

Quarterly Financial Report

Q3 - 2025

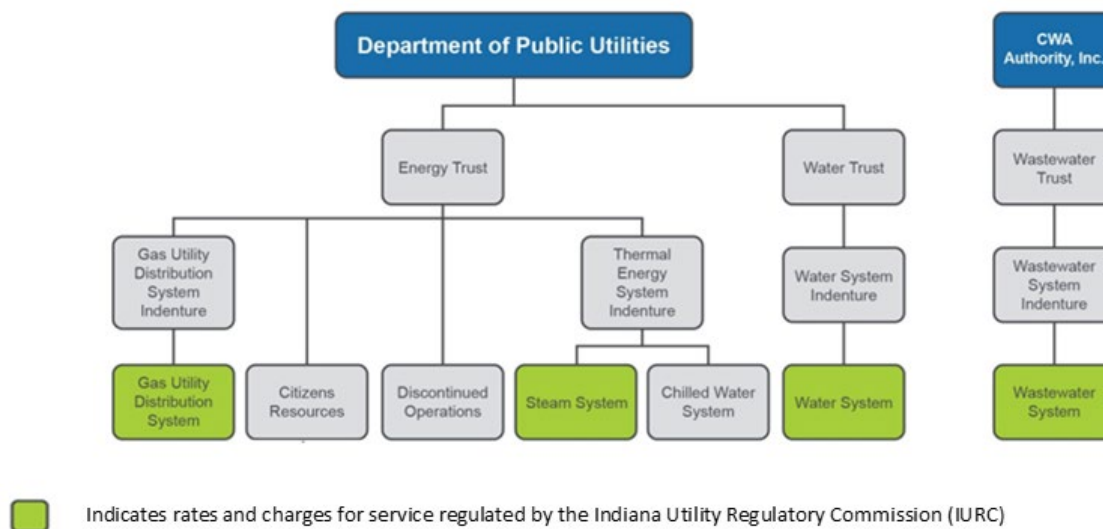
MANAGEMENT DISCUSSION AND ANALYSIS

Forward-looking Statements

Certain matters discussed in this report, except historical information, include forward-looking statements. The forward-looking statements herein are necessarily based on various assumptions and estimates, are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements contained in this Management Discussion and Analysis would prove to be accurate. We do not undertake to update or revise any forward-looking statement as a result of future events, new information, or otherwise.

Organization Structure

The chart below provides a diagram of the organization structure of Citizens Energy Group and CWA Authority, Inc. (CWA). The organization structure is further described and explained below the chart.



Citizens Energy Group (Citizens) is the trade name in which the Department of Public Utilities of the City of Indianapolis, Indiana (the Department) acting by and through its Board of Directors (the Board) for Utilities functions. The Department was formed in 1929 pursuant to a state statute (now IC 8-1-11.1, the Act) adopted by the Indiana legislature to provide the governance structure for the City of Indianapolis to act as a successor trustee of a public charitable trust (the Energy Trust) providing natural gas utility services in the City of Indianapolis and to own and operate other utility systems serving areas within and outside the City of Indianapolis. The Department is the governmental entity that owns the Energy Trust and Water Trust assets described below. Each trust is not an entity, but rather defines the nature in which the assets are held by the Department and the obligation imposed upon the Department to manage and operate those assets in accordance with the trust purposes which include the obligations to operate the facilities in public trust for the benefit of the inhabitants of Marion County, free from the influences of partisan political control or private interests. To preserve freedom from partisan political control, the Act creates the Board of Trustees (the Trustees) as a self-perpetuating body entrusted with the power to appoint the members of the Board annually. This two-board structure provides for oversight of the Board by the Trustees. Further, the Act intentionally insulates the Department from political control by isolating the two boards from the Mayor of Indianapolis or the City's legislative bodies.

The Gas Utility Distribution System, the Thermal Energy System, Citizens Resources, and certain other properties are subject to the Energy Trust. The Water System is subject to a separate public charitable trust (the Water Trust) that operates in substantially the same manner as the Energy Trust.

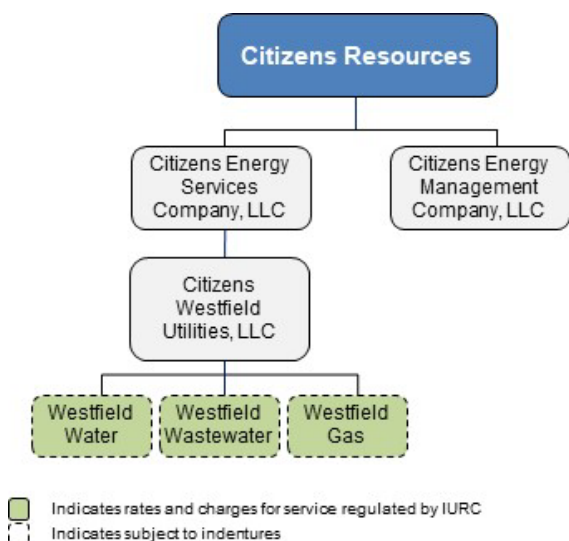
The Wastewater System is owned by CWA, a separate nonprofit corporation, which through an interlocal agreement entered into by and among Citizens, the City of Indianapolis, and the Sanitary District of the City (the "District"), acting by

and through its Board of Public Works, pursuant to Indiana Code 36-1-7, has the power to exercise all rights and powers of Citizens, the City, and the District in connection with the provision of wastewater utility services, excluding in the case of the City and the District, taxing power and taxing authority. CWA's board of directors comprises the same individuals who serve on the Board. The Wastewater System is managed by employees of Citizens under an operating agreement between Citizens and CWA. CWA is subject to a separate public charitable trust (the Wastewater Trust) that operates in substantially the same manner as the Energy Trust and the Water Trust.

Separate indentures exist to issue debt obligations for the Gas Utility Distribution System, the Thermal Energy System, the Water System, and the Wastewater System. Each indenture captures only the revenues from the respective System, pays the operating expenses of that System and then debt service on revenue bonds of that System. This structure is designed to achieve the desired separation of each System from other Systems or business segments owned or operated by Citizens and CWA. Each indenture permits Citizens or CWA, as applicable, authority to use residual revenues for other purposes permitted by the language of the respective indenture. Citizens' water indenture and CWA's wastewater indentures, however, permit only the use of the excess revenues for the water and wastewater systems, respectively.

In addition, as described above, each trust (i.e., the Energy Trust, the Water Trust, and the Wastewater Trust) exists separately from the other trusts. Thus, there are three separate public charitable trusts, each with a governmental entity serving as the trustee (the Energy Trust and the Water Trust assets being owned by the Department and the Wastewater Trust assets being owned by CWA). These separate trusts are designed to insulate one trust from liability for obligations of another trust, based on basic trust principles that two separate trusts do not become jointly liable solely because the same entity is the trustee of both.

The result of the foregoing is that Citizens and CWA have five distinct cash flow sources in which debt is isolated: (1) the Gas Utility Distribution System; (2) the Thermal Energy System; (3) the Water System; (4) the Wastewater System; (collectively, the four Systems) and (5) Citizens Resources. The cash flow for the four Systems is governed by the respective indentures for each System, which restricts the use of income and revenues of a respective System to the payment of operating expenses and debt service of the respective System before allowing any other use of funds by the System. The fifth source, Citizens Resources is a separate corporation whose stock is owned by the Department in its capacity as trustee of the Energy Trust. The preservation of the corporate organization form of Citizens Resources and its ability to operate for-profit businesses in furtherance of the Energy Trust purposes was specifically authorized by the



Act. The assets, liabilities and operations of Citizens Resources are by design isolated within the separate corporate structure of Citizens Resources, as a subsidiary corporation of Citizens, and each of the direct and indirect subsidiaries of Citizens Resources is a limited liability company or corporation designed to limit the liability of the immediate parent to its investment in the subsidiary.¹ Those structures do not insulate the parent from liability for an express assumed contractual liability or guaranty or for the parent's own acts or omissions. In addition to the separate trusts for the Water System and the Wastewater System, those structures along with certain provisions of the Operating Agreements and applicable trust indentures of such subsidiaries of Citizens Resources are the primary protection of Citizens' cash flow from any financial losses in Citizens Resources or its subsidiaries and affiliates.² Profits of Citizens Resources may roll up to Citizens through dividends declared by the board of Citizens Resources, but Citizens' exposure to liabilities of Citizens Resources should be limited by its corporate structure (and by that of its subsidiaries) and thus not imposed as a burden on the cash flows available in any System. See nearby for a diagram of Citizens Resources' organizational structure.

¹ Under public policy reflected in state law governing corporations and limited liability companies ("LLCs"), the parent stockholder of a subsidiary corporation or the parent member of a subsidiary LLC is given substantial protection against liability for the acts or debts of the subsidiary, subject to the established inherent limitations of these structures under such applicable state law.

² Since Citizens includes the results of operations of Citizens Resources and its subsidiaries and affiliates in its condensed combined financial statements, an accounting loss within Citizens Resources will be reflected in Citizens' condensed combined financial statements. This accounting result, though, does not create the basis upon which the liabilities of Citizens Resources or its subsidiaries or affiliates can be imposed upon Citizens or the cash flows held under any Indentures.

FINANCIAL RESULTS

The tables and discussion below summarize the financial results for each segment (in millions) and present an analysis of the results of our operations for the three months and nine months ended June 30, 2025, and 2024. Because of the seasonal nature of the various business units, results of operations for the period ended June 30, 2025, are not necessarily indicative of the results of operations to be expected for the full fiscal year. For a more detailed understanding of these results, see the following notes to the condensed combined financial statements:

- Note 1C – Global Supply Chain and Related Economic Impacts
- Note 3 – Long-Term Debt
- Note 5 – Revenue Recognition
- Note 6 – Financial Segment Information
- Note 9 – Discontinued Operations and Related Asset Retirement Obligations
- Note 10 – Rate and Regulatory Matters
- Note 11 – Commitments and Contingencies

SHARED SERVICES

Shared Services is comprised of various administrative and operational departments which provide support services to each of Citizens and CWA business segments and the combined enterprise as a whole, allocating the associated cost of the services to the appropriate segment. Management reviews the allocation methodology for shared services on a regular basis and refines the methodology as necessary.

	Quarter-to-Date vs. Prior Year			Year-to-Date vs. Prior Year		
	Three Months Ended Jun 30			Nine Months Ended Jun 30		
	2025	2024	Change	2025	2024	Change
Shared Services Expenses	\$ 27.4	\$ 27.2	\$ 0.2	\$ 83.6	\$ 82.8	\$ 0.8

These costs have been allocated to the appropriate business units and are reflected in the explanations that follow.

Three Months Ended June 30, 2025 as Compared with 2024

Shared services expenses were \$0.2 million higher, driven primarily by increases in various operating expenses, none of which were individually significant, partially offset by reduced non-service pension and other post-employment benefit costs.

Nine Months Ended June 30, 2025 as Compared with 2024

Shared services expenses were \$0.8 million higher, largely driven by increased employee-related costs and various operating expenses, none of which were individually significant. These increases were partially offset by reduced non-service pension and other post-employment benefit costs.

GAS

	Quarter-to-Date vs. Prior Year			Year-to-Date vs. Prior Year		
	Three Months Ended Jun 30			Nine Months Ended Jun 30.		
	2025	2024	Change	2025	2024	Change
Operating revenues	\$ 49.0	\$ 35.9	\$ 13.1	\$ 242.3	\$ 224.1	\$ 18.2
Cost of goods sold	18.5	8.3	10.2	111.1	94.3	16.8
Margin	30.5	27.6	2.9	131.2	129.8	1.4
Other operating expenses	25.7	23.5	2.2	78.3	74.3	4.0
Operating income (loss)	4.8	4.1	0.7	52.9	55.5	(2.6)
Other income (expense), net	2.5	1.8	0.7	6.7	4.0	2.7
Interest charges	0.9	0.9	-	2.6	3.0	(0.4)
Segment income (loss)	\$ 6.4	\$ 5.0	\$ 1.4	\$ 57.0	\$ 56.5	\$ 0.5
Volume sales, million Dth						
Retail	3.8	2.7	1.1	28.0	24.4	3.6
Transportation	3.5	3.4	0.1	13.0	13.0	-
Power generation and other	13.8	14.4	(0.6)	32.9	40.0	(7.1)
Cost of gas sold, per Dth	\$ 4.35	\$ 2.79	\$ 1.56	\$ 3.64	\$ 3.58	\$ 0.06
Heating degree days	423	318	105	4,703	4,224	479

Three Months Ended June 30, 2025 as Compared with 2024

The increase in earnings of \$1.4 million was principally the result of:

- \$2.9 million higher margin largely attributed to increased retail sales volume; and
- \$0.9 million decreased non-service pension and other post-employment benefit costs; **partially offset by**
- \$2.2 million increased operating expenses, primarily depreciation, property taxes and shared services expense allocations.

Nine Months Ended June 30, 2025 as Compared with 2024

The increase in earnings of \$0.5 million was primarily the result of:

- \$2.7 million decreased non-service pension and other post-employment benefit costs; and
- \$1.4 million higher margin for which the primary components were:
 - \$2.0 million increased retail sales net of normal temperature adjustments; **partially offset by**
 - \$0.9 million lower margin from customer-specific contracts.

These improvements were partially offset by \$4.0 million higher operating expenses, primarily shared services expense allocations and employee-related costs.

STEAM

	Quarter-to-Date vs. Prior Year			Year-to-Date vs. Prior Year		
	Three Months Ended Jun 30			Nine Months Ended Jun 30		
	2025	2024	Change	2025	2024	Change
Operating revenues	\$ 15.4	\$ 14.9	\$ 0.5	\$ 60.4	\$ 52.6	\$ 7.8
Cost of goods sold	9.0	7.2	1.8	32.2	25.9	6.3
Margin	6.4	7.7	(1.3)	28.2	26.7	1.5
Other operating expenses	6.5	6.6	(0.1)	21.6	20.1	1.5
Operating income (loss)	(0.1)	1.1	(1.2)	6.6	6.6	(0.0)
Other income (expense), net	0.7	0.4	0.3	1.8	1.2	0.6
Interest charges	0.9	0.8	0.1	2.4	2.0	0.4
Segment income (loss)	\$ (0.3)	\$ 0.7	\$ (1.0)	\$ 6.0	\$ 5.8	\$ 0.2
Volume sales, million therms	13.7	12.2	1.5	45.7	41.8	3.9
Heating degree days	423	318	105	4,703	4,224	479

Three Months Ended June 30, 2025 as Compared with 2024

The decrease in earnings of \$1.0 million is largely attributed to lower margin resulting from a one-time credit related to a special contract approved in April 2025, partially offset by reduced maintenance costs.

Nine Months Ended June 30, 2025 as Compared with 2024

The increase in earnings of \$0.2 million is driven by additional margin from higher sales and reduced non-service pension and other post-employment benefit costs, partially offset by increased depreciation, employee-related costs, and line of credit interest expense.

CHILLED WATER

	Quarter-to-Date vs. Prior Year			Year-to-Date vs. Prior Year		
	Three Months Ended Jun 30			Nine Months Ended Jun 30		
	2025	2024	Change	2025	2024	Change
Operating revenues	\$ 13.1	\$ 12.6	\$ 0.5	\$ 26.9	\$ 25.0	\$ 1.9
Cost of goods sold	4.2	3.6	0.6	8.4	7.1	1.3
Margin	8.9	9.0	(0.1)	18.5	17.9	0.6
Other operating expenses	5.1	5.0	0.1	13.6	12.9	0.7
Operating income (loss)	3.8	4.0	(0.2)	4.9	5.0	(0.1)
Other income (expense), net	0.4	0.3	0.1	1.2	1.0	0.2
Interest charges	-	0.1	(0.1)	0.1	0.2	(0.1)
Segment income (loss)	\$ 4.2	\$ 4.2	\$ 0.0	\$ 6.0	\$ 5.8	\$ 0.2
Volume sales, million ton hours	40.8	43.0	(2.2)	74.9	75.5	(0.6)
Cooling degree days	366	453	(87)	411	498	(87)

Three Months Ended June 30, 2025 as Compared with 2024

Earnings were unchanged as higher current period revenues were offset by increased production costs.

Nine Months Ended June 30, 2025 as Compared with 2024

The increase in earnings of \$0.2 million is attributed to higher margin resulting from additional operating revenues and reduced non-service pension and other post-employment benefit costs, partially offset by higher operating expenses in several areas, none of which were individually significant.

WATER

	Quarter-to-Date vs. Prior Year			Year-to-Date vs. Prior Year		
	Three Months Ended Jun 30			Nine Months Ended Jun 30		
	2025	2024	Change	2025	2024	Change
Operating revenues	\$ 62.5	\$ 62.7	\$ (0.2)	\$ 188.4	\$ 176.0	\$ 12.4
Other operating expenses	37.5	34.2	3.3	112.3	101.2	11.1
Operating income (loss)	25.0	28.5	(3.5)	76.1	74.8	1.3
Other income (expense), net	1.8	1.3	0.5	5.3	4.3	1.0
Interest charges	7.2	7.3	(0.1)	20.8	22.0	(1.2)
Segment income (loss)	\$ 19.6	\$ 22.5	\$ (2.9)	\$ 60.6	\$ 57.1	\$ 3.5
Volume sales, billion gallons	9.2	9.8	(0.6)	27.3	27.5	(0.2)
Precipitation, inches	16.7	15.2	1.5	31.4	28.9	2.5

Three Months Ended June 30, 2025 as Compared with 2024

The decrease in earnings of \$2.9 million is principally the result of:

- \$3.3 million higher operating expenses, largely driven by property taxes, depreciation, and damage claims;
- \$0.2 million lower revenues for which the primary components were:
 - \$2.3 million reduced revenue from lower consumption; and
 - \$1.7 million lower Distribution System Improvement Charge revenue; **partially offset by:**
 - \$4.0 million increased Lead Service Line Replacement revenue.

