

Quarterly Financial Report

Q2 - 2025

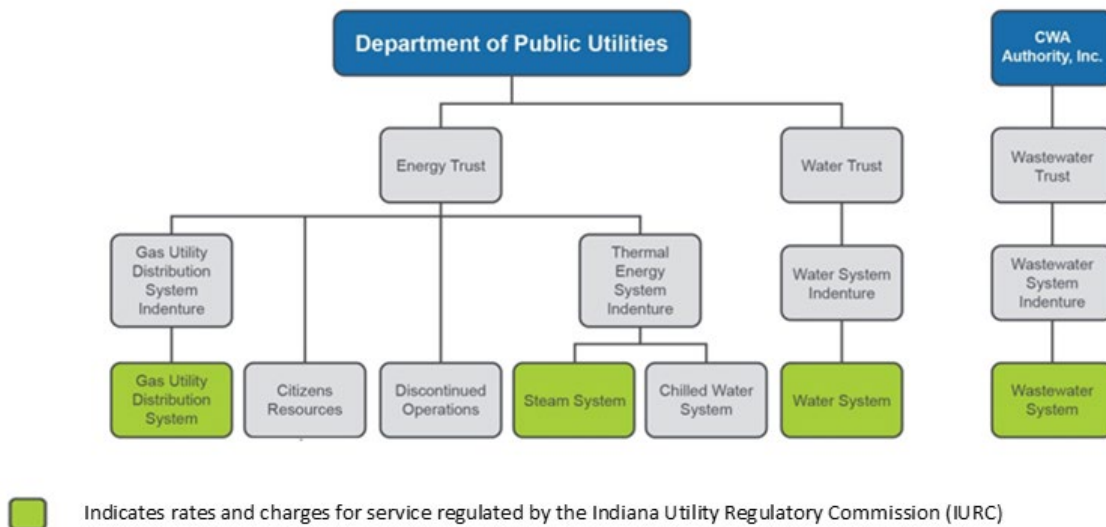
MANAGEMENT DISCUSSION AND ANALYSIS

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

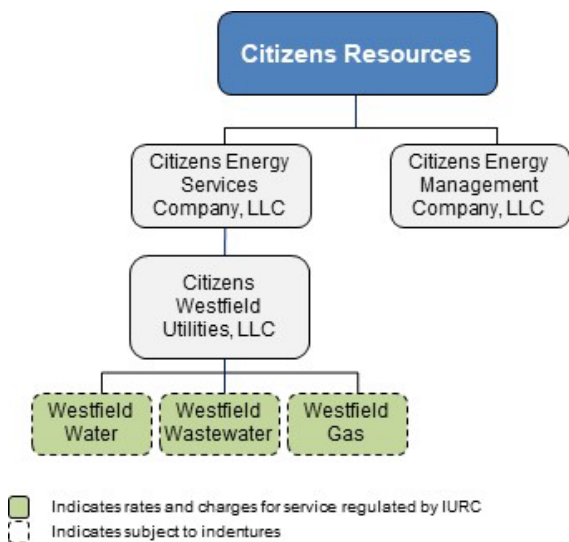
and through its Board of Public Works, pursuant to Indiana Code 36-1-7, has the power to exercise all rights and powers of Citizens, the City, and the District in connection with the provision of wastewater utility services, excluding in the case of the City and the District, taxing power and taxing 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 six months ended March 31, 2025, and 2024. Because of the seasonal nature of the various business units, results of operations for the period ended March 31, 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 Mar 31			Six Months Ended Mar 31		
	2025	2024	Change	2025	2024	Change
Shared Services Expenses	\$ 27.8	\$ 28.3	\$ (0.5)	\$ 56.2	\$ 55.6	\$ 0.6

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

Three Months Ended March 31, 2025 as Compared with 2024

Shared services expenses were \$0.5 million lower, driven primarily by reduced non-service pension and post-employment benefit costs, partially offset by increases in various operating expenses, none of which were individually significant.

Six Months Ended March 31, 2025 as Compared with 2024

Shared services expenses were \$0.6 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 post-employment benefit costs.

GAS

	Quarter-to-Date vs. Prior Year			Year-to-Date vs. Prior Year		
	Three Months Ended Mar 31			Six Months Ended Mar 31		
	2025	2024	Change	2025	2024	Change
Operating revenues	\$ 118.6	\$ 106.7	\$ 11.9	\$ 193.4	\$ 188.2	\$ 5.2
Cost of goods sold	60.9	47.5	13.4	92.6	86.0	6.6
Margin	57.7	59.2	(1.5)	100.8	102.2	(1.4)
Other operating expenses	26.1	25.2	0.9	52.6	50.8	1.8
Operating income (loss)	31.6	34.0	(2.4)	48.2	51.4	(3.2)
Other income (expense), net	2.5	1.4	1.1	4.1	2.2	1.9
Interest charges	0.9	1.1	(0.2)	1.8	2.1	(0.3)
Segment income (loss)	\$ 33.2	\$ 34.3	\$ (1.1)	\$ 50.5	\$ 51.5	\$ (1.0)
Volume sales, million Dth						
Retail	15.6	13.3	2.3	24.2	21.7	2.5
Transportation	5.2	5.2	-	9.5	9.6	(0.1)
Power generation and other	9.1	15.1	(6.0)	19.1	25.6	(6.5)
Cost of gas sold, per Dth	\$ 3.59	\$ 3.36	\$ 0.23	\$ 3.54	\$ 3.68	\$ (0.14)
Heating degree days	2,704	2,307	397	4,280	3,906	374

Three Months Ended March 31, 2025 as Compared with 2024

The decrease in earnings of \$1.1 million was principally the result of:

- \$1.5 million lower margin from customer-specific contracts and retail sales net of normal temperature adjustments; and
- \$0.9 million higher operating expenses, primarily driven by labor and employee-related costs and shared services expense allocations; **partially offset by**
- \$1.1 million decreased non-service pension and other post-employment benefit costs and increased interest income.

