from footing the bill for the CLWSP is not a “so-called pledge of ‘No Ratepayer Cost Increases’”; it is a fact. When considering drinking water treatment needs, there are many factors that produce algae blooms, as opposed to the conjectured increase in phosphorus alone. Lebanon Utilities will be required to take all those factors into account in their design. Additional directives from IDEM will be enforced to control higher exposures to any kind of pollutant, including phosphorous. From a cost standpoint, Citizens has never made any differentiation between infrastructure costs and operational costs with this program. Lebanon Utilities water rates will cover both.

More generally, customer rates do not automatically increase when water-treatment costs increase. Rates only change upon approval from the Indiana Utility Regulatory Commission (IURC), through the filing of a petition to the IURC to increase rates through a rate case where all costs and terms of service of the utility are evaluated in depth. Citizens Water last had a rate case to increase rates in 2016, which is testament to our commitment to customer affordability. A key element of any rate case is a cost-of-service study, in which identifiable costs are attributable to the customer class that is the “cost causer.” That information is used by the IURC to translate all costs into specific customer rates that will differ based on the type of service, such as residential, commercial, or industrial.

In addition, the health and sustainability of Central Indiana's water resources are of paramount importance to a thriving region. Our commitment to stewarding these resources responsibly is not a PR statement; it is a fundamental tenet of our very structure and our existence as a regulated water utility. Our 50-year water-withdrawal contract with the City to manage Eagle Creek Reservoir reflects that commitment.

Since its inception, the water withdrawal contract has included limits on the amount of water that can be withdrawn for drinking water production purposes and minimum downstream flow requirements. Citizens has consistently operated within all contract parameters related to Eagle Creek Reservoir and will continue to do so in the future.

Further, Citizens has agreed to provide up to 25 MGD by 2031 to Lebanon Utilities. We have neither agreed to nor discussed providing water to Lebanon Utilities (or the LEAP District directly) in any amount exceeding 25 MGD. Neither Lebanon Utilities nor IEDC has the power to compel Citizens to provide water to Lebanon Utilities in any amount exceeding 25 MGD.

This program reflects years of structured planning, technical evaluation, and data analysis, not a rushed or reactive decision. Citizens maintains an ongoing, 50-year water supply plan for the entire region. The water supply projects that are part of the CLWSP – including the T.W. Moses Water Treatment Plant upgrade – are not new or improvised. They have been part of the Citizens long-term strategy for years. All proposed system upgrades underwent rigorous expert study and were evaluated through detailed engineering analyses and reviews well before any formal decisions were made.

Additionally, multiple independent studies confirm that the Eagle Creek system provides more than sufficient daily flow to support an additional 1-3 MGD withdrawal. In fact, Citizens total withdrawals will represent only about 14 percent of the water moving into and out of Eagle Creek on a typical day, demonstrating that the system has ample capacity to support current and future needs. As a result, Citizens will not be conducting further studies. Citizens has a fundamental responsibility to ensure the availability of adequate drinking water for all our customers. We have a legal obligation to meet those drinking water needs. We would not commit to a program like CLWSP unless we were certain that it would have no negative effects on our current customers.

Citizens has deeply appreciated the partnership and collaboration of Lebanon Utilities as this complex program has been developed. We support their thoughtful process in evaluating the best alternative for treated water discharge. Today Lebanon Utilities sends treated water to Prairie Creek, and we expect that to continue until all possible outfall options have been fully vetted and the most appropriate option approved by IDEM. Citizens remains committed to working alongside them throughout this process and in coordination with regulators.

As Citizens continues to collaborate with Lebanon Utilities and the State of Indiana on water supply and treatment requirements for the LEAP District, we will manage plans accordingly and continue to engage with a variety of stakeholders, including the City of Indianapolis and the City-County Council. Statements that misrepresent Citizens business practices and call into question the integrity of our organization serve no purpose except to impede meaningful and respectful dialogue. Citizens remains committed to transparency, professionalism and open communication. We call upon all stakeholders to conduct themselves in the same manner.

Demonstrating Citizens ongoing commitment to transparency, we have included with this letter a document entitled “Citizens-Lebanon Water Supply Program – Myths vs. Facts.” This document addresses reoccurring misconceptions about the program by stating facts.

Safeguarding Central Indiana’s water resources and enhancing the well-being of our customers and beneficiaries will remain our top priorities throughout the life of this program.

As always, the most recent and complete program facts are available at www.citizensenergygroup.com/CLWSP.

Thank you again for your letter.

Jeffrey A. Harrison
President & CEO
Citizens Energy Group

With copies to:

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