These reductions were partially offset by \$0.5 million higher other income, primarily increased interest income, and reduced non-service pension and other post-employment benefit costs.

Nine Months Ended June 30, 2025 as Compared with 2024

The increase in earnings of \$3.5 million was largely driven by:

- \$12.4 million of increased revenues for which the primary components were:
 - \$11.3 million Lead Service Line Replacement revenue; and
 - \$1.9 million Distribution System Improvement Charges; these increases were **partially offset by**
 - \$0.8 million reduced revenue due to lower consumption.
- \$1.2 million decreased interest charges driven by a reduced amount of long-term debt outstanding; and
- \$1.0 million higher other income as a result of lower non-service pension and other post-employment benefit costs and higher interest income.

These improvements were partially offset by \$11.1 million higher operating expenses, principally depreciation, damage claims, employee-related costs, contract services, provision for uncollectible accounts, property taxes, and shared services expense allocations.

WASTEWATER

	Quarter-to-Date vs. Prior Year			Year-to-Date vs. Prior Year		
	Three Months Ended Jun 30			Nine Months Ended Jun 30		
	2025	2024	Change	2025	2024	Change
Operating revenues	\$ 81.0	\$ 80.1	\$ 0.9	\$ 240.6	\$ 240.2	\$ 0.4
Other operating expenses	46.5	45.6	0.9	139.1	137.8	1.3
Operating income (loss)	34.5	34.5	0.0	101.5	102.4	(0.9)
Other income (expense), net	2.1	2.7	(0.6)	6.6	8.5	(1.9)
Interest charges	11.4	11.9	(0.5)	34.2	33.4	0.8
Segment income (loss)	\$ 25.2	\$ 25.3	\$ (0.1)	\$ 73.9	\$ 77.5	\$ (3.6)
Treatment volume sales, billion gallons	8.6	8.5	0.1	23.8	23.5	0.3
Strength surcharge, million pounds	11.7	8.0	3.7	26.8	24.4	2.4

Three Months Ended June 30, 2025 as Compared with 2024

The decrease in earnings of \$0.1 million is primarily the result of:

- \$0.9 million higher operating expenses in a number of categories, none of which are individually significant; and
- \$0.6 million lower other income, largely from reduced interest income; **partially offset by**
- \$0.9 million increased revenues mostly from higher strength surcharges; and
- \$0.5 million reduced interest charges driven by a lower amount of long-term debt outstanding.

Nine Months Ended June 30, 2025 as Compared with 2024

The decrease in earnings of \$3.6 million is principally due to:

- \$1.9 million reduced other income, largely driven by lower interest income;
- \$1.3 million higher operating expenses, primarily purchased power; and
- \$0.8 million higher interest expense for which the primary components were:
 - \$3.6 million increased charges related to line of credit borrowing and lower capitalized interest; **partially offset by**
 - \$2.8 million decreased charges driven by a lower amount of long-term debt outstanding.

These decreases were partially offset by \$0.4 million increased revenues for which the primary components were:

- \$2.8 million increased revenues largely attributable to wholesale customers and industrial treatment volume; **partially offset by**
- \$2.4 million reduced revenue primarily from commercial customers.

RESOURCES

	Quarter-to-Date vs. Prior Year			Year-to-Date vs. Prior Year		
	Three Months Ended Jun 30			Nine Months Ended Jun 30		
	2025	2024	Change	2025	2024	Change
Operating revenues	\$ 11.8	\$ 11.0	\$ 0.8	\$ 37.7	\$ 35.1	\$ 2.6
Cost of goods sold	0.5	0.2	0.3	3.4	2.6	0.8
Margin	11.3	10.8	0.5	34.3	32.5	1.8
Other operating expenses	7.9	7.1	0.8	23.7	21.1	2.6
Operating income (loss)	3.4	3.7	(0.3)	10.6	11.4	(0.8)
Other income (expense), net	0.5	(0.2)	0.7	1.0	0.2	0.8
Interest charges	1.2	0.7	0.5	3.7	1.8	1.9
Segment income (loss)	\$ 2.7	\$ 2.8	\$ (0.1)	\$ 7.9	\$ 9.8	\$ (1.9)

Three Months Ended June 30, 2025 as Compared with 2024

The decrease in earnings of \$0.1 million is primarily driven by:

- \$0.8 million increased operating expenses at the Westfield utilities; and
- \$0.5 million higher interest charges due to prior year debt issuances at the Westfield utilities; **partially offset by**
- \$0.7 million additional other income largely resulting from prior period recognition of non-recoverable rate case expenses at Westfield Water; and
- \$0.5 million increased margin mostly from Westfield utilities.

Nine Months Ended June 30, 2025 as Compared with 2024

The decrease in earnings of \$1.9 million is primarily attributable to:

- \$2.6 million increased operating expenses mostly at the Westfield utilities;
- \$1.9 million higher interest charges due to prior year debt issuances at the Westfield utilities; **partially offset by**
- \$1.8 million increased margin largely from the Westfield utilities; and
- \$0.8 million additional other income resulting from prior period recognition of non-recoverable rate case expenses at Westfield Water.

OTHER

	Quarter-to-Date vs. Prior Year			Year-to-Date vs. Prior Year		
	Three Months Ended Jun 30			Nine Months Ended Jun 30		
	2025	2024	Change	2025	2024	Change
Operating revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating expenses	-	-	-	0.1	0.1	-
Operating income (loss)	-	-	-	(0.1)	(0.1)	-
Other income (expense), net	(0.9)	(0.9)	-	(2.6)	(2.5)	(0.1)
Interest charges	-	-	-	-	-	-
Income (loss) from discontinued operations	0.1	-	0.1	0.3	0.1	0.2
Segment income (loss)	\$ (0.8)	\$ (0.9)	\$ 0.1	\$ (2.4)	\$ (2.5)	\$ 0.1

In the table above, Other includes advertising and philanthropic costs which are not recoverable through rates and are funded by contributions from non-regulated segments. The former Manufacturing business segment has been reported as Discontinued Operations and is also included in Other.

Three Months Ended June 30, 2025 as Compared with 2024

Results are consistent with prior period.

Nine Months Ended June 30, 2025 as Compared with 2024

Results are consistent with prior period.

LIQUIDITY AND CAPITAL RESOURCES

Debt and Liquidity

Please see Notes 3 and 4 to the condensed combined financial statements for information regarding changes to Citizens' and CWA's outstanding long-term debt and short-term borrowings, respectively. Management believes existing sources of liquidity are sufficient to meet its cash requirements for the foreseeable future. Management will continue to assess liquidity needs and monitor capital markets and other financing sources based on business conditions and Citizens' and CWA's operations. Though not currently anticipated, no assurances can be provided that Citizens and CWA will be able to access financing in the future on acceptable terms.

Capital Spending

For the nine months ended June 30, 2025, capital expenditures, on an accrual basis and net of reimbursements received, decreased by \$11.1 million to \$249.0 million from \$260.1 million during the same period last year. This decrease is summarized in the table below (in millions). Certain accrued expenditures, including all capitalized interest, have been included in Other for segment presentation of capital expenditures, while the capitalized interest amounts on the segmented statements of financial position are reflected as Property, Plant, and Equipment in their respective segments.

Year To Date	Gas	Steam	Chilled Water	Water	Wastewater	Resources	Other	Total
June 30, 2025	\$ 23.9	\$ 7.1	\$ 7.0	\$ 84.7	\$ 85.6	\$ 21.0	\$ 19.7	\$ 249.0
June 30, 2024	26.3	6.3	10.7	53.0	110.6	30.4	22.8	260.1
	\$ (2.4)	\$ 0.8	\$ (3.7)	\$ 31.7	\$ (25.0)	\$ (9.4)	\$ (3.1)	\$ (11.1)

Citizens' and CWA's projected capital spending requirement of \$387.9 million for fiscal year 2025 is summarized as follows (in millions):

	Gas	Steam	Chilled Water	Water	Wastewater	Resources	Other	Total
2025 Projection	\$ 37.0	\$ 19.4	\$ 12.4	\$ 127.5	\$ 125.1	\$ 41.2	\$ 25.3	\$ 387.9

Gas continues to invest in mains and services to maintain the safety and reliability of its underground distribution system. Gas had cash and cash equivalents of \$65.4 million at June 30, 2025. Gas expects to meet its capital spending requirements in 2025 through cash flows from operations, federal grants, and temporary seasonal borrowings.

Both Steam and Chilled Water continue to invest in distribution assets and production equipment for their existing systems as well as to meet future needs for customer growth. At June 30, 2025, cash and cash equivalents of Steam and Chilled Water amounted to \$27.7 million and \$21.7 million, respectively. Steam expects to meet its capital spending requirements in 2025 through cash flows from operations, temporary seasonal borrowings, and proceeds from the Series 2025A bonds issued in April 2025, while Chilled Water expects to meet its 2025 capital spending requirements through cash flows from operations.

The Water business segment has a capital improvement plan to address system reliability, maintain compliance with regulations, and implement various distribution system and treatment plant improvements. Water had cash and cash equivalents of \$22.4 million at June 30, 2025. Water expects to meet its capital spending requirements in 2025 through cash flows from operations, temporary seasonal borrowings, and certain forms of government assistance including forgivable, zero-interest, low interest and non-recourse bonds.

The Wastewater business segment has a capital improvement plan to meet guidelines of the Combined Sewer Overflow Long-Term Control Plan and the overall needs of the Wastewater System. See Note 11 to the condensed combined financial statements for additional information regarding the Combined Sewer Overflow Long-Term Control Plan. The capital improvement plan also includes other improvements to and expansion of the Wastewater System. Wastewater had cash and cash equivalents of \$14.6 million at June 30, 2025. Wastewater expects to meet its capital spending requirements in 2025 through a combination of cash flows from operations, temporary seasonal borrowings, and issuance of new long-term debt.

Resources' capital spending projection for 2025 includes activities at Westfield Gas, Westfield Water, and Westfield Wastewater. Resources had cash and cash equivalents of \$41.6 million at June 30, 2025, including \$22.2 million in construction funds. Resources expects to meet its capital spending requirements in 2025 through a combination of cash flows from operations and temporary seasonal borrowings.

Citizens Energy Group and Subsidiary and CWA Authority, Inc.

Condensed Combined Statements of Financial Position

(In Thousands)

	At June 30, 2025	At September 30, 2024
ASSETS		
Property, plant, and equipment, net	\$ 5,383,720	\$ 5,201,445
Intangible assets, net	36,540	39,368
Investments		
Bond restricted funds	284,712	270,200
Other	20,722	20,898
Total investments	305,434	291,098
Current assets		
Cash and cash equivalents	200,559	198,907
Short-term investments	22,781	2,832
Accounts receivable, net of allowances of \$5,088 and \$6,157, respectively	98,739	93,956
Accrued utility revenue	25,510	26,463
Natural gas in storage	27,385	37,155
Materials and supplies	21,157	21,550
Other current assets	15,786	10,610
Current assets directly related to discontinued operations	1,780	2,136
Total current assets	413,697	393,609
Deferred charges and other non-current assets		
Deferred charges	23,707	25,665
Prepaid retirement benefit costs	105,460	102,933
Non-current assets directly related to discontinued operations	5,342	4,776
Total deferred charges and other non-current assets	134,509	133,374
TOTAL ASSETS	\$ 6,273,900	\$ 6,058,894
CAPITALIZATION AND LIABILITIES		
Capitalization and non-current liabilities		
Retained earnings	\$ 1,942,327	\$ 1,733,302
Accumulated other comprehensive income	54,180	54,478
Long-term debt (excluding current maturities)	3,069,609	3,122,093
Retirement benefits	43,863	44,586
Contributions in aid of construction	641,548	582,443
Other long-term liabilities	172,118	109,820
Non-current liabilities directly related to discontinued operations	13,126	13,292
Total capitalization and non-current liabilities	5,936,771	5,660,014
Current liabilities		
Current maturities of long-term debt	118,506	108,469
Short-term borrowings	-	23,000
Accounts payable and accrued expenses	139,620	181,210
Accrued taxes	57,581	69,749
Customer deposits	16,007	11,252
Other current liabilities	5,315	5,114
Current liabilities directly related to discontinued operations	100	86
Total current liabilities	337,129	398,880
Commitments and contingencies (see note 11)		
TOTAL CAPITALIZATION AND LIABILITIES	\$ 6,273,900	\$ 6,058,894

The accompanying notes are an integral part of these condensed combined financial statements.

Citizens Energy Group and Subsidiary and CWA Authority, Inc.

Condensed Combined Statements of Operations and Comprehensive Income

(In Thousands)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2025	2024	2025	2024
Operating revenues	\$ 227,120	\$ 214,015	\$ 781,110	\$ 741,286
Operating expenses				
Cost of goods sold	27,198	16,829	141,676	120,153
Operations and maintenance	78,855	74,972	239,712	224,421
Depreciation and amortization	35,952	34,299	106,668	101,860
Taxes	13,845	12,090	40,356	39,336
Total operating expenses	155,850	138,190	528,412	485,770
Operating income	71,270	75,825	252,698	255,516
Other income (expense), net				
Interest income	4,031	4,546	11,130	13,351
Non-operating post-employment benefits, net	3,731	2,005	11,193	6,013
Other	(512)	(1,220)	(2,349)	(2,725)
Total other income (expense), net	7,250	5,331	19,974	16,639
Income before interest charges	78,520	81,156	272,672	272,155
Interest charges				
Interest on long-term debt	32,283	33,049	96,082	99,142
Other interest, including net premium amortization	(10,582)	(11,402)	(32,080)	(36,763)
Total interest charges	21,701	21,647	64,002	62,379
Income from continuing operations	56,819	59,509	208,670	209,776
Income from discontinued operations	126	22	355	65
Net income	\$ 56,945	\$ 59,531	\$ 209,025	\$ 209,841
Retirement benefit liability changes:				
Amortization of prior service credit	(429)	(501)	(1,287)	(1,501)
Amortization of (gain) loss	137	(123)	409	(371)
Total retirement benefit liability changes	(292)	(624)	(878)	(1,872)
Unrealized gain (loss) on available-for-sale investments	966	(6)	580	785
Total other comprehensive income (loss)	674	(630)	(298)	(1,087)
Total comprehensive income	\$ 57,619	\$ 58,901	\$ 208,727	\$ 208,754

Citizens Energy Group and Subsidiary and CWA Authority, Inc.

Condensed Combined Statements of Cash Flows

(In Thousands)

	Nine Months Ended June 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 209,025	\$ 209,841
Depreciation and amortization	83,583	78,888
Allowance for credit losses	4,735	4,684
Changes in operating assets and liabilities:		
Accounts receivable and accrued utility revenue	(8,564)	(13,283)
Natural gas in storage	9,770	10,382
Accounts payable and accrued expenses	(40,446)	(33,201)
Retirement benefits	(4,128)	(9,623)
Other operating activities	829	(3,896)
Change in net liabilities of discontinued operations	(362)	(1,791)
Net cash provided by operating activities	254,442	242,001
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction expenditures	(262,394)	(282,596)
Purchases of investment securities	(20,353)	-
Sales/maturities of investment securities	678	-
Other investing activities	619	(3,504)
Net cash used in investing activities	(281,450)	(286,100)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings and bank lines of credit	73,000	21,000
Repayment of short-term borrowings and bank lines of credit	(35,000)	(8,000)
Principal payments of long-term debt and bond refunding	(114,128)	(137,590)
Proceeds from issuance of long-term debt and bond refunding	95,022	110,828
Bond issuance costs	(523)	(1,142)
Contributions in aid of construction and customer advances, net	26,938	23,043
Other financing activities	(284)	(138)
Net cash provided by financing activities	45,025	8,001
Net change in cash, cash equivalents, and restricted cash	18,017	(36,098)
Cash, cash equivalents, and restricted cash at beginning of period	461,922	501,257
Cash, cash equivalents, and restricted cash at end of period	\$ 479,939	\$ 465,159
Supplemental Cash Flows Information - Interest paid net of amounts capitalized	\$ 108,292	\$ 106,115
Non-cash Investing Activities		
Construction work-in-progress accrued at end of period	\$ 34,308	\$ 30,946
The table below provides a reconciliation of cash, cash equivalents, and restricted cash as reported in the Condensed Combined Statements of Financial Position to the amount reported in the Condensed Combined Statements of Cash Flows:		
Cash and cash equivalents	\$ 200,559	\$ 209,117
Restricted cash included in Bond restricted funds	271,700	250,136
Restricted cash included in Other current assets	4,052	2,334
Restricted cash included in Investments, Other	3,628	3,572
Cash, cash equivalents, and restricted cash at end of period	\$ 479,939	\$ 465,159

Citizens Energy Group and Subsidiary and CWA Authority, Inc.