Six Months Ended March 31, 2025 as Compared with 2024

The decrease in earnings of \$1.0 million was primarily the result of:

- \$1.8 million higher operating expenses, mostly due to increased shared services expense allocations and employee-related costs;
- \$1.4 million lower margin principally related to reduced volumes from customer-specific contracts and lower retail margin, net of normal temperature adjustments; **partially offset by**
- \$1.9 million decreased non-service pension and other post-employment benefit costs.

STEAM

	Quarter-to-Date vs. Prior Year			Year-to-Date vs. Prior Year		
	Three Months Ended Mar 31			Six Months Ended Mar 31		
	2025	2024	Change	2025	2024	Change
Operating revenues	\$ 25.6	\$ 20.6	\$ 5.0	\$ 45.0	\$ 37.7	\$ 7.3
Cost of goods sold	13.0	10.2	2.8	23.2	18.6	4.6
Margin	12.6	10.4	2.2	21.8	19.1	2.7
Other operating expenses	7.8	6.8	1.0	15.0	13.4	1.6
Operating income (loss)	4.8	3.6	1.2	6.8	5.7	1.1
Other income (expense), net	0.6	0.4	0.2	1.1	0.7	0.4
Interest charges	0.8	0.7	0.1	1.5	1.3	0.2
Segment income (loss)	\$ 4.6	\$ 3.3	\$ 1.3	\$ 6.4	\$ 5.1	\$ 1.3
Volume sales, million therms	17.9	16.1	1.8	32.0	29.6	2.4
Heating degree days	2,704	2,307	397	4,280	3,906	374

Three Months Ended March 31, 2025 as Compared with 2024

The increase in earnings of \$1.3 million is largely the result of higher margin attributable to increased demand rate service, partially offset by higher operating expenses, primarily for contracted services.

Six Months Ended March 31, 2025 as Compared with 2024

The increase in earnings of \$1.3 million is mostly driven by higher margin from increased demand rate service, partially offset by higher operating expenses, including contracted services, employee-related costs, and supplies.

CHILLED WATER

	Quarter-to-Date vs. Prior Year			Year-to-Date vs. Prior Year		
	Three Months Ended Mar 31			Six Months Ended Mar 31		
	2025	2024	Change	2025	2024	Change
Operating revenues	\$ 6.2	\$ 5.6	\$ 0.6	\$ 13.9	\$ 12.4	\$ 1.5
Cost of goods sold	1.6	1.3	0.3	4.2	3.5	0.7
Margin	4.6	4.3	0.3	9.7	8.9	0.8
Other operating expenses	4.3	4.1	0.2	8.6	8.0	0.6
Operating income (loss)	0.3	0.2	0.1	1.1	0.9	0.2
Other income (expense), net	0.4	0.3	0.1	0.8	0.8	-
Interest charges	-	0.1	(0.1)	0.1	0.1	-
Segment income (loss)	\$ 0.7	\$ 0.4	\$ 0.3	\$ 1.8	\$ 1.6	\$ 0.2
Volume sales, million ton hours	14.0	14.0	-	34.1	32.5	1.6
Cooling degree days	6	-	6	45	45	-

Three Months Ended March 31, 2025 as Compared with 2024

The increase in earnings of \$0.3 million is mainly due to increased margin driven by higher current period revenues.

Six Months Ended March 31, 2025 as Compared with 2024

The increase in earnings of \$0.2 million is primarily driven by increased margin resulting from higher volume, 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 Mar 31			Six Months Ended Mar 31		
	2025	2024	Change	2025	2024	Change
Operating revenues	\$ 61.3	\$ 57.8	\$ 3.5	\$ 125.9	\$ 113.3	\$ 12.6
Other operating expenses	38.2	34.7	3.5	74.8	67.1	7.7
Operating income (loss)	23.1	23.1	-	51.1	46.2	4.9
Other income (expense), net	1.5	1.2	0.3	3.5	3.0	0.5
Interest charges	6.7	7.3	(0.6)	13.6	14.7	(1.1)
Segment income (loss)	\$ 17.9	\$ 17.0	\$ 0.9	\$ 41.0	\$ 34.5	\$ 6.5
Volume sales, billion gallons	8.7	8.3	0.4	18.1	17.7	0.4
Precipitation, inches	5.4	9.0	(3.6)	14.7	13.7	1.0

Three Months Ended March 31, 2025 as Compared with 2024

The increase in earnings of \$0.9 million was principally the result of:

- \$3.5 million of increased revenue for which the primary components were:
 - \$3.4 million of Lead Service Line Replacement revenue; and
 - \$1.7 million additional revenues driven by increased consumption; these increases were **partially offset by**
 - \$1.5 million lower Distribution System Improvement Charges.
- \$0.6 million reduced interest charges due to a lower amount of long-term debt outstanding; and
- \$0.3 million higher other income as a result of lower non-service pension and post-employment benefit costs.

These improvements were **partially offset by**:

- \$3.5 million higher operating expenses, principally contract services, depreciation, and provision for uncollectible accounts.

Six Months Ended March 31, 2025 as Compared with 2024

The increase in earnings of \$6.5 million was largely driven by:

- \$12.6 million of increased revenues for which the primary components were:
 - \$7.3 million Lead Service Line Replacement revenue;
 - \$3.6 million Distribution System Improvement Charges; and
 - \$1.7 million additional revenues driven by increased consumption.
- \$1.1 million reduced interest expense primarily due to a lower amount of long-term debt outstanding; and
- \$0.5 million higher other income as a result of lower non-service pension and post-employment benefit costs.

These improvements were **partially offset by**:

- \$7.7 million higher operating expenses, principally depreciation, contract services, employee-related costs, damage claims, and provision for uncollectible accounts.

WASTEWATER

	Quarter-to-Date vs. Prior Year			Year-to-Date vs. Prior Year		
	Three Months Ended Mar 31			Six Months Ended Mar 31		
	2025	2024	Change	2025	2024	Change
Operating revenues	\$ 82.4	\$ 82.6	\$ (0.2)	\$ 159.6	\$ 160.1	\$ (0.5)
Other operating expenses	47.2	47.3	(0.1)	92.5	92.2	0.3
Operating income (loss)	35.2	35.3	(0.1)	67.1	67.9	(0.8)
Other income (expense), net	2.1	2.7	(0.6)	4.4	5.7	(1.3)
Interest charges	11.4	10.5	0.9	22.8	21.4	1.4
Segment income (loss)	\$ 25.9	\$ 27.5	\$ (1.6)	\$ 48.7	\$ 52.2	\$ (3.5)
Treatment volume sales, billion gallons	8.3	8.0	0.3	15.2	15.0	0.2
Strength surcharge, million pounds	6.7	9.3	(2.6)	15.1	16.4	(1.3)

Three Months Ended March 31, 2025 as Compared with 2024

The decrease in earnings of \$1.6 million is primarily the result of:

- \$0.9 million higher interest expense, for which the primary causes were:
 - \$1.6 million lower capitalized interest; **partially offset by**
 - \$1.0 million reduced interest expense from a lower amount of long-term debt outstanding; and
- \$0.6 million lower other income, largely from reduced interest income.

Six Months Ended March 31, 2025 as Compared with 2024

The decrease in earnings of \$3.5 million is principally due to higher interest expense, largely driven by lower capitalized interest and reduced interest income.

RESOURCES

	Quarter-to-Date vs. Prior Year			Year-to-Date vs. Prior Year		
	Three Months Ended Mar 31			Six Months Ended Mar 31		
	2025	2024	Change	2025	2024	Change
Operating revenues	\$ 13.5	\$ 12.3	\$ 1.2	\$ 25.9	\$ 24.0	\$ 1.9
Cost of goods sold	1.8	1.4	0.4	2.9	2.4	0.5
Margin	11.7	10.9	0.8	23.0	21.6	1.4
Other operating expenses	7.9	6.9	1.0	15.7	14.0	1.7
Operating income (loss)	3.8	4.0	(0.2)	7.3	7.6	(0.3)
Other income (expense), net	0.3	0.2	0.1	0.5	0.4	0.1
Interest charges	1.3	0.5	0.8	2.5	1.0	1.5
Segment income (loss)	\$ 2.8	\$ 3.7	\$ (0.9)	\$ 5.3	\$ 7.0	\$ (1.7)

Three Months Ended March 31, 2025 as Compared with 2024

The decrease in earnings of \$0.9 million is largely driven by:

- \$1.0 million higher operating expenses, primarily at the Westfield utilities; and
- \$0.8 million higher interest charges due to prior year debt issuances at the Westfield utilities; **partially offset by**
- \$0.8 million increased margin from the Westfield utilities.

Six Months Ended March 31, 2025 as Compared with 2024

The decrease in earnings of \$1.7 million is primarily attributable to:

- \$1.7 million higher operating expenses at the Westfield utilities;
- \$1.5 million higher interest charges due to prior year debt issuances at the Westfield utilities; **partially offset by**
- \$1.4 million additional margin from the Westfield utilities largely due to increased customer counts.

OTHER

	Quarter-to-Date vs. Prior Year			Year-to-Date vs. Prior Year		
	Three Months Ended Mar 31			Six Months Ended Mar 31		
	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	(1.2)	(0.9)	(0.3)	(1.7)	(1.5)	(0.2)
Interest charges	-	-	-	-	-	-
Income (loss) from discontinued operations	0.1	-	0.1	0.2	0.1	0.1
Segment income (loss)	\$ (1.1)	\$ (0.9)	\$ (0.2)	\$ (1.6)	\$ (1.5)	\$ (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 March 31, 2025 as Compared with 2024

Results are consistent with the prior period.