Condensed Combined Statements of Equity

(In Thousands)

	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance at September 30, 2023	\$ 1,472,345	\$ 34,783	\$ 1,507,128
Comprehensive income			
Net income	209,841	-	209,841
Unrealized gain (loss) on available-for-sale investments	-	785	785
Retirement benefit liability changes	-	(1,872)	(1,872)
Total comprehensive income	209,841	(1,087)	208,754
Customer benefit distributions	-	-	-
Adjustment for adoption of ASC 326	(1,379)	-	(1,379)
Balance at June 30, 2024	\$ 1,680,807	\$ 33,696	\$ 1,714,503
Balance at September 30, 2024	\$ 1,733,302	\$ 54,478	\$ 1,787,780
Comprehensive income			
Net income	209,025	-	209,025
Unrealized gain (loss) on available-for-sale investments	-	580	580
Retirement benefit liability changes	-	(878)	(878)
Total comprehensive income	209,025	(298)	208,727
Customer benefit distributions	-	-	-
Balance at June 30, 2025	\$ 1,942,327	\$ 54,180	\$ 1,996,507

The accompanying notes are an integral part of these condensed combined financial statements.

NOTES TO CONDENSED COMBINED FINANCIAL STATEMENTS

Citizens Energy Group and Subsidiary and CWA Authority, Inc.

1. NATURE OF OPERATIONS AND PRESENTATION

A. Nature of Operations

Operations of Citizens Energy Group and Subsidiary (Citizens or the Company) include activities in five business segments: Gas, Steam, Chilled Water, Water, and Resources. Steam and Chilled Water comprise the Thermal Energy System (Citizens Thermal or Thermal). Operations of CWA Authority, Inc. (CWA) include activities for the Wastewater business segment. Resources includes several wholly-owned subsidiaries, the most significant of which is Citizens Energy Services Corporation, LLC (CESCO) which serves as a holding company for several subsidiaries, including Citizens Westfield Utilities, LLC (CWU). The rates and charges for gas, steam, water, and wastewater services are regulated by the Indiana Utility Regulatory Commission (IURC).

CWU serves as a holding company for the gas, water, and wastewater utilities for the Westfield service area, which includes Westfield Gas, LLC (Westfield Gas), Citizens Water of Westfield, LLC (Westfield Water), and Citizens Wastewater of Westfield, LLC (Westfield Wastewater), all of which operate as regulated investor-owned utilities.

B. Basis of Presentation

The accompanying condensed combined interim financial statements are unaudited and should be read in conjunction with the combined annual financial statements, and the notes thereto, included in the Citizens Energy Group Management Discussion and Financial Report for the year ended September 30, 2024. Because of the seasonal nature of the various business segments, the results of operations for the period ended June 30, 2025 are not necessarily indicative of the results of operations to be expected for the full fiscal year.

The accompanying financial statements reflect the combined operations of commonly controlled entities, including Citizens, CWA, and certain non-profit instrumentalities. The accounting records conform to the accounting standards prescribed by the Federal Energy Regulatory Commission, National Association of Regulatory Utility Commissioners and accounting principles generally accepted in the United States of America (GAAP). The effects of all intercompany transactions have been eliminated.

C. Global Supply Chain and Related Economic Impacts

As a result of economic conditions stemming from shifts in consumer demand, potential tariffs on imported goods, labor shortages, and current geopolitical events, among others, the Company is experiencing issues with its supply chain for certain materials, including increasing prices, scarcities/shortages, and longer fulfillment times for orders from suppliers. These constraints in the supply chain could restrict availability and delay the construction, maintenance, and/or repair of items which are needed to support normal operations or are required to execute the Company's continued capital investment in utility plant and equipment.

While the Company to date has successfully navigated the operational challenges presented by supply chain issues, the extent of supply chain disruption and its future impact on the Company's financial position, results of operations and cash flows is uncertain and cannot be reasonably estimated at this time.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Use of Estimates

The preparation of the condensed combined financial statements in conformity with GAAP requires the use of estimates and assumptions that affect the amounts reported in the condensed combined financial statements and the accompanying notes. Key estimates include the recoverability of regulatory assets; fair value estimates; asset lives used in computing depreciation and amortization; asset retirement obligations; other reserves and accruals; and the estimated impact of contingencies and ongoing litigation. While management believes that its estimates are reasonable when considered in conjunction with the Company's condensed combined financial position and results of operations, actual results could differ materially from those estimates.

B. Derivatives and Hedging

In fiscal years 2025 and 2024, Citizens entered into certain derivative and economic hedging transactions with the objective of decreasing the volatility associated with fluctuating natural gas prices. Through a combination of fixed-price purchases, call options, futures, contracted interstate pipeline storage, and on-system company-operated storage, Citizens mitigates the risk of price volatility on approximately 80 percent of its anticipated system supply demand. Citizens' Annual Hedging Plan sets guidelines to support prudent risk management strategies within designated parameters. These instruments, in conjunction with physical gas supply contracts, are designated to cover estimated gas customer requirements. Such energy contracts, to the extent they are not considered "normal" as defined by Financial Accounting Standards Board (FASB) guidance, are recognized at fair value as derivative assets or liabilities on the Condensed Combined Statements of Financial Position. Gains/losses and fees associated with these derivatives, when realized, are generally included in the Gas and Fuel Cost Adjustment trackers. Accordingly, the offset to the change in fair value of these derivatives is recorded as a regulatory asset or liability.

The following tables present information (in thousands) about the Company's derivative instruments and hedging activities. The first table provides a financial position overview of the Company's derivative assets and liabilities at June 30, 2025 and September 30, 2024, while the latter table provides a breakdown of the related impact on the results of operations for the three months and nine months ended June 30, 2025 and 2024. The Company generally recovers all derivative costs through its regulatory mechanism for gas cost adjustments; hence there is minimal financial risk to the Company with respect to these derivative instruments. Individual derivative asset and liability transactions are offset and the net amount is reported in the Condensed Combined Statements of Financial Position if, and only if, there is currently an enforceable legal right to offset the amounts and there is an intention to settle on a net basis, or to realize the assets and settle liabilities simultaneously. Individual derivative transactions are typically offset at the legal entity and counterparty level. The impact of netting derivative assets and liabilities is presented in the table below (in thousands):

Fair Value of Derivative Instruments

Derivative Instrument	Derivative Designation	Condensed Combined Statement of Financial Position Location	June 30, 2025		September 30, 2024	
			Derivative Assets Fair Value	Derivative Liabilities Fair Value	Derivative Assets Fair Value	Derivative Liabilities Fair Value
Commodity Contracts	Not accounted for as a hedge	Other current assets (liabilities)	\$ 4,987	\$ (1,767)	\$ 5,549	\$ (1,418)

Commodity contracts represent exchange-traded options and futures. At June 30, 2025 and September 30, 2024, the margin payable, which is excluded from the table above, was \$2.3 million and \$3.1 million, respectively. At June 30, 2025 and September 30, 2024, the Company had 15.4 million and 18.9 million dekatherms, respectively, of net energy derivative volumes outstanding related to its natural gas hedges.

Derivative Impact on Condensed Combined Statement of Operations

Derivative Instrument	Derivative Designation	Condensed Combined Statement of Operations Location	Three Months Ended June 30,		Nine Months Ended June 30,	
			2025	2024	2025	2024
Commodity Contracts	Not accounted for as a hedge	(Gain)/loss in cost of goods sold	\$ 3,846	\$ 5,836	\$ 2,627	\$ 12,293

As noted above, the derivative impact in utility cost of goods sold is recovered through regulatory gas rate adjustments in subsequent months. The derivative impact on cash flow for the nine months ended June 30, 2025 and 2024 is included in cash flows from operating activities.

C. Fair Value Measurements

FASB guidance requires additional disclosures about Citizens' and CWA's financial assets and liabilities which are measured at fair value. Assets and liabilities recorded at fair value in the Condensed Combined Statements of Financial Position are categorized based upon the level of judgment associated with the inputs used to measure their value. Hierarchical levels, as defined in FASB guidance and explained in the following paragraphs, are directly related to the amount of subjectivity associated with the inputs to fair valuations of these assets and liabilities:

Level 1—Inputs are unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date. The types of assets carried at Level 1 fair value generally are financial derivatives, investments and equity securities listed in active markets. The fair values of the bond restricted funds, Grantor Trust investments, and commodity contracts have been determined using quoted prices in an active market.

Level 2—Inputs, other than quoted prices included in Level 1, are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar instruments in active markets, and inputs other than quoted prices that are observable for the asset or liability. Fair value assets and liabilities that are generally included in this category are derivatives with fair values based on inputs from actively quoted markets.

Level 3—Inputs are unobservable for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents the financial assets and liabilities measured at fair value on a recurring basis, based on the hierarchy, at June 30, 2025 and September 30, 2024 (in thousands). There were no financial liabilities at June 30, 2025 and September 30, 2024.

<u>Description</u>	June 30, 2025 Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:			
Cash equivalents	\$ 10,685	\$ -	\$ -
Short-term investments	22,781	-	-
Bond restricted funds	271,699	-	-
Grantor Trust investments	16,576	-	-
Derivative assets	3,220	-	-
Total financial assets measured at fair value	<u>\$ 324,961</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Description</u>	September 30, 2024 Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:			
Cash equivalents	\$ 21,616	\$ -	\$ -
Short-term investments	2,832	-	-
Bond restricted funds	257,188	-	-
Grantor Trust investments	16,903	-	-
Derivative assets	4,131	-	-
Total financial assets measured at fair value	<u>\$ 302,670</u>	<u>\$ -</u>	<u>\$ -</u>

Under the terms of various trust indentures, Citizens and CWA are required to maintain bond restricted funds. These bond restricted funds are invested in short-term securities, commercial paper, a guaranteed investment contract, and cash equivalents. Due to the nature of these investments, cost approximates fair market value of \$284.7 and \$270.2 million at June 30, 2025, and September 30, 2024, respectively. In accordance with fair value disclosure guidance, \$13.0 million of investments in a guaranteed investment contract are excluded in determining the fair value of bond restricted funds pursuant to ASC 825-10-50-8c at June 30, 2025, and September 30, 2024. Gross deposits to the bond restricted fund investments during the first nine months of fiscal years 2025 and 2024 were \$191.1 million and \$188.8 million, respectively.

The Grantor Trust investments are a variety of debt and equity mutual funds invested per the investment policy of the Grantor Trust.

Gains/losses and fees associated with the commodity-based derivatives, when realized, are recoverable through the Gas and Fuel Cost Adjustment trackers. There were no transfers between levels during the year.

Management has estimated the fair value of the outstanding debt securities based on the coupons of the outstanding bonds and current market yields. These are Level 2 fair value measurements. Management established the corresponding price to the call date as well as the price to maturity. The fair value was determined based on the lower of these two prices. Using this method, the estimated fair value of debt is \$3.0 billion at June 30, 2025, and \$3.1 billion at

September 30, 2024, versus the carrying value of \$3.2 billion at both June 30, 2025, and September 30, 2024. In the case of Resources debt, the carrying value approximates fair value.

Customers' advances for construction have a carrying value at June 30, 2025, for Water, Wastewater, and Resources of \$26.0 million, \$10.2 million, and \$22.6 million, respectively, versus the carrying values at September 30, 2024, for Water, Wastewater, and Resources of \$23.3 million, \$10.5 million, and \$20.3 million, respectively. Their relative fair values cannot be accurately estimated because future refund payments depend on several variables, including new customer connections, customer consumption levels, and future rate increases. Portions of these non-interest-bearing instruments are payable annually through 2035 and amounts not paid by the respective contract expiration dates become non-refundable. The fair value of these amounts would, however, be less than their carrying value due to the non-interest-bearing feature.

D. Comprehensive Income (Loss)

Comprehensive income (loss) is primarily a measure of all changes in equity of an enterprise which result from the transactions or other economic events during the period. This information is reported in the Condensed Combined Statements of Operations and Comprehensive Income. Citizens' components of accumulated other comprehensive (loss) income (AOCI) include the impact of pension and other post-employment benefits and mark to market valuation adjustments for available-for-sale investments. The following table presents changes in accumulated other comprehensive (loss) income by component for the nine months ended June 30, 2025 (in thousands):

	Pension Plan	Benefits	Other	Total
Accumulated other comprehensive income (loss) at September 30, 2024	\$ 39,232	\$ 15,047	\$ 199	\$ 54,478
Net current-period other comprehensive income (loss)	620	(1,498)	580	(298)
Accumulated other comprehensive income (loss) at June 30, 2025	<u>\$ 39,852</u>	<u>\$ 13,549</u>	<u>\$ 779</u>	<u>\$ 54,180</u>

E. Change in Accounting Estimate

Pursuant to the joint depreciation case settlement approved by the IURC (see Note 10), the Company changed depreciation rates for Gas, Citizens Thermal Steam, Water, Wastewater, and Westfield Water. The change in depreciation rates is considered a change in accounting estimate and has been applied prospectively starting in October 2024 with the exception of Westfield Water, whose depreciation rates were applied prospectively starting in December 2024 upon IURC approval of its base rate increase on November 27, 2024.

The impact of the change on each business unit's results (in millions) for the three months and nine months ended June 30, 2025, and estimated impact for fiscal year 2025 is depicted below:

	Three Months Ended <u>June 30, 2025</u>	Nine Months Ended <u>June 30, 2025</u>	Estimated Fiscal Year <u>2025 Impact</u>
Gas	\$ -	\$ -	\$ -
Steam	-	(0.2)	(0.3)
Water	0.7	2.2	2.9
Wastewater	(0.7)	(2.1)	(2.9)
Westfield Water	(0.1)	(0.2)	(0.2)
Total	<u>\$ (0.1)</u>	<u>\$ (0.3)</u>	<u>\$ (0.5)</u>

3. LONG-TERM DEBT

Long-term debt consisted of the following (due dates are presented on a calendar-year basis):

	(In Thousands)					
	June 30, 2025			September 30, 2024		
	Long-term debt excl. current maturities	Current maturities	Unamortized (Discount), Premium, and (Issuance Costs)	Long-term debt excl. current maturities	Current maturities	Unamortized (Discount), Premium, and (Issuance Costs)
Gas						
Gas Utility Distribution System Series 2017A, Second Lien Revenue Refunding Bonds 5.00%, due 2025 to 2027	\$ 33,365	\$ 16,460	\$ 1,222	\$ 33,365	\$ 16,460	\$ 2,028
Gas Utility Distribution System Series 2024A, Second Lien Revenue Refunding Bonds 5.0%, due 2028 to 2035	47,555	-	5,926	47,555	-	6,513
Subtotal Gas	80,920	16,460	7,148	80,920	16,460	8,541
Thermal						
Thermal Energy System Series 2013A, First Lien Revenue Bonds, 4.125% to 5.00%, due 2025 to 2033	-	-	-	4,795	425	4
Thermal Energy System Series 2014A, First Lien Revenue Refunding Bonds, 4.00% to 5.00%, due 2025 to 2034	-	-	-	21,945	1,660	1,254
Thermal Energy System Series 2016A, First Lien Revenue Refunding Bonds, 5.00%, due 2025 to 2029	2,505	11,790	276	14,295	11,225	574
Thermal Energy System Series 2025A, First Lien Revenue Bonds 5.00 to 5.50%, due 2025 to 2055	61,235	2,105	4,255	-	-	-
Subtotal Thermal	63,740	13,895	4,531	41,035	13,310	1,832
Water						
Water Utility Series 2011D (ILPIBB 2007B) *, First Lien Net Revenue Bonds, 5.25%, due 2025	-	-	-	-	12,340	(46)
Water Utility Series 2014A, First Lien Net Revenue Bonds, 4.00% to 5.00%, due 2025 to 2044	7,250	180	321	7,430	650	368
Water Utility Series 2016A, First Lien Revenue Bonds, 5.00%, due 2025 to 2046	43,540	1,530	6,571	45,070	1,460	6,892
Water Utility Series 2016B, First Lien Refunding Revenue Bonds, 4.00% to 5.00%, due 2025 to 2038	158,535	7,950	15,866	166,485	4,605	17,532
Water Utility Series 2018A, First Lien Refunding Revenue Bonds, 3.50% to 5.00%, due 2025 to 2038	285,930	16,420	24,373	302,350	695	26,810
Water Utility Series 2021A, First Lien Revenue Bonds 3.00% to 5.00%, due 2025 to 2051	71,230	1,995	12,900	73,225	1,895	13,663

	(In Thousands)					
	June 30, 2025			September 30, 2024		
	Long-term debt excl. current maturities	Current maturities	Unamortized (Discount), Premium, and (Issuance Costs)	Long-term debt excl. current maturities	Current maturities	Unamortized (Discount), Premium, and (Issuance Costs)
Water Utility Series 2023A First Lien Revenue Refunding Bonds 4.00% to 5.00%, due 2025 to 2044	89,385	235	10,615	89,620	-	11,314
Water Utility Series 2023B First Lien Revenue Bonds (SRF) 0.00%, due 2025 to 2043	4,500	250	(76)	4,750	250	-
Water Utility Series 2023C First Lien Revenue Bond Anticipation Note 0.00%, due 2027	6,000	-	-	6,000	-	(82)
Water Utility Series 2025A First Lien Revenue Bonds (SRF) 0.0%, due 2025 to 2044	4,750	250	(33)	-	-	-
Water Utility Series 2025B First Lien Revenue Bond Anticipation Note 0.0%, due 2028	5,000	-	-	-	-	-
Water Utility Series 2025C First Lien Revenue Bonds 4.10%, due 2025 to 2044	16,885	115	(30)	-	-	-
Subtotal Water	693,005	28,925	70,507	694,930	21,895	76,451
Wastewater						
CWA Wastewater Utility Series 2012A, First Lien Revenue Bonds, 4.00% to 5.00%, due 2038 to 2042	53,925	-	3,426	53,925	-	3,551
CWA Wastewater Utility Series 2014A, First Lien Revenue Bonds, 4.25% to 5.00%, due 2025 to 2044	33,615	5,815	2,737	39,430	5,540	2,974
CWA Wastewater Utility Series 2015A, First Lien Revenue Bonds, 3.25% to 5.00%, due 2025 to 2034	14,785	3,775	2,223	18,560	3,595	2,635
CWA Wastewater Utility Series 2016A, First Lien Revenue Bonds 5.00%, due 2025 to 2046	141,365	4,070	22,641	145,435	3,880	23,705
CWA Wastewater Utility Series 2016B, Second Lien Revenue Refunding Bonds, 3.00% to 5.00%, due 2025 to 2046	35,365	1,055	980	36,420	1,005	1,111
CWA Wastewater Series 2016C, First Lien Revenue Bonds (SRF), 2.00%, due 2025 to 2036	7,555	610	(36)	7,555	610	(40)
CWA Wastewater Series 2017A, First Lien Revenue Bonds (SRF), 3.53%, due 2025 to 2047	134,828	4,011	(50)	134,828	4,011	(52)
CWA Wastewater Series 2019A, First Lien Revenue Bonds, 4.00% to 5.00%, due 2025 to 2049	37,250	810	6,467	38,060	770	6,737
CWA Wastewater Series 2019B, First Lien Revenue Bonds (SRF), 2.99%, due 2026 to 2050	156,059	4,407	(54)	160,466	4,279	(57)

	(In Thousands)					
	June 30, 2025			September 30, 2024		
	Long-term debt excl. current maturities	Current maturities	Unamortized (Discount), Premium, and (Issuance Costs)	Long-term debt excl. current maturities	Current maturities	Unamortized (Discount), Premium, and (Issuance Costs)
CWA Wastewater Series 2020A First Lien Revenue Bonds 4.00% to 5.00% due 2025 to 2050	52,010	1,100	10,395	53,110	1,060	10,815
CWA Wastewater Series 2020B First Lien Revenue Bonds (SRF) 2.56%, due 2026 to 2051	62,108	1,759	(57)	63,867	1,715	(60)
CWA Wastewater Series 2021-1 First Lien Revenue Refunding Bonds 3.00% to 5.00%, due 2025 to 2041	394,770	16,150	72,574	410,920	15,385	78,994
CWA Wastewater Series 2021-2 Second Lien Revenue Refunding Bonds 3.00% to 5.00%, due 2025 to 2041	157,510	6,425	31,801	163,935	6,120	34,401
CWA Wastewater Series 2021A First Lien Revenue Bonds 3.00% to 5.00%, due 2025 to 2051	41,380	845	6,898	42,225	805	7,229
CWA Wastewater Series 2021B First Lien Revenue Bonds (SRF) 2.38%, due 2026 to 2052	47,498	1,309	(44)	48,807	1,279	(46)
CWA Wastewater Series 2022A First Lien Revenue Refunding Bonds 5.00%, due 2025 to 2037	77,470	4,635	5,332	82,105	4,415	5,849
CWA Wastewater Series 2022B First Lien Revenue Refunding Bonds 5.00% to 5.25%, due 2025 to 2052	143,265	2,450	5,265	145,715	2,335	5,391
CWA Wastewater Series 2023A First Lien Revenue Refunding Bonds 4.00% to 5.00%, due 2027 to 2041	122,025	-	13,907	122,025	-	14,811
CWA Wastewater Series 2024A First Lien Revenue Refunding Bonds 5.00%, due 2027 to 2045	126,910	-	7,837	126,910	-	8,160
Subtotal Wastewater	1,839,693	59,226	192,242	1,894,298	56,804	206,108
<u>Resources</u>						
Citizens Westfield Water Series 2019A, Revenue Bonds, 4.00%, due 2048	20,000	-	(58)	20,000	-	(61)
Citizens Westfield Wastewater Series 2019A, Revenue Bonds, 5.00%, due 2048	22,660	-	2,162	22,660	-	2,201
Citizens Westfield Water Series 2022A, Revenue Bonds, 4.00%, due 2052	16,000	-	(1,124)	16,000	-	(1,144)
Citizens Westfield Gas Series 2022A Revenue Bonds 4.05%, due 2029	4,000	-	(85)	4,000	-	(101)
Citizens Westfield Water Series 2024A Revenue Bonds 5.25%, due 2044	20,000	-	2,185	20,000	-	2,237

	(In Thousands)					
	June 30, 2025			September 30, 2024		
	Long-term debt excl. current maturities	Current maturities	Unamortized (Discount), Premium, and (Issuance Costs)	Long-term debt excl. current maturities	Current maturities	Unamortized (Discount), Premium, and (Issuance Costs)
Citizens Westfield Wastewater Series 2024A Revenue Bonds 5.25%, due 2044	20,000	-	2,184	20,000	-	2,236
Citizens Westfield Gas Series 2024A Utility Revenue Bond 4.76%, due 2029	10,000	-	(101)	10,000	-	(50)
Subtotal Resources	112,660	-	5,163	112,660	-	5,318
Total	\$ 2,790,018	\$ 118,506	\$ 279,591	\$ 2,823,843	\$ 108,469	\$ 298,250

* Indianapolis Local Public Improvement Bond Bank (ILPIBB)

Recent Debt Transaction Activity

On April 16, 2025, Thermal issued \$63.3 million of First Lien Revenue Bonds, Series 2025A. The 2025A bonds were issued at a premium of \$4.7 million and have principal maturities between 2025 and 2055 with coupons of 5.00% to 5.50%. The 2025A bonds were issued to fully refund the Series 2013A First Lien Revenue Bonds and the Series 2014A First Lien Revenue Refunding Bonds. A portion of the bond proceeds were also used to pay the outstanding balance on the line of credit, and the remainder will fund planning, design, and construction costs for the Thermal Energy System Steam Division.

On May 16, 2025, Water issued \$5.0 million of First Lien Revenue Bonds through the Indiana Finance Authority's State Revolving Fund, Series 2025A. The Series 2025A bonds were issued at par, have principal maturities between 2025 and 2044, and bear interest of 0.0%. The bonds were issued to fund planning, design, and construction costs for specified Water system lead service line replacement projects.

On May 16, 2025, Water issued a \$5.0 million First Lien Revenue Bond Anticipation Note through the Indiana Finance Authority's State Revolving Fund, Series 2025B. The Series 2025B Bond Anticipation Note (BAN) was issued at par and bears interest of 0.00%. Proceeds from the BAN are to fund planning, design, and construction costs for specified Water system lead service line replacement projects. If Citizens meets the requirements of the funding agreement, the Series 2025B BAN is eligible to be forgiven and discharged in March 2028.

On May 16, 2025, Water issued \$17.0 million of First Lien Revenue Bonds through the Indiana Finance Authority's State Revolving Fund, Series 2025C. The Series 2025C bonds were issued at par, have principal maturities between 2025 and 2044, and bear interest of 4.10%. The bonds were issued to fund planning, design, and construction costs for specified Water system main replacements in the Martindale Brightwood neighborhood of Indianapolis.

4. SHORT-TERM AND OTHER BORROWINGS

Citizens Gas, Thermal, Water, and Wastewater have established lines of credit with terms and conditions as outlined in the table below:

Entity	Credit Capacity	Maturity Date	Interest Rate	Commitment Fee	Amount Outstanding at (in millions)	
					June 30, 2025	September 30, 2024
Gas	50.0 million	September 27, 2027	SOFR + 0.62%	0.200%	\$ -	\$ -
Gas	25.0 million	August 1, 2025	SOFR + 0.90%	0.200%	-	-
Thermal	20.0 million	July 22, 2025	SOFR + 1.225%	0.125%	-	-
Thermal	30.0 million	February 2, 2027	SOFR + 0.62%	0.250%	-	10.0
Water	15.0 million	April 30, 2025	SOFR + 1.60%	0.200%	*	-
Water	15.0 million	April 30, 2028	SOFR + 1.60%	0.200%	-	**
Water	25.0 million	November 2, 2026	83% of SOFR + 1.48%	0.300%	3.0	-
Water	25.0 million	November 18, 2024	82% of SOFR + 1.31%	0.200%	*	23.0
Water	25.0 million	November 18, 2027	82% of SOFR + 1.31%	0.250%	25.0	**
Wastewater	45.0 million	July 15, 2026	80% of SOFR + 0.65%	0.325%	43.0	-
Wastewater	50.0 million	October 1, 2025	SOFR + 0.68%	0.240%	-	-

* Line of credit matured prior to June 30, 2025.

** Line of credit initiated after September 30, 2024

The Bloomberg Short-Term Bank Yield Index (BSBY) ceased publication on November 15, 2024. Accordingly, the Company's lenders transitioned interest rate indexes from BSBY to the Secured Overnight Financing Rate (SOFR). Updated rates are presented in the tables contained herein. No balances were outstanding on impacted credit lines at the time of transition. These changes will not materially adversely affect the financial position, operations, equity or cash flows of Citizens and CWA.

Interest terms of the CWA line of credit were amended on November 1, 2024 from 80% of BSBY + 0.55% to 80% of SOFR + 0.65% with a maturity date of July 15, 2026.

The \$25.0 million Water line of credit was renewed on November 18, 2024, with an interest rate of 82% of SOFR + 1.31% and a maturity date of November 18, 2027.

The \$15.0 million Water line of credit was renewed on April 30, 2025, with an interest rate of SOFR + 1.60% and a maturity date of April 30, 2028.

The \$20.0 million Thermal line of credit was renewed on July 22, 2025, with an interest rate of SOFR + 1.225% and a maturity date of July 22, 2028.

The \$25.0 million Gas line of credit was renewed August 1, 2025, with an interest rate of SOFR + 0.90% and a maturity date of August 1, 2028.

Resources

Westfield Gas, Westfield Water, and Westfield Wastewater have established lines of credit with terms and conditions as outlined in the table below.

Entity	Credit Capacity	Maturity Date	Interest Rate	Commitment Fee	Amount Outstanding at (in millions)	
					June 30, 2025	September 30, 2024
Westfield Gas	7.0 million	March 30, 2028	SOFR + 1.75%	0.250%	\$ -	\$ -
Westfield Water	7.0 million	March 10, 2028	SOFR + 1.00%	0.100%	-	-
Westfield Wastewater	5.0 million	March 10, 2028	SOFR + 1.00%	0.100%	-	-

On March 10, 2025, maturity dates for each Westfield line of credit were extended to corresponding dates in March 2028. Interest rates for each line were unchanged.

Outstanding borrowings with maturities of twelve months or less from the balance sheet date are presented as current liabilities in the Condensed Combined Statements of Financial Position in the line item labeled, "Short-term borrowings." Outstanding borrowings with maturities greater than twelve months from the balance sheet date are classified as non-current liabilities in the Condensed Combined Statements of Financial Position in the line item labeled, "Other long-term liabilities." Certain line of credit agreements require the Company to maintain a zero balance on the line of credit for a stipulated time period each year. Borrowings under these agreements are presented as current liabilities in the Condensed Combined Statements of Financial Position in the line item labeled, "Short-term borrowings."

5. REVENUE RECOGNITION

Citizens recognizes revenue consistent with amounts billed under tariff offerings or at contractually agreed upon rates based on actual delivery of utility service, including estimated volumes delivered when billings have not yet occurred. The majority of the Company's revenues have fixed pricing based on the contractual terms of the published tariffs, with variability in expected cash flows attributable to the customer's volumetric demand during the billing period.

Performance obligations are satisfied over time as utility services are delivered and consumed with billings generally occurring monthly and related payments due within 30 days. Using this output method for revenue recognition provides a faithful depiction of the transfer of utility services as customers obtain control of the service provided and simultaneously benefit from its use at delivery.

Substantially all the Company's revenues result from tariff-based or fixed-price at-will contracts which either have an expected duration of one year or less, or, in the case of longer-term contracts, are based on a single performance obligation (the delivery of utility services) which will not have future performance obligations for disclosure.

Revenues from Contracts with Customers

Utility services for gas, steam, water, and wastewater are marketed throughout the Company's service territory using published tariff rates. The tariff rates are established by the IURC. Each tariff, which is assigned to customers based on customer class, has multiple components, such as a commodity charge, demand charge, facility or service charge and transportation costs. The Company considers each of these components to be aggregated into a single performance obligation for providing utility service which is satisfied over time and is provided and consumed over the billing period (generally one month). As such, revenue from contracts with customers for such contracts is equivalent to the service supplied and billed in that period, including unbilled estimates. Additionally, utility services are typically at-will and customers can cancel service at any time, without a substantive penalty. The Company maintains common utility credit risk mitigation practices, including requiring deposits and actively pursuing collection of past due amounts with the exception of the temporary suspension of shutoffs noted below. Contracts with chilled water customers are based on a fixed capacity charge and a variable usage charge, resulting in performance obligations similar to that of the regulated utilities.

Monthly billing dates for utility services provided to customers are depicted in the table below.

<u>Gas</u>	<u>Steam</u>	<u>Chilled Water</u>	<u>Water</u>	<u>Wastewater</u>	<u>Westfield Utilities</u>
Cycle basis throughout month	Billed at end of month	Billed at end of month	Cycle basis throughout month	Cycle basis throughout month	Billed near end of month

Unbilled revenues, if applicable, are recognized by applying customer billing rates to the estimated volumes delivered but not yet billed. Unbilled revenues can vary significantly from period to period as a result of factors such as seasonality, weather, customer usage patterns, average price in effect per customer class, timing of rendering bills and meter reading schedules. The accrual for unbilled revenues is reversed in the subsequent accounting period when meters are read, and customers are billed.

Revenues and, where applicable, costs are influenced by seasonal weather patterns, with peak sales for gas and steam occurring during the winter heating months, and during the summer months for chilled water and water. Revenues for wastewater are generally independent of seasonality. Residential and commercial customers are more impacted by weather than industrial customers. The Normal Temperature Adjustment (NTA) adjusts monthly billings to normalize Gas and Steam margin collected from certain customer classes during heating months.

Alternative Revenue Programs

Alternative Revenue Programs represent regulator-approved programs which allow for the adjustment of billings and revenue for certain broad, external factors such as normalization programs that adjust revenues for the effects of weather or programs designed to compensate for fluctuations in consumer demand. Such programs typically enable the Company to adjust rates in the future, usually as a surcharge applied to future billings, in response to past activities or completed events. Alternative Revenue Programs represent a contract between the utility and its regulators, not customers, and are therefore not within the scope of the accounting guidance for recognizing revenue from contracts with customers. When the criteria to recognize revenues from Alternative Revenue Programs have been met in accordance with ASC 980-605-25, a regulatory asset is established, and the revenue is presented as a component of operating revenues. When amounts previously recognized under Alternative Revenue Programs accounting guidance are billed, the regulatory asset is reduced, and a customer account receivable is recorded.

Disaggregated Revenues

Revenue by customer class is most meaningful to the Company as each respective customer class collectively represents unique customer expectations of service, generally has different energy and demand requirements, and operates under custom pricing structures approved by the IURC. Additionally, each customer class is impacted differently by weather and a variety of economic factors. Analyzing revenues disaggregated by customer class allows management to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Disaggregated revenues are presented as follows (in thousands):

Three Months Ended June 30, 2025								
	<u>Gas</u>	<u>Steam</u>	<u>Chilled Water</u>	<u>Water</u>	<u>Waste-Water</u>	<u>Resources</u>	<u>Intercompany Eliminations</u>	<u>Total</u>
Residential	\$ 27,723	\$ -	\$ -	\$ 38,837	\$ 39,235	\$ 7,452	\$ -	\$ 113,247
Commercial	11,663	9,651	12,952	19,033	24,758	2,034	(2,789)	77,302
Industrial	6,605	5,561	100	2,342	9,648	11	(1,766)	22,501
Other	2,971	210	-	2,334	7,365	2,293	(1,106)	14,067
Revenues - Contracts w/Customers	48,962	15,422	13,052	62,546	81,006	11,790	(5,661)	227,117
Alternative Revenue Programs	-	-	-	-	-	3	-	3
Gross Operating Revenues	\$ 48,962	\$ 15,422	\$ 13,052	\$ 62,546	\$ 81,006	\$ 11,793	\$ (5,661)	\$ 227,120

Three Months Ended June 30, 2024								
	<u>Gas</u>	<u>Steam</u>	<u>Chilled Water</u>	<u>Water</u>	<u>Waste-Water</u>	<u>Resources</u>	<u>Intercompany Eliminations</u>	<u>Total</u>
Residential	\$ 20,813	\$ -	\$ -	\$ 37,927	\$ 39,873	\$ 6,961	\$ -	\$ 105,574
Commercial	8,420	8,607	12,465	19,363	25,499	1,876	(2,136)	74,094
Industrial	4,793	6,182	98	2,372	8,518	11	(727)	21,247
Other	1,823	94	-	3,017	6,180	2,165	(210)	13,069
Revenues - Contracts w/Customers	35,849	14,883	12,563	62,679	80,070	11,013	(3,073)	213,984
Alternative Revenue Programs	-	-	-	-	-	31	-	31
Gross Operating Revenues	\$ 35,849	\$ 14,883	\$ 12,563	\$ 62,679	\$ 80,070	\$ 11,044	\$ (3,073)	\$ 214,015

Nine Months Ended June 30, 2025								
	<u>Gas</u>	<u>Steam</u>	<u>Chilled Water</u>	<u>Water</u>	<u>Waste-Water</u>	<u>Resources</u>	<u>Intercompany Eliminations</u>	<u>Total</u>
Residential	\$ 151,426	\$ -	\$ -	\$ 114,038	\$ 123,934	\$ 24,189	\$ -	\$ 413,587
Commercial	62,700	35,567	26,631	59,202	75,007	6,702	(5,674)	260,135
Industrial	20,101	24,437	301	7,002	24,688	118	(7,319)	69,328
Other	8,128	438	-	8,232	16,991	6,592	(2,445)	37,936
Revenues - Contracts w/Customers	242,355	60,442	26,932	188,474	240,620	37,601	(15,438)	780,986
Alternative Revenue Programs	-	-	-	-	-	124	-	124
Gross Operating Revenues	\$ 242,355	\$ 60,442	\$ 26,932	\$ 188,474	\$ 240,620	\$ 37,725	\$ (15,438)	\$ 781,110

Nine Months Ended June 30, 2024								
	<u>Gas</u>	<u>Steam</u>	<u>Chilled Water</u>	<u>Water</u>	<u>Waste-Water</u>	<u>Resources</u>	<u>Intercompany Eliminations</u>	<u>Total</u>
Residential	\$ 142,327	\$ -	\$ -	\$ 104,301	\$ 124,228	\$ 22,183	\$ -	\$ 393,039
Commercial	56,392	31,233	24,714	57,016	77,632	6,308	(4,905)	248,390
Industrial	18,640	21,265	290	6,751	23,433	77	(5,175)	65,281
Other	6,710	103	-	7,923	14,902	6,350	(1,570)	34,418
Revenues - Contracts w/Customers	224,069	52,601	25,004	175,991	240,195	34,918	(11,650)	741,128
Alternative Revenue Programs	-	-	-	-	-	158	-	158
Gross Operating Revenues	\$ 224,069	\$ 52,601	\$ 25,004	\$ 175,991	\$ 240,195	\$ 35,076	\$ (11,650)	\$ 741,286

Accounts Receivable and Unbilled Revenue

Amounts due from customers are reflected on the Condensed Combined Statements of Financial Position in the line items labeled "Accounts receivable" for revenue billed to customers and "Accrued utility revenue" which represents unbilled customer revenues. Unbilled revenues relate to a portion of a customer's consumption of utility services from the date of the last cycle billing date through the last day of the month (balance sheet date). Factors taken into consideration when estimating unbilled revenue include historical usage and customer rates. The Company had no contract assets or

liabilities during the periods presented. Additionally, the Company has not incurred any significant costs to obtain or fulfill contracts. The opening and closing balances for customer accounts receivable and accrued utility revenue for the nine months ended June 30, 2025, and 2024 are presented in the tables below.