Six Months Ended March 31, 2025 as Compared with 2024

Results are consistent with the 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 six months ended March 31, 2025, capital expenditures, on an accrual basis and net of reimbursements received, decreased by \$18.4 million to \$153.3 million from \$171.7 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
March 31, 2025	\$ 16.3	\$ 4.5	\$ 3.5	\$ 52.1	\$ 53.4	\$ 10.8	\$ 12.7	\$ 153.3
March 31, 2024	18.8	(0.1)	9.6	30.7	78.2	18.7	15.8	171.7
	\$ (2.5)	\$ 4.6	\$ (6.1)	\$ 21.4	\$ (24.8)	\$ (7.9)	\$ (3.1)	\$ (18.4)

Citizens' and CWA's projected capital spending requirement of \$408.3 million for fiscal year 2025 is summarized as follows (in millions):

	Gas	Steam	Chilled Water	Water	Wastewater	Resources	Other	Total
2025 Projection	\$ 37.6	\$ 19.8	\$ 13.6	\$ 150.1	\$ 119.6	\$ 41.1	\$ 26.5	\$ 408.3

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 \$63.2 million at March 31, 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 March 31, 2025, cash and cash equivalents of Steam and Chilled Water amounted to \$20.2 million and \$21.9 million, respectively. Steam expects to meet its capital spending requirements in 2025 through cash flows from operations, temporary seasonal borrowings, and issuance of new long-term debt, 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 \$22.8 million at March 31, 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 \$23.5 million at March 31, 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 \$47.8 million at March 31, 2025, including \$28.6 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 March 31, 2025	At September 30, 2024
ASSETS		
Property, plant, and equipment, net	\$ 5,308,016	\$ 5,201,445
Intangible assets, net	37,483	39,368
Investments		
Bond restricted funds	249,183	270,200
Other	20,612	20,898
Total investments	269,795	291,098
Current assets		
Cash and cash equivalents	211,429	198,907
Short-term investments	22,546	2,832
Accounts receivable, net of allowances of \$4,592 and \$6,157, respectively	112,129	93,956
Accrued utility revenue	32,324	26,463
Natural gas in storage	9,095	37,155
Materials and supplies	21,284	21,550
Other current assets	22,276	10,610
Current assets directly related to discontinued operations	1,849	2,136
Total current assets	432,932	393,609
Deferred charges and other non-current assets		
Deferred charges	26,861	25,665
Prepaid retirement benefit costs	105,577	102,933
Non-current assets directly related to discontinued operations	5,153	4,776
Total deferred charges and other non-current assets	137,591	133,374
TOTAL ASSETS	\$ 6,185,817	\$ 6,058,894
CAPITALIZATION AND LIABILITIES		
Capitalization and non-current liabilities		
Retained earnings	\$ 1,885,382	\$ 1,733,302
Accumulated other comprehensive income	53,506	54,478
Long-term debt (excluding current maturities)	3,012,623	3,122,093
Retirement benefits	43,881	44,586
Contributions in aid of construction	612,671	582,443
Other long-term liabilities	162,305	109,820
Non-current liabilities directly related to discontinued operations	13,195	13,292
Total capitalization and non-current liabilities	5,783,563	5,660,014
Current liabilities		
Current maturities of long-term debt	116,036	108,469
Short-term borrowings	23,000	23,000
Accounts payable and accrued expenses	169,524	181,210
Accrued taxes	69,463	69,749
Customer deposits	13,023	11,252
Other current liabilities	11,169	5,114
Current liabilities directly related to discontinued operations	39	86
Total current liabilities	402,254	398,880
Commitments and contingencies (see note 11)		
TOTAL CAPITALIZATION AND LIABILITIES	\$ 6,185,817	\$ 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 March 31,		Six Months Ended March 31,	
	2025	2024	2025	2024
Operating revenues	\$ 301,625	\$ 280,509	\$ 553,990	\$ 527,271
Operating expenses				
Cost of goods sold	72,091	56,052	114,478	103,324
Operations and maintenance	82,062	76,839	160,857	149,449
Depreciation and amortization	35,314	33,807	70,716	67,561
Taxes	13,180	13,589	26,511	27,246
Total operating expenses	202,647	180,287	372,562	347,580
Operating income	98,978	100,222	181,428	179,691
Other income (expense), net				
Interest income	3,307	4,054	7,099	8,805
Non-operating post-employment benefits, net	3,523	2,004	7,462	4,008
Other	(756)	(862)	(1,837)	(1,505)
Total other income (expense), net	6,074	5,196	12,724	11,308
Income before interest charges	105,052	105,418	194,152	190,999
Interest charges				
Interest on long-term debt	31,793	32,947	63,799	66,093
Other interest, including net premium amortization	(10,722)	(12,775)	(21,498)	(25,361)
Total interest charges	21,071	20,172	42,301	40,732
Income from continuing operations	83,981	85,246	151,851	150,267
Income (loss) from discontinued operations	133	23	229	43
Net income	\$ 84,114	\$ 85,269	\$ 152,080	\$ 150,310
Retirement benefit liability changes:				
Amortization of prior service credit	(429)	(500)	(858)	(1,001)
Amortization of (gain) loss	136	(124)	272	(249)
Total retirement benefit liability changes	(293)	(624)	(586)	(1,250)
Unrealized gain (loss) on available-for-sale investments	204	201	(386)	793
Total other comprehensive income (loss)	(89)	(423)	(972)	(457)
Total comprehensive income	\$ 84,025	\$ 84,846	\$ 151,108	\$ 149,853

Citizens Energy Group and Subsidiary and CWA Authority, Inc.