Citizens and CWA offer flexible payment plans to customers experiencing hardship. At June 30, 2025, the Company's allowance for credit losses is \$5.1 million compared with \$6.2 million at September 30, 2024. The decrease in the allowance at June 30, 2025 compared with September 30, 2024 is largely due to improved collections on past due balances. The adverse impact economic conditions may have on customers' ability to pay is unknown and difficult to predict; however, management frequently monitors changing circumstances and will adjust, if necessary, the allowance for credit losses as additional information becomes available.

Accounts Receivable, net							
<u>\$ Thousands</u>	<u>Gas</u>	<u>Steam</u>	<u>Chilled Water</u>	<u>Water</u>	<u>Wastewater</u>	<u>Resources</u>	<u>Total</u>
Balance at June 30, 2025	\$ 21,907	\$ 6,581	\$ 6,912	\$ 28,336	\$ 30,790	\$ 4,213	\$ 98,739
Balance at September 30, 2024	14,759	6,989	6,371	31,651	30,897	3,289	93,956
Increase (Decrease)	\$ 7,148	\$ (408)	\$ 541	\$ (3,315)	\$ (107)	\$ 924	\$ 4,783
Balance at June 30, 2024	\$ 17,877	\$ 6,337	\$ 7,171	\$ 30,207	\$ 31,356	\$ 4,048	\$ 96,996
Balance at September 30, 2023	16,735	5,170	6,373	28,771	30,072	4,224	91,345
Increase (Decrease)	\$ 1,142	\$ 1,167	\$ 798	\$ 1,436	\$ 1,284	\$ (176)	\$ 5,651

Accrued Utility Revenue							
<u>\$ Thousands</u>	<u>Gas</u>	<u>Steam</u>	<u>Chilled Water</u>	<u>Water</u>	<u>Wastewater</u>	<u>Resources</u>	<u>Total</u>
Balance at June 30, 2025	\$ 2,341	\$ -	\$ -	\$ 10,106	\$ 12,450	\$ 613	\$ 25,510
Balance at September 30, 2024	2,805	-	-	9,681	13,328	649	26,463
Increase (Decrease)	\$ (464)	\$ -	\$ -	\$ 425	\$ (878)	\$ (36)	\$ (953)
Balance at June 30, 2024	\$ 2,476	\$ -	\$ -	\$ 10,482	\$ 12,901	\$ 640	\$ 26,499
Balance at September 30, 2023	3,568	-	-	8,882	11,839	641	24,930
Increase (Decrease)	\$ (1,092)	\$ -	\$ -	\$ 1,600	\$ 1,062	\$ (1)	\$ 1,569

Accounts receivable and unbilled revenues can vary significantly from period to period as a result of weather, customer usage patterns, customer mix, commodity costs, changes in tariff rates, timing of customer collections, timing of rendering customer bills, and meter reading schedules.

6. FINANCIAL SEGMENT INFORMATION

Operations of Citizens include activities in five reportable segments: Gas, Steam, Chilled Water, Water, and Resources. In addition to these business segments, Other is utilized to capture non-revenue generating segment costs (see discussion below). Operations of CWA include activities for the Wastewater business segment. The Chief Executive Officer is the chief operating decision maker for Citizens and CWA.

Gas activities include purchasing natural gas, operating underground natural gas storage facilities in Indiana, and distributing natural gas to residential, commercial, and industrial customers located in Marion County, Indiana.

Steam activities include the production, purchase, and distribution of steam for use in industrial processes and heating buildings in the downtown Indianapolis area.

Chilled Water activities include the production and distribution of chilled water for use in cooling buildings in the central downtown Indianapolis area.

Water activities include the treatment and distribution of drinking water to residential, commercial, and industrial customers located in and around Marion County, Indiana.

Wastewater activities include wastewater collection and treatment services for residential, commercial, and industrial customers located in and around Marion County, Indiana.

Resources conducts for-profit business activities to ultimately provide enhanced benefits to Citizens' beneficiaries. Resources includes several wholly-owned subsidiaries under CESCO, which serves as a holding company for several LLC subsidiaries. CESCO subsidiaries include: Citizens Westfield Utilities, which is the holding company for the three utilities serving Westfield (Westfield Gas, Westfield Water, and Westfield Wastewater). In addition, Resources provides

stormwater management services to the Cities of Indianapolis and Beech Grove through Citizens Energy Management Company, LLC.

Other includes certain non-profit instrumentalities, as well as advertising and philanthropic costs that are not recoverable through rates and are funded by contributions from non-regulated segments. Other also includes shared services comprised of various administrative and operational departments that provide support services to each of Citizens and CWA business segments and the combined enterprise as a whole and allocates the associated cost of the services to the appropriate segment. Management reviews the allocation methodology for shared services on a regular basis and refines the methodology as necessary. The former Manufacturing business segment has been reported as Discontinued Operations and is also included in Other. To the extent certain business segments purchase services from one another, these amounts have been eliminated on the face of the condensed combined financial statements. Such transactions are reported gross for segment presentation, with eliminating entries reported as Eliminations.

Operating revenues and operating expenses are set forth in the Condensed Combined Statements of Operations. Operating income represents operating revenues less operating expenses directly attributable to the segments and an allocation of certain operating expenses benefiting each. Segment Statements of Financial Position at June 30, 2025 and September 30, 2024, Statements of Operations for the three months and nine months ended June 30, 2025 and 2024, and Statements of Cash Flows for the nine months ended June 30, 2025 and 2024 are summarized as follows:

Segment Footnote - Condensed Combined Statement of Financial Position*Citizens Energy Group and Subsidiary and CWA Authority, Inc.**(In Thousands)**At June 30, 2025*

	Gas	Steam	Chilled Water	Water	Waste- water	Resources	Other	Elimin- ations	Total
Assets									
Property, plant, and equipment	\$ 426,107	\$ 93,791	\$ 81,780	\$ 1,532,263	\$ 2,791,828	\$ 436,756	\$ 21,195	\$ -	\$ 5,383,720
Intangibles	-	9,468	27,072	-	-	-	-	-	36,540
Investments	24,639	13,258	11,375	107,513	159,778	1,575	937	(13,641)	305,434
Cash and cash equivalents	65,378	27,725	21,678	22,375	14,553	41,589	7,261	-	200,559
Other current assets	84,572	13,242	9,072	48,021	52,395	6,888	(39)	(1,013)	213,138
Deferred charges and other non-current assets	30,822	8,905	1,605	17,251	6,256	2,921	66,749	-	134,509
Total assets	\$ 631,518	\$ 166,389	\$ 152,582	\$ 1,727,423	\$ 3,024,810	\$ 489,729	\$ 96,103	\$ (14,654)	\$ 6,273,900
Capitalization and Liabilities									
Equity	\$ 480,316	\$ 57,857	\$ 137,993	\$ 491,698	\$ 616,940	\$ 167,478	\$ 44,225	\$ -	\$ 1,996,507
Long-term debt	88,068	66,869	1,402	763,512	2,031,935	117,823	-	-	3,069,609
Retirement benefit and Other long-term liabilities	7,016	19,116	790	393,519	245,934	192,958	24,963	(13,641)	870,655
Current mat. of long-term debt	16,460	7,950	5,945	28,925	59,226	-	-	-	118,506
Short-term borrowings	-	-	-	-	-	-	-	-	-
Other current liabilities	39,658	14,597	6,452	49,769	70,775	11,470	26,915	(1,013)	218,623
Total capitalization and liabilities	\$ 631,518	\$ 166,389	\$ 152,582	\$ 1,727,423	\$ 3,024,810	\$ 489,729	\$ 96,103	\$ (14,654)	\$ 6,273,900

Segment Footnote - Condensed Combined Statement of Financial Position*Citizens Energy Group and Subsidiary and CWA Authority, Inc.**(In Thousands)**At September 30, 2024*

	Gas	Steam	Chilled Water	Water	Waste- water	Resources	Other	Elimin- ations	Total
Assets									
Property, plant, and equipment	\$ 415,206	\$ 90,715	\$ 76,935	\$ 1,449,910	\$ 2,741,516	\$ 406,411	\$ 20,752	\$ -	\$ 5,201,445
Intangibles	-	10,257	29,111	-	-	-	-	-	39,368
Investments	11,293	13,249	13,138	87,861	177,310	2,227	576	(14,556)	291,098
Cash and cash equivalents	57,739	4,052	24,263	20,235	29,843	49,401	13,374	-	198,907
Other current assets	63,990	13,635	8,293	50,758	51,987	5,712	1,024	(697)	194,702
Deferred charges and other non-current assets	28,525	8,537	1,556	20,725	6,893	3,290	63,848	-	133,374
Total assets	\$ 576,753	\$ 140,445	\$ 153,296	\$ 1,629,489	\$ 3,007,549	\$ 467,041	\$ 99,574	\$ (15,253)	\$ 6,058,894
Capitalization and Liabilities									
Equity	\$ 423,042	\$ 51,896	\$ 132,054	\$ 431,000	\$ 543,040	\$ 159,513	\$ 47,235	\$ -	\$ 1,787,780
Long-term debt	89,461	35,370	7,497	771,381	2,100,406	117,978	-	-	3,122,093
Retirement benefit and Other long-term liabilities	6,998	29,110	734	324,978	199,244	178,475	25,158	(14,556)	750,141
Current mat. of long-term debt	16,460	7,650	5,660	21,895	56,804	-	-	-	108,469
Short-term borrowings	-	-	-	23,000	-	-	-	-	23,000
Other current liabilities	40,792	16,419	7,351	57,235	108,055	11,075	27,181	(697)	267,411
Total capitalization and liabilities	\$ 576,753	\$ 140,445	\$ 153,296	\$ 1,629,489	\$ 3,007,549	\$ 467,041	\$ 99,574	\$ (15,253)	\$ 6,058,894

Segment Footnote - Condensed Combined Statement of Operations*Citizens Energy Group and Subsidiary and CWA Authority, Inc.**(In Thousands)**For the Three Months Ended June 30, 2025*

	Gas	Steam	Chilled Water	Water	Waste- water	Resources	Other	Elimin- ations	Total
Operating revenues									
Customer revenues	\$ 45,561	\$ 13,738	\$ 13,052	\$ 62,299	\$ 80,677	\$ 11,793	\$ -	\$ -	\$ 227,120
Intercompany revenues	3,401	1,684	-	247	329	-	-	(5,661)	-
Gross operating revenues	48,962	15,422	13,052	62,546	81,006	11,793	-	(5,661)	227,120
Operating expenses:									
Cost of goods sold	18,510	8,976	4,177	-	-	507	-	(4,972)	27,198
Operations and maintenance	18,090	4,714	2,745	25,303	23,364	5,280	46	(687)	78,855
Depreciation and amortization	5,767	1,611	1,437	8,241	17,060	1,836	-	-	35,952
Taxes	1,810	242	866	4,027	6,105	795	-	-	13,845
Total operating expenses	44,177	15,543	9,225	37,571	46,529	8,418	46	(5,659)	155,850
Operating income (loss)	4,785	(121)	3,827	24,975	34,477	3,375	(46)	(2)	71,270
Other income (expense), net:									
Interest income	785	321	269	955	1,536	156	158	(149)	4,031
Non-operating post-employment benefits, net	1,745	383	102	736	626	139	-	-	3,731
Other	10	-	-	79	14	271	(1,035)	149	(512)
Total other income (expense), net	2,540	704	371	1,770	2,176	566	(877)	-	7,250
Income (loss) before interest charges	7,325	583	4,198	26,745	36,653	3,941	(923)	(2)	78,520
Interest charges:									
Interest on long-term debt	1,217	969	90	8,350	20,330	1,327	-	-	32,283
Other interest, including net (premium) discount amortization	(323)	(39)	(51)	(1,165)	(8,911)	(93)	-	-	(10,582)
Total interest charges	894	930	39	7,185	11,419	1,234	-	-	21,701
Income (loss) from continuing operations	6,431	(347)	4,159	19,560	25,234	2,707	(923)	(2)	56,819
Income from discontinued operations	-	-	-	-	-	-	124	2	126
Net income (loss)	\$ 6,431	\$ (347)	\$ 4,159	\$ 19,560	\$ 25,234	\$ 2,707	\$ (799)	\$ -	\$ 56,945

Segment Footnote - Condensed Combined Statement of Operations*Citizens Energy Group and Subsidiary and CWA Authority, Inc.**(In Thousands)**For the Three Months Ended June 30, 2024*

	Gas	Steam	Chilled Water	Water	Waste- water	Resources	Other	Elimin- ations	Total
Operating revenues									
Customer revenues	\$ 34,590	\$ 13,637	\$ 12,563	\$ 62,433	\$ 79,748	\$ 11,044	\$ -	\$ -	\$ 214,015
Intercompany revenues	1,259	1,246	-	246	322	-	-	(3,073)	-
Gross operating revenues	35,849	14,883	12,563	62,679	80,070	11,044	-	(3,073)	214,015
Operating expenses:									
Cost of goods sold	8,294	7,236	3,636	-	-	223	-	(2,560)	16,829
Operations and maintenance	17,057	5,052	2,773	24,248	21,662	4,658	34	(512)	74,972
Depreciation and amortization	5,210	1,442	1,374	7,279	17,335	1,659	-	-	34,299
Taxes	1,213	156	760	2,644	6,548	769	-	-	12,090
Total operating expenses	31,774	13,886	8,543	34,171	45,545	7,309	34	(3,072)	138,190
Operating income (loss)	4,075	997	4,020	28,508	34,525	3,735	(34)	(1)	75,825
Other income (expense), net:									
Interest income	931	234	244	668	2,326	127	168	(152)	4,546
Non-operating post-employment benefits, net	832	176	54	533	337	73	-	-	2,005
Other	-	-	-	135	-	(407)	(1,100)	152	(1,220)
Total other income (expense), net	1,763	410	298	1,336	2,663	(207)	(932)	-	5,331
Income (loss) before interest charges	5,838	1,407	4,318	29,844	37,188	3,528	(966)	(1)	81,156
Interest charges:									
Interest on long-term debt	1,352	659	161	8,699	21,217	961	-	-	33,049
Other interest, including net (premium) discount amortization	(480)	97	(91)	(1,408)	(9,297)	(223)	-	-	(11,402)
Total interest charges	872	756	70	7,291	11,920	738	-	-	21,647
Income (loss) from continuing operations	4,966	651	4,248	22,553	25,268	2,790	(966)	(1)	59,509
Income from discontinued operations	-	-	-	-	-	-	21	1	22
Net income (loss)	\$ 4,966	\$ 651	\$ 4,248	\$ 22,553	\$ 25,268	\$ 2,790	\$ (945)	\$ -	\$ 59,531

Segment Footnote - Condensed Combined Statement of Operations*Citizens Energy Group and Subsidiary and CWA Authority, Inc.**(In Thousands)**For the Nine Months Ended June 30, 2025*

	Gas	Steam	Chilled Water	Water	Waste- water	Resources	Other	Elimin- ations	Total
Operating revenues									
Customer revenues	\$ 230,986	\$ 57,904	\$ 26,932	\$ 187,885	\$ 239,679	\$ 37,724	\$ -	\$ -	\$ 781,110
Intercompany revenues	11,369	2,538	-	589	941	1	-	(15,438)	-
Gross operating revenues	242,355	60,442	26,932	188,474	240,620	37,725	-	(15,438)	781,110
Operating expenses:									
Cost of goods sold	111,104	32,220	8,367	-	-	3,391	-	(13,406)	141,676
Operations and maintenance	57,261	16,096	7,370	76,403	69,003	15,493	115	(2,029)	239,712
Depreciation and amortization	16,000	4,824	4,311	24,694	51,310	5,529	-	-	106,668
Taxes	5,046	670	1,947	11,235	18,787	2,671	-	-	40,356
Total operating expenses	189,411	53,810	21,995	112,332	139,100	27,084	115	(15,435)	528,412
Operating income (loss)	52,944	6,632	4,937	76,142	101,520	10,641	(115)	(3)	252,698
Other income (expense), net:									
Interest income	2,064	668	845	2,652	4,613	259	482	(453)	11,130
Non-operating post-employment benefits, net	5,233	1,148	308	2,208	1,878	418	-	-	11,193
Other	(606)	-	-	423	113	360	(3,092)	453	(2,349)
Total other income (expense), net	6,691	1,816	1,153	5,283	6,604	1,037	(2,610)	-	19,974
Income (loss) before interest charges	59,635	8,448	6,090	81,425	108,124	11,678	(2,725)	(3)	272,672
Interest charges:									
Interest on long-term debt	3,652	2,099	270	25,041	61,038	3,982	-	-	96,082
Other interest, including net (premium) discount amortization	(990)	344	(151)	(4,206)	(26,808)	(269)	-	-	(32,080)
Total interest charges	2,662	2,443	119	20,835	34,230	3,713	-	-	64,002
Income (loss) from continuing operations	56,973	6,005	5,971	60,590	73,894	7,965	(2,725)	(3)	208,670
Income from discontinued operations	-	-	-	-	-	-	352	3	355
Net income (loss)	\$ 56,973	\$ 6,005	\$ 5,971	\$ 60,590	\$ 73,894	\$ 7,965	\$ (2,373)	\$ -	\$ 209,025

Segment Footnote - Condensed Combined Statement of Operations*Citizens Energy Group and Subsidiary and CWA Authority, Inc.**(In Thousands)**For the Nine Months Ended June 30, 2024*

	Gas	Steam	Chilled Water	Water	Waste- water	Resources	Other	Elimin- ations	Total
Operating revenues									
Customer revenues	\$ 215,889	\$ 50,574	\$ 25,004	\$ 175,442	\$ 239,302	\$ 35,075	\$ -	\$ -	\$ 741,286
Intercompany revenues	8,180	2,027	-	549	893	1	-	(11,650)	-
Gross operating revenues	224,069	52,601	25,004	175,991	240,195	35,076	-	(11,650)	741,286
Operating expenses:									
Cost of goods sold	94,322	25,878	7,106	-	-	2,609	-	(9,762)	120,153
Operations and maintenance	54,291	15,185	7,031	69,400	66,404	13,906	89	(1,885)	224,421
Depreciation and amortization	15,421	4,318	4,114	21,855	51,296	4,856	-	-	101,860
Taxes	4,572	567	1,760	10,015	20,075	2,347	-	-	39,336
Total operating expenses	168,606	45,948	20,011	101,270	137,775	23,718	89	(11,647)	485,770
Operating income (loss)	55,463	6,653	4,993	74,721	102,420	11,358	(89)	(3)	255,516
Other income (expense), net:									
Interest income	1,908	612	879	2,337	7,311	248	512	(456)	13,351
Non-operating post-employment benefits, net	2,495	528	164	1,598	1,010	218	-	-	6,013
Other	(395)	-	-	397	84	(297)	(2,970)	456	(2,725)
Total other income (expense), net	4,008	1,140	1,043	4,332	8,405	169	(2,458)	-	16,639
Income (loss) before interest charges	59,471	7,793	6,036	79,053	110,825	11,527	(2,547)	(3)	272,155
Interest charges:									
Interest on long-term debt	4,406	1,978	483	26,246	63,701	2,328	-	-	99,142
Other interest, including net (premium) discount amortization	(1,390)	39	(270)	(4,250)	(30,326)	(566)	-	-	(36,763)
Total interest charges	3,016	2,017	213	21,996	33,375	1,762	-	-	62,379
Income (loss) from continuing operations	56,455	5,776	5,823	57,057	77,450	9,765	(2,547)	(3)	209,776
Income from discontinued operations	-	-	-	-	-	-	62	3	65
Net income (loss)	\$ 56,455	\$ 5,776	\$ 5,823	\$ 57,057	\$ 77,450	\$ 9,765	\$ (2,485)	\$ -	\$ 209,841

Segment Footnote - Condensed Combined Statement of Cash Flows*Citizens Energy Group and Subsidiary and CWA Authority, Inc.**For the Nine Months Ended June 30, 2025 (In Thousands)*

	Gas	Steam	Chilled Water	Water	Waste- water	Resources	Other	Total
Net cash provided by (used in) operating activities	68,934	9,906	8,174	71,933	83,884	10,112	1,499	\$ 254,442
Investing Activities:								
Construction expenditures	(25,161)	(9,467)	(6,433)	(82,575)	(110,975)	(19,907)	(7,876)	(262,394)
Purchases of investment securities	(20,301)	-	-	-	-	-	(52)	(20,353)
Sales/maturities of investment securities	-	-	-	-	-	-	678	678
Other investing activities	-	-	-	777	203	1	(362)	619
Net cash provided by (used in) investing activities	(45,462)	(9,467)	(6,433)	(81,798)	(110,772)	(19,906)	(7,612)	(281,450)
Financing Activities:								
Proceeds from bank line of credit	-	20,000	-	10,000	43,000	-	-	73,000
Repayment of bank line of credit	-	(30,000)	-	(5,000)	-	-	-	(35,000)
Principal payments of long-term debt and bond refunding	-	(34,390)	(5,660)	(21,895)	(52,183)	-	-	(114,128)
Proceeds from issuance of long-term debt and bond refunding	-	68,022	-	27,000	-	-	-	95,022
Bond issuance costs	-	(389)	-	(65)	-	(69)	-	(523)
Contributions in aid of construction	-	-	-	22,084	3,454	1,400	-	26,938
Other financing activities	(284)	-	-	-	-	-	-	(284)
Net cash provided by (used in) financing activities	(284)	23,243	(5,660)	32,124	(5,729)	1,331	-	45,025
Net change in cash, cash equivalents, and restricted cash	23,188	23,682	(3,919)	22,259	(32,617)	(8,463)	(6,113)	18,017
Cash, cash equivalents & restricted cash - beginning of period	63,603	17,301	30,608	79,632	205,777	51,627	13,374	461,922
Cash, cash equivalents & restricted cash - end of period	\$ 86,791	\$ 40,983	\$ 26,689	\$ 101,891	\$ 173,160	\$ 43,164	\$ 7,261	\$ 479,939
Reconciliation:								
Cash and cash equivalents	\$ 65,378	\$ 27,725	\$ 21,678	\$ 22,375	\$ 14,553	\$ 41,589	\$ 7,261	\$ 200,559
Restricted cash included in Bond restricted funds	17,361	13,258	5,011	77,531	156,964	1,575	-	271,700
Restricted cash included in Other current assets	4,052	-	-	-	-	-	-	4,052
Restricted cash included in Investments, Other	-	-	-	1,985	1,643	-	-	3,628
Cash, cash equivalents & restricted cash - end of period	\$ 86,791	\$ 40,983	\$ 26,689	\$ 101,891	\$ 173,160	\$ 43,164	\$ 7,261	\$ 479,939

Segment Footnote - Condensed Combined Statement of Cash Flows*Citizens Energy Group and Subsidiary and CWA Authority, Inc.**For the Nine Months Ended June 30, 2024 (In Thousands)*

	Gas	Steam	Chilled Water	Water	Waste- water	Resources	Other	Total
Net cash provided by (used in) operating activities	79,965	1,554	12,365	48,471	84,560	12,574	2,512	\$ 242,001
Investing Activities:								
Construction expenditures	(30,498)	(6,181)	(11,799)	(54,050)	(140,731)	(32,396)	(6,941)	(282,596)
Other investing activities	(1,763)	-	207	(516)	(126)	(4)	(1,302)	(3,504)
Net cash provided by (used in) investing activities	(32,261)	(6,181)	(11,592)	(54,566)	(140,857)	(32,400)	(8,243)	(286,100)
Financing Activities:								
Proceeds from bank line of credit	-	15,000	-	6,000	-	-	-	21,000
Repayment of bank line of credit	-	(5,000)	-	(3,000)	-	-	-	(8,000)
Principal payments of long-term debt and bond refunding	(54,419)	(7,278)	(5,377)	(20,935)	(49,581)	-	-	(137,590)
Proceeds from issuance of long-term debt and bond refunding	54,794	-	-	11,000	-	45,034	-	110,828
Bond issuance costs	(305)	-	-	(296)	(178)	(363)	-	(1,142)
Contributions in aid of construction	-	-	-	14,523	8,087	433	-	23,043
Other financing activities	(1,865)	-	-	-	-	-	1,727	(138)
Net cash provided by (used in) financing activities	(1,795)	2,722	(5,377)	7,292	(41,672)	45,104	1,727	8,001
Net change in cash, cash equivalents, and restricted cash	45,909	(1,905)	(4,604)	1,197	(97,969)	25,278	(4,004)	(36,098)
Cash, cash equivalents & restricted cash - beginning of period	40,696	23,770	31,223	65,075	298,788	29,017	12,688	501,257
Cash, cash equivalents & restricted cash - end of period	\$ 86,605	\$ 21,865	\$ 26,619	\$ 66,272	\$ 200,819	\$ 54,295	\$ 8,684	\$ 465,159
Reconciliation:								
Cash and cash equivalents	\$ 65,971	\$ 11,184	\$ 21,918	\$ 11,978	\$ 36,132	\$ 53,250	\$ 8,684	\$ 209,117
Restricted cash included in Bond restricted funds	18,300	10,681	4,701	52,349	163,060	1,045	-	250,136
Restricted cash included in Other current assets	2,334	-	-	-	-	-	-	2,334
Restricted cash included in Investments, Other	-	-	-	1,945	1,627	-	-	3,572
Cash, cash equivalents & restricted cash - end of period	\$ 86,605	\$ 21,865	\$ 26,619	\$ 66,272	\$ 200,819	\$ 54,295	\$ 8,684	\$ 465,159

7. ADDITIONAL FINANCIAL INFORMATION – CITIZENS WESTFIELD UTILITIES

Operations of CWU include the activities of Westfield Gas, Westfield Water, and Westfield Wastewater. CWU (Parent) is the holding company for the three utilities serving residential, commercial, and industrial customers in Westfield, Indiana:

- Westfield Gas activities include purchasing and distributing natural gas.
- Westfield Water activities include treatment and distribution of drinking water.
- Westfield Wastewater activities include wastewater collection and treatment services.

Condensed Consolidated Statement of Financial Position

Citizens Westfield Utilities, LLC

(In Thousands)

At June 30, 2025

	Parent	Westfield Gas	Westfield Water	Westfield Wastewater	Eliminations	Total
Assets						
Property, plant, and equipment	\$ -	\$ 26,012	\$ 198,644	\$ 211,648	\$ -	\$ 436,304
Investments	163,618	327	666	582	(163,618)	1,575
Cash and cash equivalents	120	6,696	12,944	17,726	-	37,486
Other current assets	-	2,647	2,377	2,241	-	7,265
Other non-current assets	-	1,854	1,067	-	-	2,921
Total assets	\$ 163,738	\$ 37,536	\$ 215,698	\$ 232,197	\$ (163,618)	\$ 485,551
Capitalization and Liabilities						
Member's equity	\$ 163,224	\$ 20,795	\$ 63,273	\$ 79,550	\$ (163,618)	\$ 163,224
Long-term debt	-	13,814	57,003	47,006	-	117,823
Other long-term liabilities	-	612	90,616	101,730	-	192,958
Other current liabilities	514	2,315	4,806	3,911	-	11,546
Total capitalization and liabilities	\$ 163,738	\$ 37,536	\$ 215,698	\$ 232,197	\$ (163,618)	\$ 485,551

Condensed Consolidated Statement of Financial Position

Citizens Westfield Utilities, LLC

(In Thousands)

At September 30, 2024

	Parent	Westfield Gas	Westfield Water	Westfield Wastewater	Eliminations	Total
Assets						
Property, plant, and equipment	\$ -	\$ 23,108	\$ 183,858	\$ 198,991	\$ -	\$ 405,957
Investments	157,293	140	1,122	964	(157,293)	2,226
Cash and cash equivalents	552	6,250	19,824	21,028	-	47,654
Other current assets	-	2,265	2,362	1,988	-	6,615
Other non-current assets	-	2,040	1,250	-	-	3,290
Total assets	\$ 157,845	\$ 33,803	\$ 208,416	\$ 222,971	\$ (157,293)	\$ 465,742
Capitalization and Liabilities						
Member's equity	\$ 156,904	\$ 17,276	\$ 62,090	\$ 77,927	\$ (157,293)	\$ 156,904
Long-term debt	-	13,849	57,032	47,096	-	117,977
Other long-term liabilities	-	417	84,245	93,813	-	178,475
Other current liabilities	941	2,261	5,049	4,135	-	12,386
Total capitalization and liabilities	\$ 157,845	\$ 33,803	\$ 208,416	\$ 222,971	\$ (157,293)	\$ 465,742

Condensed Consolidated Statement of Operations**Citizens Westfield Utilities, LLC****For the Three Months Ended June 30, 2025****(In Thousands)**

	Parent	Westfield Gas	Westfield Water	Westfield Wastewater	Eliminations	Total
Operating revenues	\$ -	\$ 1,411	\$ 3,749	\$ 4,718	\$ -	\$ 9,878
Operating expenses						
Cost of goods sold	-	500	-	-	-	500
Other operating expenses		692	1,535	1,742	-	3,969
Depreciation and amortization	-	212	618	999	-	1,829
Taxes	-	60	466	269	-	795
Total operating expenses	-	1,464	2,619	3,010	-	7,093
Total operating (loss) income	-	(53)	1,130	1,708	-	2,785
Other income (expense)	-	159	342	58	-	559
Equity in earnings of subsidiaries	2,112	-	-	-	(2,112)	-
Interest charges						
Interest on long-term debt	-	160	623	546	-	1,329
Other interest	-	(19)	(43)	(34)	-	(96)
Total interest charges	-	141	580	512	-	1,233
Net income (loss)	\$ 2,112	\$ (35)	\$ 892	\$ 1,254	\$ (2,112)	\$ 2,111

Condensed Consolidated Statement of Operations**Citizens Westfield Utilities, LLC****For the Three Months Ended June 30, 2024****(In Thousands)**

	Parent	Westfield Gas	Westfield Water	Westfield Wastewater	Eliminations	Total
Operating revenues	\$ -	\$ 1,052	\$ 3,623	\$ 4,522	\$ -	\$ 9,197
Operating expenses						
Cost of goods sold	-	223	-	-	-	223
Other operating expenses		547	1,346	1,421	-	3,314
Depreciation and amortization	-	191	598	864	-	1,653
Taxes	-	52	431	285	-	768
Total operating expenses	-	1,013	2,375	2,570	-	5,958
Total operating (loss) income	-	39	1,248	1,952	-	3,239
Other income (expense)	-	142	(362)	24	-	(196)
Equity in earnings of subsidiaries	2,306	-	-	-	(2,306)	-
Interest charges						
Interest on long-term debt		41	498	422	-	961
Other interest		58	(18)	(264)	-	(224)
Total interest charges	-	99	480	158	-	737
Net income (loss)	\$ 2,306	\$ 82	\$ 406	\$ 1,818	\$ (2,306)	\$ 2,306

Condensed Consolidated Statement of Operations**Citizens Westfield Utilities, LLC****For the Nine Months Ended June 30, 2025****(In Thousands)**

	Parent	Westfield Gas	Westfield Water	Westfield Wastewater	Eliminations	Total
Operating revenues	\$ -	\$ 7,782	\$ 10,143	\$ 14,150	\$ -	\$ 32,075
Operating expenses						
Cost of goods sold	-	3,384	-	-	-	3,384
Other operating expenses	4	1,903	4,490	5,100	-	11,497
Depreciation and amortization	-	620	1,841	3,048	-	5,509
Taxes	-	164	1,428	1,078	-	2,670
Total operating expenses	4	6,071	7,759	9,226	-	23,060
Total operating (loss) income	(4)	1,711	2,384	4,924	-	9,015
Other income (expense)	-	246	585	187	-	1,018
Equity in earnings of subsidiaries	6,325	-	-	-	(6,325)	-
Interest charges						
Interest on long-term debt	-	479	1,868	1,637	-	3,984
Other interest	-	(40)	(82)	(149)	-	(271)
Total interest charges	-	439	1,786	1,488	-	3,713
Net income (loss)	\$ 6,321	\$ 1,518	\$ 1,183	\$ 3,623	\$ (6,325)	\$ 6,320

Condensed Consolidated Statement of Operations**Citizens Westfield Utilities, LLC****For the Nine Months Ended June 30, 2024****(In Thousands)**