Condensed Combined Statements of Cash Flows

(In Thousands)

	Six Months Ended March 31,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 152,080	\$ 150,310
Depreciation and amortization	55,304	52,368
Allowance for credit losses	2,961	4,500
Changes in operating assets and liabilities:		
Accounts receivable and accrued utility revenue	(26,995)	(33,778)
Natural gas in storage	28,060	18,834
Accounts payable and accrued expenses	(24)	2,545
Retirement benefits	(3,934)	(6,963)
Other operating activities	(1,490)	(15,860)
Change in net liabilities of discontinued operations	(234)	(43)
Net cash provided by operating activities	<u>205,728</u>	<u>171,913</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction expenditures	(165,698)	(190,467)
Purchases of investment securities	(20,309)	-
Sales/maturities of investment securities	678	-
Other investing activities	(366)	(876)
Net cash used in investing activities	<u>(185,695)</u>	<u>(191,343)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings and bank lines of credit	53,000	15,000
Repayment of short-term borrowings and bank lines of credit	-	(8,000)
Principal payments of long-term debt and bond refunding	(87,388)	(83,171)
Proceeds from issuance of long-term debt and bond refunding	-	11,000
Bond issuance costs	(119)	(522)
Contributions in aid of construction and customer advances, net	11,153	14,073
Other financing activities	(15)	(21)
Net cash used in financing activities	<u>(23,369)</u>	<u>(51,641)</u>
Net change in cash, cash equivalents, and restricted cash	(3,336)	(71,071)
Cash, cash equivalents, and restricted cash at beginning of period	461,922	501,257
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 458,586</u>	<u>\$ 430,186</u>
Supplemental Cash Flows Information - Interest paid net of amounts capitalized	<u>\$ 54,019</u>	<u>\$ 53,981</u>
Non-cash Investing Activities		
Construction work-in-progress accrued at end of period	<u>\$ 35,303</u>	<u>\$ 33,249</u>
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	\$ 211,429	\$ 184,013
Restricted cash included in Bond restricted funds	236,171	240,389
Restricted cash included in Other current assets	7,647	2,198
Restricted cash included in Investments, Other	3,339	3,586
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 458,586</u>	<u>\$ 430,186</u>

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	150,310	-	150,310
Unrealized gain (loss) on available-for-sale investments	-	793	793
Retirement benefit liability changes	-	(1,250)	(1,250)
Total comprehensive income	150,310	(457)	149,853
Customer benefit distributions	-	-	-
Adjustment for adoption of ASC 326	(1,379)	-	(1,379)
Balance at March 31, 2024	\$ 1,621,276	\$ 34,326	\$ 1,655,602
Balance at September 30, 2024	\$ 1,733,302	\$ 54,478	\$ 1,787,780
Comprehensive income			
Net income	152,080	-	152,080
Unrealized gain (loss) on available-for-sale investments	-	(386)	(386)
Retirement benefit liability changes	-	(586)	(586)
Total comprehensive income	152,080	(972)	151,108
Customer benefit distributions	-	-	-
Balance at March 31, 2025	\$ 1,885,382	\$ 53,506	\$ 1,938,888

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 March 31, 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 March 31, 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 six months ended March 31, 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	March 31, 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)	\$ 9,380	\$ (1,861)	\$ 5,549	\$ (1,418)

Commodity contracts represent exchange-traded options and futures. At March 31, 2025 and September 30, 2024, the margin payable, which is excluded from the table above, was \$3.5 million and \$3.1 million, respectively. At March 31, 2025 and September 30, 2024, the Company had 19.0 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 March 31,		Six Months Ended March 31,	
			2025	2024	2025	2024
Commodity Contracts	Not accounted for as a hedge	(Gain)/loss in cost of goods sold	\$ (2,603)	\$ 2,747	\$ (1,219)	\$ 6,456

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 six months ended March 31, 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 March 31, 2025 and September 30, 2024 (in thousands). There were no financial liabilities at March 31, 2025 and September 30, 2024.

Description	March 31, 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	\$ 10,605	\$ -	\$ -
Short-term investments	22,546	-	-
Bond restricted funds	236,170	-	-
Grantor Trust investments	16,635	-	-
Derivative assets	7,519	-	-
Total financial assets measured at fair value	<u>\$ 293,475</u>	<u>\$ -</u>	<u>\$ -</u>

Description	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 \$249.2 and \$270.2 million at March 31, 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 March 31, 2025, and September 30, 2024. Gross deposits to the bond restricted fund investments during the first six months of fiscal years 2025 and 2024 were \$128.8 million and \$136.6 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 \$2.9 billion at March 31, 2025, and \$3.1 billion at

September 30, 2024, versus the carrying value of \$3.1 billion at March 31, 2025, and \$3.2 billion at September 30, 2024. In the case of Resources debt, the carrying value approximates fair value.