	Parent	Westfield Gas	Westfield Water	Westfield Wastewater	Eliminations	Total
Operating revenues	\$ -	\$ 6,787	\$ 9,423	\$ 13,317	\$ -	\$ 29,527
Operating expenses						
Cost of goods sold	-	2,609	-	-	-	2,609
Other operating expenses	6	1,629	4,239	4,268	-	10,142
Depreciation and amortization	-	554	1,747	2,535	-	4,836
Taxes	-	146	1,235	965	-	2,346
Total operating expenses	6	4,938	7,221	7,768	-	19,933
Total operating (loss) income	(6)	1,849	2,202	5,549	-	9,594
Other income (expense)	-	197	(144)	111	-	164
Equity in earnings of subsidiaries	8,003	-	-	-	(8,003)	-
Interest charges						
Interest on long-term debt		122	1,218	988	-	2,328
Other interest		177	(7)	(737)	-	(567)
Total interest charges	-	299	1,211	251	-	1,761
Net income (loss)	\$ 7,997	\$ 1,747	\$ 847	\$ 5,409	\$ (8,003)	\$ 7,997

Condensed Consolidated Statement of Cash Flows**Citizens Westfield Utilities, LLC****(In Thousands)****For the Nine Months Ended June 30, 2025**

	Parent	Westfield Gas	Westfield Water	Westfield Wastewater	Total
Net cash provided by (used in) operating activities	\$ (432)	\$ 1,948	\$ 3,707	\$ 4,787	\$ 10,010
Investing Activities:					
Construction expenditures	-	(3,246)	(9,299)	(7,361)	(19,906)
Net cash provided by (used in) investing activities	-	(3,246)	(9,299)	(7,361)	(19,906)
Financing Activities:					
Bond issuance costs	-	(69)	-	-	(69)
Additional paid-in capital and dividends	-	2,000	-	(2,000)	-
Contributions in aid of construction and customer advances, net	-	-	(1,744)	890	(854)
Net cash provided by (used in) financing activities	-	1,931	(1,744)	(1,110)	(923)
Net change in cash, cash equivalents, and restricted cash	(432)	633	(7,336)	(3,684)	(10,819)
Cash, cash equivalents & restricted cash - beginning of period	552	6,390	20,946	21,992	49,880
Cash, cash equivalents & restricted cash - end of period	\$ 120	\$ 7,023	\$ 13,610	\$ 18,308	\$ 39,061
Reconciliation:					
Cash and cash equivalents	\$ 120	\$ 6,696	\$ 12,944	\$ 17,726	\$ 37,486
Restricted cash included in Bond restricted funds	-	327	666	582	1,575
Cash, cash equivalents & restricted cash - end of period	\$ 120	\$ 7,023	\$ 13,610	\$ 18,308	\$ 39,061

Condensed Consolidated Statement of Cash Flows**Citizens Westfield Utilities, LLC****(In Thousands)****For the Nine Months Ended June 30, 2024**

	Parent	Westfield Gas	Westfield Water	Westfield Wastewater	Total
Net cash provided by (used in) operating activities	\$ 619	\$ 2,238	\$ 1,458	\$ 6,767	\$ 11,082
Investing Activities:					
Construction expenditures	-	(3,207)	(11,457)	(17,732)	(32,396)
Net cash provided by (used in) investing activities	-	(3,207)	(11,457)	(17,732)	(32,396)
Financing Activities:					
Proceeds from issuance of long-term debt	-	-	22,517	22,517	45,034
Bond issuance costs	-	(3)	(180)	(180)	(363)
Additional paid-in capital and dividends	4	-	-	(4)	-
Contributions in aid of construction and customer advances, net	-	-	(672)	1,105	433
Net cash provided by (used in) financing activities	4	(3)	21,665	23,438	45,104
Net change in cash, cash equivalents, and restricted cash	623	(972)	11,666	12,473	23,790
Cash, cash equivalents & restricted cash - beginning of period	206	3,036	12,077	11,728	27,047
Cash, cash equivalents & restricted cash - end of period	\$ 829	\$ 2,064	\$ 23,743	\$ 24,201	\$ 50,837
Reconciliation:					
Cash and cash equivalents	\$ 829	\$ 1,980	\$ 23,222	\$ 23,761	\$ 49,792
Restricted cash included in Bond restricted funds	-	84	521	440	1,045
Cash, cash equivalents & restricted cash - end of period	\$ 829	\$ 2,064	\$ 23,743	\$ 24,201	\$ 50,837

8. LEASES

The Company has operating leases for certain Thermal Steam property, plant, and equipment. The Company does not have any finance leases. Leases with an initial term of 12 months or less are not recorded on the balance sheet but are expensed on a straight-line basis over the lease term. The Company's leases do not contain any material residual value guarantees, restrictive covenants, or subleases. There were no lease transactions with related parties for the nine months ended June 30, 2025, and 2024.

Right-of-use assets represent the Company's right to use an underlying asset for the lease term while lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease right-of-use assets and lease liabilities are recognized on commencement of the lease based on the present value of lease payments over the lease term. As the Company's leases do not provide an implicit rate, the Company uses the respective business unit's incremental borrowing rate, on a collateralized basis over a similar term, based on the information available at commencement date in determining the present value of lease payments. The lease term includes the option to extend or terminate the lease if it is reasonably certain that the option will be exercised. Operating lease expense for lease payments is recognized on a straight-line basis over the lease term. Variable payments, which are immaterial, are excluded from right-of-use assets and lease liabilities are recognized as incurred.

The following table summarizes the amounts recognized on the Condensed Combined Statements of Financial Position related to lease asset and liability balances as of the period indicated (in thousands):

	Condensed Combined Statement of Financial Position Classification	At June 30, 2025	At September 30, 2024
Assets			
Right-of-use assets - operating leases	Property, plant, and equipment, net	\$ 2,308	\$ 2,534
Liabilities			
Operating lease liabilities - current	Other current liabilities	\$ 314	\$ 303
Operating lease liabilities - non-current	Other long-term liabilities	\$ 1,994	\$ 2,231

The following table presents the components of lease expense recognized in operations and maintenance expense (in thousands):

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2025	2024	2025	2024
Operating lease expense	\$ 105	\$ 105	\$ 315	\$ 315
Short-term lease expense	294	259	1,275	721
Variable lease expense	64	51	223	185
Total lease expense	<u>\$ 463</u>	<u>\$ 415</u>	<u>\$ 1,813</u>	<u>\$ 1,221</u>

The following table presents operating lease maturities and a reconciliation of the undiscounted cash flows to operating lease liabilities (in thousands) on a fiscal-year basis:

	At June 30, 2025
2025	\$ 105
2026	420
2027	420
2028	420
2029	420
Thereafter	910
Total operating lease payments	2,695
Less: imputed interest	387
Total operating lease liabilities	<u>\$ 2,308</u>

The following table contains additional information related to leases (in thousands):

	At June 30, 2025
Weighted-average remaining lease term (months)	77
Weighted-average discount rate	4.9%
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ -

Operating cash outflows from operating leases included in the measurement of lease liabilities were \$315 thousand for each of the nine months ended June 30, 2025, and 2024, respectively.

9. DISCONTINUED OPERATIONS AND RELATED ASSET RETIREMENT OBLIGATIONS

The Manufacturing segment, d/b/a Indianapolis Coke, ceased operations on July 13, 2007. Prior to the cessation of operations, Manufacturing (reported as Discontinued Operations) produced manufactured gas, coke, and various chemical by-products for industrial use. Indianapolis Coke had been in operation since 1909 and once produced all of the gas used for heating and other purposes in Marion County. With the introduction of natural gas transported to Indianapolis via interstate pipelines in the 1950's, the percentage of manufactured gas in the gas distribution system gradually declined and reached zero when the Manufacturing segment ceased operation in 2007.

Estimated costs relating to the closure, including liquidation of inventories, plant demolition, and environmental remediation are reflected in the accompanying condensed combined financial statements in accordance with FASB guidance related to asset retirement obligations (ASC 410-20) and exit or disposal cost obligations (ASC 420). Citizens enrolled this facility in the Indiana Department of Environmental Management Voluntary Remediation Program to address historical environmental impacts associated with these operations. Demolition costs concluded in 2017, and costs of remediation will continue for several years. As the full nature and extent of the environmental impacts can be difficult to determine with certainty, Citizens, in conjunction with internal and external environmental consultants, has estimated and accrued costs associated with environmental remediation of this site based on currently available information. Estimates of these costs are included in the condensed combined financial statements as part of the asset retirement obligation. Citizens reviews the asset retirement obligation annually, evaluating newly assumed costs or substantive changes in previously assumed costs to determine if cost estimate impacts are sufficiently material to warrant application of the updated estimates to the asset retirement obligation. Changes resulting from revisions to the timing or amount of the original estimate of cash flows are recognized as an increase or a decrease in the asset retirement cost to the extent applicable.

Activity for the nine months ended June 30, 2025, for the asset retirement obligation liability is as follows (in thousands):

Asset retirement obligation at September 30, 2024	\$ 12,277
Accretion expense	217
Remediation liabilities settled	(230)
Asset retirement obligation at June 30, 2025	<u>\$ 12,264</u>

The major classes of assets and liabilities of the Manufacturing segment (reported as Discontinued Operations in Other) at June 30, 2025, and September 30, 2024, are as follows (in thousands):

	June 30, 2025	September 30, 2024
Current assets	\$ 1,780	\$ 2,136
Non-current assets	5,342	4,776
Total assets	<u>\$ 7,122</u>	<u>\$ 6,912</u>
Equity (deficiency)	\$ (6,104)	\$ (6,466)
Retirement benefit and other long-term liabilities	13,126	13,292
Current liabilities	100	86
Total capitalization and liabilities	<u>\$ 7,122</u>	<u>\$ 6,912</u>

For the nine months ended June 30, 2025, and 2024, Discontinued Operations operating expenses were \$(0.4) million and \$0.1 million, respectively. Approximately \$1.7 million of cash was provided by Gas to Discontinued Operations during fiscal year 2024 to settle a portion of the liabilities. Additional cash funding from Gas to settle liabilities may be provided to Discontinued Operations in future periods.

10. RATE AND REGULATORY MATTERS

A. Regulatory Developments

Gas

The gas utility's most recent general rate case order was issued by the IURC in September 2011.

On January 17, 2025, the gas utility filed a petition and testimony with the IURC supporting a request for approval of two special contracts for gas transportation service to two liquefied natural gas ("LNG") plants owned by the same customer. The combined volumes of gas delivered to the two plants make the customer the gas utility's second largest transportation customer. Each special contract is for a ten-year term and incorporates a demand charge into the pricing

structure, which will provide the gas utility certainty over a longer period of time and a more stable revenue stream. On March 14, 2025, the OUCC filed testimony recommending approval of the transportation agreements. An evidentiary hearing was held on April 15, 2025. On May 28, 2025, the IURC issued an order approving special contracts for transportation of gas to both plants.

Citizens Thermal Steam

On March 1, 2023, the steam utility filed with the IURC a petition and supporting testimony seeking approval, among other things, to increase its base rates charges. On August 2, 2023, Citizens Thermal filed a settlement agreement entered into by Citizens Thermal, the Office of Utility Consumer Counselor (OUCC), and all other parties to the case. Under the settlement agreement, the parties recommend, among other things, the IURC approve an increase of \$2.5 million, approximately \$3.4 million less than what Citizens Thermal requested in its case-in-chief. A hearing was held on August 23, 2023. On November 8, 2023, the IURC issued an order approving the settlement agreement without modification, including an increase in revenues of \$2.5 million.

On December 20, 2024, the steam utility filed with the IURC a petition and testimony supporting a request for approval of a special contract for steam utility service to one of its largest customers. The special contract is a proposed second amendment to a contract initiated in April 1998. A first amendment to that contract was approved by the IURC in May 2023. The first amendment was a short-term stop-gap measure to allow the steam utility to continue providing service to the customer while the parties negotiated a long-term amendment to the 1998 contract. The second amendment, like the first amendment, incorporates a demand charge into the pricing structure, which will provide the steam utility a more stable revenue stream. The pricing structure also provides for annual increases. The second amendment will extend the term to December 31, 2034, and includes provisions for renewal terms. On February 7, 2025, the OUCC filed a notice with the IURC indicating the OUCC would not file testimony in the case. Thus, there was no opposition to the approval requested by the steam utility. An evidentiary hearing was held on March 11, 2025. On April 16, 2025, the IURC issued an order approving the special contract without modification.

Water

The water utility's most recent general rate case order was issued by the IURC in April 2016. In accordance with a statute enacted by the Indiana General Assembly authorizing the recovery of costs related to replacement of customer-owned lead service lines, certain rate adjustment mechanisms have also been approved by the IURC which facilitate Citizens Water's recovery of such costs.

Lead Service Line Replacement

On August 19, 2021, Citizens Water filed a petition and testimony with the IURC seeking approval of a Lead Service Line Replacement ("LSLR") Plan pursuant to which it would replace customer-owned lead service lines in its service territory. The LSLR Plan contemplated Citizens Water spending approximately \$2.5 to \$5.0 million each year on lead service line replacements during the first five years of the plan. On March 2, 2022, the IURC approved Citizens Water's proposed LSLR Plan, finding it to be reasonable and in the public interest.

On May 11, 2022, the IURC approved rate schedules designed to recover expected costs of \$2.5 million during year 1 of the LSLR Plan, and \$5.1 million annually during years 2 -5. The Order directed Citizens Water to make a compliance filing at the end of each 12-month period reconciling the difference between the billed charges and the actual costs incurred for the 12-month period. Citizens Water has made compliance filings reconciling the differences between charges billed and actual costs incurred for the first two years of the LSLR Plan. Revised rate schedules based on both compliance filings were approved by the IURC.

On July 16, 2024, Citizens Water filed a petition and testimony with the IURC seeking approval of revised rate schedules to provide for recovery of increased LSLR costs ranging from \$10.0 - \$25.0 million per year. The petition additionally sought approval to recover approximately \$3.5 million of unrecovered costs incurred during year 2 of the LSLR Plan, which were incurred as a result of accelerating certain LSLR projects to take advantage of overall savings achieved by coordinating with public improvement projects being completed by the City of Indianapolis. On August 15, 2024, the OUCC filed testimony generally supporting the Citizens Water proposal. On September 11, 2024, the IURC issued an order approving the relief requested in the petition.

Distribution System Improvement Charge

On November 23, 2022, the IURC issued an order approving recovery of \$15.0 million of infrastructure improvement costs over a four-year period via a Distribution System Improvement Charge ("DSIC"), which is designed to recover "infrastructure improvement costs" associated with "eligible infrastructure improvements" as those terms are defined in a statute enacted by the Indiana General Assembly.

On September 19, 2023, Citizens Water filed a petition and supporting testimony with the IURC seeking approval to implement a second DSIC designed to generate total revenues of \$31.3 million over a one-year period. On November

22, 2023, the IURC issued an order approving recovery of \$31.3 million of infrastructure improvement costs over a one-year period.

On September 20, 2024, Citizens Water filed a petition and supporting testimony with the IURC seeking approval to implement a third DSIC designed to generate total revenues of approximately \$26 million over a one-year period. On November 22, 2024, the IURC issued an order approving recovery of \$24.5 million of infrastructure improvement costs over a one-year period.

Wastewater

The wastewater utility's most recent general rate case order was issued by the IURC in July 2019.

Resources – Westfield Gas

Westfield Gas's rates were approved by the IURC in April 2023.

On October 25, 2023, Westfield Gas filed a petition with the IURC seeking approval to issue \$10 million of long-term debt. On December 1, 2023, the OUC filed testimony indicating it does not object to the requested financing authority. A hearing was held on January 8, 2024. On February 29, 2024, the IURC issued an order approving the request.

On October 28, 2024, Westfield Gas filed a petition and supporting testimony with the IURC requesting approval of an extension of the utility's current line of credit in the amount of \$7.0 million and authority to renew the line of credit up to three times without filing a new petition, if the terms of any such renewals remain substantially the same. On December 16, 2024, the OUC filed testimony. While the OUC recommends the Commission grant Westfield Gas authority to secure a line of credit up to \$7.0 million and renew it up to three times as requested in the petition, the OUC raised issues regarding reporting requirements and terms of the debt. On December 23, 2024, Westfield Gas filed rebuttal testimony responding to the issues raised by the OUC. An evidentiary hearing was held on January 14, 2025. On February 27, 2025, the IURC issued an order granting the approvals requested by Westfield Gas and rejecting the OUC recommendations that were contested by Westfield Gas. On March 28, 2025, Westfield Gas submitted a compliance filing, as directed by the IURC's February 27, 2025 order, showing the amount of utility plant in service as of February 28, 2025.

Resources – Westfield Water

Westfield Water's rates were approved by the IURC in November 2013.

On October 25, 2023, Westfield Water filed a petition with the IURC seeking approval to issue \$20.0 million of long-term debt. On December 13, 2023, the OUC filed testimony, which was generally supportive of the request for financing authority. A hearing was held on January 23, 2024. On February 21, 2024, the IURC issued an order approving the request.

On March 6, 2024, Westfield Water filed a petition and supporting testimony with the IURC seeking approval, among other things, to increase its base rate charges. The petition requests approval of a base rate increase designed to increase the utility's revenues by \$3.8 million to be implemented in two steps. The proposed step 1 is an increase of \$3.1 million in authorized revenues, which would be implemented upon issuance of an IURC order approving the increase. The proposed step 2 is an increase of \$704,151 in authorized revenues, which would be implemented later upon submission of a compliance filing subject to the IURC's review. On June 21, 2024, the OUC filed its testimony, which was revised with corrected testimony on July 8, 2024. In its revised testimony, the OUC proposed a rate decrease of 4.8%, which would reduce Westfield Water's authorized revenues by \$681,042. On July 22, 2024, Westfield Water filed its rebuttal testimony arguing the OUC's recommended rate decrease should be rejected and making certain adjustments to the increase proposed in Westfield Water's initial filing. On August 14, 2024, Westfield Water and the OUC filed a signed settlement agreement which would resolve all issues in the case. The settlement contemplates an overall revenue increase of \$2.7 million to be implemented in two steps. The step 1 increase of \$1.3 million in authorized revenues would take effect after issuance of a final order in the case, and the step 2 increase of \$1.4 million in authorized revenues would take effect the later of January 1, 2026 or 12 months after the implementation of the step 1 increase. On August 14, 2024, Westfield Water and the OUC also filed testimony in support of the settlement agreement. An evidentiary hearing was held on August 26, 2024. On November 27, 2024, the IURC issued an order approving the settlement agreement.

On October 28, 2024, Westfield Water filed a petition and supporting testimony with the IURC requesting approval of an extension of the utility's current line of credit in the amount of \$7.0 million and authority to renew the line of credit up to three times without filing a new petition, if the terms of any such renewals remain substantially the same. On December 16, 2024, the OUC filed testimony. While the OUC recommends the Commission grant Westfield Water authority to secure a line of credit up to \$7.0 million and renew it up to three times as requested in the petition, the OUC raised issues regarding reporting requirements and terms of the debt. On December 23, 2024, Westfield Water filed rebuttal testimony responding to the issues raised by the OUC, including its request for additional time to review the terms of

any agreement renewing the line of credit before it is finalized. An evidentiary hearing was held on January 15, 2025. On February 27, 2025, the IURC issued an order granting the approvals requested by Westfield Water and rejecting the OUCC's request for additional time to review a final agreement renewing the line of credit.

Resources – Westfield Wastewater

Westfield Wastewater's most recent general rate case order was issued by the IURC in May 2017.

In February 2023, the IURC notified Westfield Wastewater that based on a periodic review of Westfield Water's rates and charges conducted pursuant to Indiana Code Section 8-1-2-42.5, the IURC determined that Westfield Wastewater's rates and charges have produced revenues in years 2018 through 2022 which exceed the earnings authorized by the IURC in the general rate case order issued in May 2017. After various discussions with IURC staff, Westfield Wastewater voluntarily committed to temporarily reduce its base charge for all customers for a period of two years. On November 13, 2023, Westfield Wastewater requested IURC approval of the temporary adjustment using the IURC's 30-day filing procedure. The temporary adjustment is expected to result in a total credit to customers of approximately \$3.2 million. Upon expiration of the two-year period, the base charge would return to its current authorized levels. On December 20, 2023, the IURC approved the temporary adjustment requested in Westfield Wastewater's 30-day filing.

On October 25, 2023, Westfield Wastewater filed a petition with the IURC seeking approval to issue \$20.0 million of long-term debt. On December 14, 2023, the OUCC filed testimony, which was generally supportive of the request for financing authority. A hearing was held on January 23, 2024. On February 21, 2024, the IURC issued an order approving the request.

On October 28, 2024, Westfield Wastewater filed a petition and supporting testimony with the IURC requesting approval of an extension of the utility's current line of credit in the amount of \$5.0 million and authority to renew the line of credit up to three times without filing a new petition, if the terms of any such renewals remain substantially the same. On December 16, 2024, the OUCC filed testimony. While the OUCC recommends the Commission grant Westfield Wastewater authority to secure a line of credit up to \$5.0 million and renew it up to three times as requested in the petition, the OUCC raised issues regarding reporting requirements and terms of the debt. On December 23, 2024, Westfield Wastewater filed rebuttal testimony responding to the issues raised by the OUCC, including its request for additional time to review the terms of any agreement renewing the line of credit before it is finalized. An evidentiary hearing was held on January 15, 2025. On February 27, 2025, the IURC issued an order granting the approvals requested by Westfield Wastewater and rejecting the OUCC's request for additional time to review a final agreement renewing the line of credit.

Joint Depreciation Case

On December 1, 2023, Citizens filed a depreciation case requesting approval to implement changes in depreciation rates for Gas, Citizens Thermal Steam, Water, Wastewater, and the Westfield utilities, which are wholly-owned indirect subsidiaries of Resources. Citizens proposed depreciation rates were developed using the equal life group ("ELG") methodology, which is the methodology Citizens used and the IURC approved in Citizens most recent depreciation case. Compared to the current depreciation rates, the requested new depreciation rates would produce decreases in depreciation expense for Gas, Citizens Thermal Steam, Wastewater, and Westfield Wastewater, and increases for Water, Westfield Gas, and Westfield Water. On April 12, 2024, the OUCC filed testimony recommending adjustments to Citizens' proposed depreciation rates. The OUCC's proposed depreciation rates, which were developed using the average life group ("ALG") methodology for certain asset types, would result in an approximate \$5.0 million reduction to the annual depreciation expense generated by Citizens' proposed depreciation rates. Citizens' rebuttal testimony was filed on May 3, 2024. On June 21, 2024, an evidentiary hearing was held. On October 16, 2024, the IURC issued an order approving the depreciation rates proposed by Citizens based on the ELG methodology. Under the IURC's order, (i) new depreciation rates for Gas, Water, Citizens Thermal Steam, and Wastewater are to be implemented immediately; and (ii) new depreciation rates for Westfield Gas, Westfield Water, and Westfield Wastewater will not take effect until each utility's next base rate increase is approved.

11. COMMITMENTS AND CONTINGENCIES

A. Environmental Commitments and Contingencies

Citizens and CWA are subject to various environmental laws and regulations and believe they are in compliance with existing federal, state, and local statutes, ordinances, rules, and regulations governing environmental matters. Citizens and CWA have no way of estimating the enactment or promulgation of future environmental laws and regulations. See Note 9 for additional information regarding demolition and environmental remediation of the former Indianapolis Coke Manufacturing facility. For operating facilities, accruals for environmental commitments and contingencies are recorded when it is probable that a liability has been incurred, and the amount of the liability can be reasonably estimated based on current law and existing technologies. Such accruals are adjusted as further information develops or circumstances change. Costs of future expenditures for environmental remediation obligations are not discounted to their present value.

Water System

The Water System is currently in compliance with the requirements of the Clean Water Act, the Safe Drinking Water Act, the Disinfectants and Disinfection Byproducts Rule, the Enhanced Surface Water Treatment Rule, the Radon Rule and other applicable laws, except to the extent that such non-compliance would not have a material adverse effect on the Water System.

In 1991, the United States Environmental Protection Agency (EPA) issued federal regulations which establish acceptable concentrations of lead and copper in public water supplies, as measured at the customer's tap (the "EPA Lead and Copper Rule"). Samples of the Water System have never exceeded the action levels established in the existing EPA Lead and Copper Rule. In January 2021, the EPA finalized revisions to the Lead and Copper Rule (the "Lead and Copper Rule Revisions" or "LCRR") which include several new requirements, including revised sampling procedures and a trigger level, obligations to create an inventory of lead service lines served by the Water System, as well as development of a lead service line replacement program which would be triggered if certain regulatory triggers are exceeded. The Water system does not have any active water mains containing lead. The Water System has finalized its customer-owned Lead Service Line inventory, submitting the inventory and its plan to comply with public education obligations in the LCRR to the regulatory agency on October 14, 2024.

On October 30, 2024, the EPA published additional revisions to the EPA Lead and Copper Rule, styled as the Lead & Copper Rule Improvements rule ("LCRI"). Management continues to review the final rule to understand the breadth of the new requirements, which include changes to the customer tap sampling program, implementation of a sampling program for schools and childcare facilities, and the obligation for public water systems to replace all lead service lines under their control no later than December 31, 2037. In addition to these federal regulatory actions, the Indiana General Assembly has enacted statutes which authorize the IURC to approve a water utility's plan for the replacement of the customer-owned portion of the lead service lines within or connected to the water utility's system. See Note 10, Rate and Regulatory Matters, Water for additional information. Management is reviewing and revising its previously-approved Lead Service Line Replacement Program to ensure it satisfies the obligations of the LCRI and will be identifying the funding needed to comply with LCRI. Additionally, LCRI is currently the subject of certain legal actions and under review by the new leadership team at the EPA. Ultimately the Water System will ensure its actions align with any subsequent rule revisions which may be promulgated. Although it is difficult to project the ultimate costs of complying with LCRI and any potential revisions at this point, the Company expects a significant portion of the requirements to implement the LCRI and any related revisions to be recoverable through the regulatory process.

Wastewater System

The Wastewater System is subject to wastewater collection and treatment requirements under both federal and state law. Those requirements are contained in a National Pollutant Discharge Elimination System (NPDES) permit. Both United States Environmental Protection Agency and Indiana Department of Environmental Management have jurisdiction over the Wastewater System. As authorized by the Clean Water Act, the NPDES permit program controls water pollution by regulating point sources that discharge pollutants into waters of the United States.

Combined Sewer Overflow Long-Term Control Plan Consent Decree

As was the common engineering practice during the late 1800's through the early 1900's, the older portion of the Wastewater System was designed to carry both stormwater and sanitary waste (also referred to as a "combined sewer system"). In times of wet weather, the capacity of the combined portion of the System can be overloaded. Combined Sewer Overflow (CSO) outfalls that discharge to Indianapolis' waterways were constructed as relief points to prevent combined stormwater and sewage from backing up into homes, businesses, and streets. The EPA requires communities to implement specific minimum controls and to develop and implement long-term control plans (LTCPs) to reduce CSOs by capturing or eliminating these overflows. The City of Indianapolis (the City), Indiana Department of Environmental Management (IDEM), U.S. Environmental Protection Agency, and the U.S. District Court entered into a Consent Decree in 2006 that established a LTCP to address the City's combined sewer system. The plan established a 20-year schedule for the required combined sewer system and advanced wastewater treatment plant (AWTP) improvements. In 2020, the EPA and IDEM approved a Use Attainability Analysis (UAA) for the long-term sewer overflow control plan.

Upon acquisition of the Wastewater System in August 2011, CWA assumed the City's obligations under the order of the U.S. District Court for the Southern District of Indiana (the Court) dated December 19, 2006, among the EPA, IDEM, and the City, as amended (the Consent Decree). CWA has a capital improvement plan to meet guidelines of the Consent Decree and the overall needs of the Wastewater System. The improvements related to the Consent Decree and LTCP have been planned and scheduled through 2025. The DigIndy program, the most significant element of the Consent Decree, is the largest sewer infrastructure project in Indianapolis' history. The Deep Rock Tunnel Connector (DRTC) and the Eagle Creek Tunnel were the first two segments online of the 250 feet deep, 28-mile underground tunnel system designed to store 250 million gallons of combined sewage during wet weather events to prevent overflows from entering area rivers and streams. The stored flows are pumped to the Southport AWTP, which was expanded as a part of this Consent Decree. The Belmont AWTP was also expanded as part of the Consent Decree and this work was completed in

2012. On December 29, 2017, the first ten miles of the DigIndy Tunnel system and the DRTC pump station were operational and placed in use. The White River and Lower Pogue Run tunnels, which comprise approximately 7.4 miles of the DigIndy tunnel system, are operational and in use as of June 3, 2022. Tunnel boring to mine the 3.8-mile Fall Creek Tunnel has been completed. Mining began on the tunnel system's final segment, the 7.8-mile Pleasant Run Tunnel, in April 2021. As of August 25, 2022, all tunnel segments have been completely mined and are expected to be online in 2025. CWA estimates the projected cost of the Consent Decree, including capital and operation and maintenance costs, is approximately \$2.4 billion in 2021 dollars.

IDEM Investigations

In the final week of 2023, IDEM alerted Citizens to a claim against one of its contractors; the claim alleges improper past activities including the disposal of materials on a property owned by CWA. Since IDEM made contact, Citizens has fully cooperated with state and federal investigators to uncover evidence of any improper disposal activities at or near this location. IDEM has issued three Violation Letters to Citizens and its contractor. These Violation Letters assess violations to various environmental rules against the contractor and require both Citizens (as property owner) and the contractor to provide a plan to investigate the entire site. A Sitewide Investigation Plan, a plan for further investigation of the final location identified by the claimant, and a Waste Characterization Plan of the containers discovered during the investigation was submitted to and approved by IDEM. Investigation of this site is complete, and characterization of the containers found, and soils removed are underway with the final conclusions yet to be delivered. Citizens also received a Notice of Violation and entered into an Agreed Order with IDEM – resulting in no civil penalty but requiring clean-up and proper disposal of the site as a result of the investigation. The U.S. Environmental Protection Agency (USEPA) is leading the criminal investigation portion of this matter, and Citizens is fully cooperating. At this time, management cannot predict the final outcome of the investigation. Citizens is seeking full reimbursement of costs it incurs arising from the activities from the contractor.

In early May 2025, IDEM alerted Citizens to a claim against one of its contractors; the claim describes improper past activities including the disposal of materials on a property attached to the CWA Authority LTCP Project. Citizens fully cooperated with IDEM and USEPA, investigated the site, noted no materials related to the LTCP Project were found, and met with IDEM and USEPA to report the findings. On August 15, 2025, IDEM issued a 'No Further Action' letter for this site.

B. Legal Contingencies

Citizens and CWA are party to litigation in the normal course of business in which the payments for damages may be substantial but cannot be determined. Management regularly analyzes current information and, as necessary, provides accruals for probable liabilities on the eventual disposition of these matters. Management believes that these matters ultimately will be resolved in a manner which will not materially adversely affect the financial position, operations, equity or cash flows of Citizens and CWA.

C. Citizens Lebanon Water System

The Indiana Economic Development Corporation (IEDC) has created the Limitless Exploration Advanced Pace (LEAP) district in the City of Lebanon and Boone County, a large-scale research and innovation development focusing on sites for manufacturing, research and development facilities, and corporate campuses. The IEDC and the Indiana Finance Authority (IFA), in concert with Lebanon Utilities, approached Citizens Energy Group regarding the need for a reliable water supply for the LEAP District.

On November 25, 2024, Lebanon Utilities reached a wholesale customer agreement with Citizens Energy Group whereby Citizens Water will supply, at established wholesale tariff rates, up to two million gallons of water per day (MGD) to Lebanon Utilities by 2027, and ultimately, 25 MGD by 2031, unless Citizens provides notice of revised delivery dates in accordance with the agreement. With the addition of service to Lebanon Utilities, Citizens Water's current maximum treatment capacity of 256 MGD will be expanded accordingly to meet the increased requirements. Estimated costs to increase capacity and supply water to Lebanon Utilities are currently projected to be at least \$560 million. Construction is anticipated to last approximately six years, with interim water-delivery milestones throughout the construction period. This forecast is based on available information at the time of estimation and is subject to change based on various factors, including variation in material costs, additional requirements, or unforeseen circumstances inherent in multi-year construction projects.

Citizens Energy Group is committed to protecting its current customers from bearing costs associated with serving Lebanon Utilities. In order to accomplish this goal, on December 10, 2024, Citizens Energy Group and the IFA signed a Financial Assistance Agreement. This agreement funds the initial loan of \$104.8 million for the Citizens Water expansion via issuance of non-recourse bonds through Indiana's State Revolving Fund (SRF) and absolves Citizens Energy Group, or any of its affiliates, from any liability associated with repayment of said funding. Through provisions in associated transaction agreements, IFA will only seek repayment of the non-recourse, limited obligation bonds from the City of Lebanon and the IEDC. Funding for subsequent improvements needed to supply water to Lebanon will be through a series of financial assistance agreements structured similar to the initial \$104.8 million loan.

Since December 2024, the program has progressed from the planning phase to the implementation phase. Design document development, stakeholder engagement, easement acquisition, and material procurement are progressing. As of June 30, 2025, Citizens has incurred nearly \$6.4 million of costs related to the Citizens Lebanon Water System Project, of which approximately \$2.7 million have been reimbursed by IFA. The Company anticipates submitting requests to IFA monthly for reimbursement and expects reimbursement for remaining costs incurred as of June 30, 2025 in a subsequent period. Payments received are recorded as Contributions in Aid of Construction on the Company's balance sheet and will be amortized as projects are placed in service.

12. PENSION PLAN TERMINATION FOR COLLECTIVELY BARGAINED INDIANAPOLIS WATER EMPLOYEES

During fiscal year 2024, Citizens' Board of Directors approved a resolution to terminate the defined benefit Pension Plan for Collectively Bargained Indianapolis Water Employees (the Legacy Water Plan). In May 2025, the Company offered lump-sum benefit payout options to plan participants who were not already in payment status prior to completing the purchase of group annuity contracts in June 2025, which irrevocably transferred the pension benefit obligation to an insurance company. These transactions did not require any cash funding from the Company and did not impact the pension benefits of participants. As a result of these transactions, the Company recognized a settlement gain of approximately \$345 thousand as of June 30, 2025, which was recorded in Other income (expense), net in the condensed combined financial statements.

13. TOWN OF WHITESTOWN WATER UTILITY ACQUISITION

The Company has signed a non-binding letter of intent to purchase the assets and service territory rights of the Town of Whitestown's municipal water utility (Whitestown) for \$37.0 million in cash. Citizens Water currently supplies wholesale water to the Town of Whitestown. Contract negotiations are in-process and the Company's Board of Directors has approved proceeding with the proposed transaction. In the coming months, the Company expects to finalize a purchase agreement with Whitestown, at which time the Company and Whitestown will submit a joint request to the IURC seeking approval of the transaction. Upon receipt of IURC approval of the transaction, the Company anticipates issuing long-term debt to finance the acquisition.

14. SUBSEQUENT EVENTS

Management has considered the impact of subsequent events through August 20, 2025, the date at which these condensed combined financial statements were issued.