Customers' advances for construction have a carrying value at March 31, 2025, for Water, Wastewater, and Resources of \$25.4 million, \$10.1 million, and \$21.0 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 six months ended March 31, 2025 (in thousands):

	<u>Pension Plan</u>	<u>Benefits</u>	<u>Other</u>	<u>Total</u>
Accumulated other comprehensive income (loss) at September 30, 2024	\$ 39,232	\$ 15,047	\$ 199	\$ 54,478
Net current-period other comprehensive income (loss)	<u>413</u>	<u>(999)</u>	<u>(386)</u>	<u>(972)</u>
Accumulated other comprehensive income (loss) at March 31, 2025	<u>\$ 39,645</u>	<u>\$ 14,048</u>	<u>\$ (187)</u>	<u>\$ 53,506</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 six months ended March 31, 2025, and estimated impact for fiscal year 2025 is depicted below:

	Three Months Ended <u>March 31, 2025</u>	Six Months Ended <u>March 31, 2025</u>	Estimated Fiscal Year <u>2025 Impact</u>
Gas	\$ (0.2)	\$ (0.3)	\$ (0.7)
Steam	-	(0.1)	(0.3)
Water	0.7	1.4	2.9
Wastewater	(0.7)	(1.4)	(2.8)
Westfield Water	(0.1)	(0.1)	(0.2)
Total	<u>\$ (0.3)</u>	<u>\$ (0.5)</u>	<u>\$ (1.1)</u>

3. LONG-TERM DEBT

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

	(In Thousands)					
	March 31, 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	\$ 1,491	\$ 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	-	6,120	47,555	-	6,513
Subtotal Gas	80,920	16,460	7,611	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	-	2	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	-	1,146	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	375	14,295	11,225	574
Subtotal Thermal	29,245	11,790	1,523	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	337	7,430	650	368
Water Utility Series 2016A, First Lien Revenue Bonds, 5.00%, due 2025 to 2046	43,540	1,530	6,678	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	16,421	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	25,186	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	13,154	73,225	1,895	13,663
Water Utility Series 2023A First Lien Revenue Refunding Bonds 4.00% to 5.00%, due 2025 to 2044	89,385	235	10,848	89,620	-	11,314

	(In Thousands)					
	March 31, 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 2023B First Lien Revenue Bonds (SRF) 0.00%, due 2025 to 2043	4,500	250	(77)	4,750	250	-
Water Utility Series 2023C First Lien Revenue Bond Anticipation Note 0.00%, due 2027	6,000	-	-	6,000	-	(82)
Subtotal Water	666,370	28,560	72,547	694,930	21,895	76,451
<u>Wastewater</u>						
CWA Wastewater Utility Series 2012A, First Lien Revenue Bonds, 4.00% to 5.00%, due 2038 to 2042	53,925	-	3,468	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	2,816	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	2,360	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	22,996	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	1,023	36,420	1,005	1,111
CWA Wastewater Series 2016C, First Lien Revenue Bonds (SRF), 2.00%, due 2025 to 2036	7,555	610	(37)	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	6,557	38,060	770	6,737
CWA Wastewater Series 2019B, First Lien Revenue Bonds (SRF), 2.99%, due 2026 to 2050	156,059	4,407	(55)	160,466	4,279	(57)
CWA Wastewater Series 2020A First Lien Revenue Bonds 4.00% to 5.00% due 2025 to 2050	52,010	1,100	10,535	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	(58)	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	74,714	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	32,667	163,935	6,120	34,401

	(In Thousands)					
	March 31, 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 2021A First Lien Revenue Bonds 3.00% to 5.00%, due 2025 to 2051	41,380	845	7,008	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	5,504	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	5,306	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	-	14,208	122,025	-	14,811
CWA Wastewater Series 2024A First Lien Revenue Refunding Bonds 5.00%, due 2027 to 2045	126,910	-	7,945	126,910	-	8,160
Subtotal Wastewater	1,839,693	59,226	196,863	1,894,298	56,804	206,108
Resources						
Citizens Westfield Water Series 2019A, Revenue Bonds, 4.00%, due 2048	20,000	-	(59)	20,000	-	(61)
Citizens Westfield Wastewater Series 2019A, Revenue Bonds, 5.00%, due 2048	22,660	-	2,175	22,660	-	2,201
Citizens Westfield Water Series 2022A, Revenue Bonds, 4.00%, due 2052	16,000	-	(1,131)	16,000	-	(1,144)
Citizens Westfield Gas Series 2022A Revenue Bonds 4.05%, due 2029	4,000	-	(91)	4,000	-	(101)
Citizens Westfield Water Series 2024A Revenue Bonds 5.25%, due 2044	20,000	-	2,203	20,000	-	2,237
Citizens Westfield Wastewater Series 2024A Revenue Bonds 5.25%, due 2044	20,000	-	2,201	20,000	-	2,236
Citizens Westfield Gas Series 2024A Utility Revenue Bond 4.76%, due 2029	10,000	-	(107)	10,000	-	(50)
Subtotal Resources	112,660	-	5,191	112,660	-	5,318
Total	\$ 2,728,888	\$ 116,036	\$ 283,735	\$ 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)	
					March 31, 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 25, 2025	SOFR + 1.225%	0.125%	-	-
Thermal	30.0 million	February 2, 2027	SOFR + 0.62%	0.250%	30.0	10.0
Water	15.0 million	April 30, 2025	SOFR + 1.60%	0.200%	-	-
Water	25.0 million	November 2, 2026	83% of SOFR + 1.48%	0.300%	-	-
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%	23.0	**
Wastewater	45.0 million	July 15, 2026	80% of SOFR + 0.65%	0.325%	33.0	-
Wastewater	50.0 million	October 1, 2025	SOFR + 0.68%	0.240%	-	-

* Line of credit matured prior to March 31, 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 Thermal line of credit balance of \$30.0 million at March 31, 2025 was paid in full on April 16, 2025 with a portion of the proceeds from issuance of Thermal's Series 2025A First Lien Revenue Bonds. See Note 3 for additional information.

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.

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)	
					March 31, 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 March 31, 2025								
	Gas	Steam	Chilled Water	Water	Waste-Water	Resources	Intercompany Eliminations	Total
Residential	\$ 75,586	\$ -	\$ -	\$ 36,613	\$ 44,300	\$ 8,750	\$ -	\$ 165,249
Commercial	32,066	14,391	6,128	19,742	24,907	2,558	(1,339)	98,453
Industrial	8,128	10,991	100	2,327	7,447	37	(4,004)	25,026
Other	2,870	236	-	2,618	5,786	2,164	(825)	12,849
Revenues - Contracts w/Customers	118,650	25,618	6,228	61,300	82,440	13,509	(6,168)	301,577
Alternative Revenue Programs	-	-	-	-	-	48	-	48
Gross Operating Revenues	\$ 118,650	\$ 25,618	\$ 6,228	\$ 61,300	\$ 82,440	\$ 13,557	\$ (6,168)	\$ 301,625

Three Months Ended March 31, 2024								
	Gas	Steam	Chilled Water	Water	Waste-Water	Resources	Intercompany Eliminations	Total
Residential	\$ 68,583	\$ -	\$ -	\$ 34,538	\$ 43,259	\$ 7,813	\$ -	\$ 154,193
Commercial	27,851	12,438	5,532	18,978	25,905	2,318	(1,270)	91,752
Industrial	7,565	8,083	97	2,053	7,925	45	(3,036)	22,732
Other	2,699	62	-	2,198	5,536	2,060	(815)	11,740
Revenues - Contracts w/Customers	106,698	20,583	5,629	57,767	82,625	12,236	(5,121)	280,417
Alternative Revenue Programs	-	-	-	-	-	92	-	92
Gross Operating Revenues	\$ 106,698	\$ 20,583	\$ 5,629	\$ 57,767	\$ 82,625	\$ 12,328	\$ (5,121)	\$ 280,509

Six Months Ended March 31, 2025

	Gas	Steam	Chilled Water	Water	Waste- Water	Resources	Intercompany Eliminations	Total
Residential	\$ 123,703	\$ -	\$ -	\$ 75,201	\$ 84,699	\$ 16,737	\$ -	\$ 300,340
Commercial	51,037	25,916	13,679	40,169	50,249	4,668	(2,885)	182,833
Industrial	13,496	18,876	201	4,660	15,040	107	(5,553)	46,827
Other	5,157	228	-	5,898	9,626	4,299	(1,339)	23,869
Revenues - Contracts w/Customers	193,393	45,020	13,880	125,928	159,614	25,811	(9,777)	553,869
Alternative Revenue Programs	-	-	-	-	-	121	-	121
Gross Operating Revenues	\$ 193,393	\$ 45,020	\$ 13,880	\$ 125,928	\$ 159,614	\$ 25,932	\$ (9,777)	\$ 553,990

Six Months Ended March 31, 2024

	Gas	Steam	Chilled Water	Water	Waste- Water	Resources	Intercompany Eliminations	Total
Residential	\$ 121,514	\$ -	\$ -	\$ 66,374	\$ 84,354	\$ 15,222	\$ -	\$ 287,464
Commercial	47,972	22,626	12,249	37,654	52,133	4,432	(2,769)	174,297
Industrial	13,847	15,083	192	4,378	14,916	66	(4,448)	44,034
Other	4,887	9	-	4,906	8,722	4,185	(1,360)	21,349
Revenues - Contracts w/Customers	188,220	37,718	12,441	113,312	160,125	23,905	(8,577)	527,144
Alternative Revenue Programs	-	-	-	-	-	127	-	127
Gross Operating Revenues	\$ 188,220	\$ 37,718	\$ 12,441	\$ 113,312	\$ 160,125	\$ 24,032	\$ (8,577)	\$ 527,271

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 six months ended March 31, 2025, and 2024 are presented in the tables below.

Citizens and CWA offer flexible payment plans to customers experiencing hardship. At March 31, 2025, the Company's allowance for credit losses is \$4.6 million compared with \$6.2 million at September 30, 2024. The decrease in the allowance at March 31, 2025 compared with September 30, 2024 is largely due to improved collections on past due balances in the first six months of fiscal 2025. 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

\$ Thousands	Gas	Steam	Chilled Water	Water	Wastewater	Resources	Total
Balance at March 31, 2025	\$ 41,003	\$ 9,738	\$ 3,956	\$ 24,285	\$ 29,539	\$ 3,608	\$ 112,129
Balance at September 30, 2024	14,759	6,989	6,371	31,651	30,897	3,289	93,956
Increase (Decrease)	\$ 26,244	\$ 2,749	\$ (2,415)	\$ (7,366)	\$ (1,358)	\$ 319	\$ 18,173
Balance at March 31, 2024	\$ 35,515	\$ 13,180	\$ 5,859	\$ 25,892	\$ 28,412	\$ 3,948	\$ 112,806
Balance at September 30, 2023	16,735	5,170	6,373	28,771	30,072	4,224	91,345
Increase (Decrease)	\$ 18,780	\$ 8,010	\$ (514)	\$ (2,879)	\$ (1,660)	\$ (276)	\$ 21,461

Accrued Utility Revenue

\$ Thousands	Gas	Steam	Chilled Water	Water	Wastewater	Resources	Total
Balance at March 31, 2025	\$ 7,744	\$ -	\$ -	\$ 9,971	\$ 13,881	\$ 728	\$ 32,324
Balance at September 30, 2024	2,805	-	-	9,681	13,328	619	26,433
Increase (Decrease)	\$ 4,939	\$ -	\$ -	\$ 290	\$ 553	\$ 109	\$ 5,891
Balance at March 31, 2024	\$ 8,652	\$ -	\$ -	\$ 9,183	\$ 12,871	\$ 661	\$ 31,367
Balance at September 30, 2023	3,568	-	-	8,882	11,839	641	24,930
Increase (Decrease)	\$ 5,084	\$ -	\$ -	\$ 301	\$ 1,032	\$ 20	\$ 6,437

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 March 31, 2025 and September 30, 2024, Statements of Operations for the three months and six months ended March 31, 2025 and 2024, and Statements of Cash Flows for the six months ended March 31, 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 March 31, 2025*

	Gas	Steam	Chilled Water	Water	Waste- water	Resources	Other	Elimin- ations	Total
Assets									
Property, plant, and equipment	\$ 423,483	\$ 92,528	\$ 78,992	\$ 1,499,127	\$ 2,771,747	\$ 421,150	\$ 20,989	\$ -	\$ 5,308,016
Intangibles	-	9,731	27,752	-	-	-	-	-	37,483
Investments	19,410	9,608	10,155	83,519	157,675	2,574	957	(14,103)	269,795
Cash and cash equivalents	63,243	20,208	21,900	22,827	23,548	47,814	11,889	-	211,429
Other current assets	95,629	17,293	6,317	44,808	53,354	5,434	(182)	(1,150)	221,503
Deferred charges and other non-current assets	30,140	9,034	1,647	19,317	7,085	3,041	67,327	-	137,591
Total assets	\$ 631,905	\$ 158,402	\$ 146,763	\$ 1,669,598	\$ 3,013,409	\$ 480,013	\$ 100,980	\$ (15,253)	\$ 6,185,817
Capitalization and Liabilities									
Equity	\$ 473,683	\$ 58,218	\$ 133,845	\$ 471,429	\$ 591,703	\$ 164,771	\$ 45,239	\$ -	\$ 1,938,888
Long-term debt	88,531	29,316	1,452	738,917	2,036,556	117,851	-	-	3,012,623
Retirement benefit and Other long-term liabilities	6,997	48,572	771	345,774	234,277	184,955	24,809	(14,103)	832,052
Current mat. of long-term debt	16,460	5,845	5,945	28,560	59,226	-	-	-	116,036
Short-term borrowings	-	-	-	23,000	-	-	-	-	23,000
Other current liabilities	46,234	16,451	4,750	61,918	91,647	12,436	30,932	(1,150)	263,218
Total capitalization and liabilities	\$ 631,905	\$ 158,402	\$ 146,763	\$ 1,669,598	\$ 3,013,409	\$ 480,013	\$ 100,980	\$ (15,253)	\$ 6,185,817

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 March 31, 2025*

	Gas	Steam	Chilled Water	Water	Waste- water	Resources	Other	Elimin- ations	Total
Operating revenues									
Customer revenues	\$ 113,161	\$ 25,351	\$ 6,228	\$ 61,151	\$ 82,178	\$ 13,556	\$ -	\$ -	\$ 301,625
Intercompany revenues	5,489	267	-	149	262	1	-	(6,168)	-
Gross operating revenues	118,650	25,618	6,228	61,300	82,440	13,557	-	(6,168)	301,625
Operating expenses:									
Cost of goods sold	60,933	13,041	1,641	-	-	1,841	-	(5,365)	72,091
Operations and maintenance	19,378	5,948	2,311	26,316	23,886	4,990	35	(802)	82,062
Depreciation and amortization	5,121	1,567	1,438	8,244	17,148	1,796	-	-	35,314
Taxes	1,598	225	516	3,617	6,133	1,091	-	-	13,180
Total operating expenses	87,030	20,781	5,906	38,177	47,167	9,718	35	(6,167)	202,647
Operating income (loss)	31,620	4,837	322	23,123	35,273	3,839	(35)	(1)	98,978
Other income (expense), net:									
Interest income	718	182	270	635	1,450	44	160	(152)	3,307
Non-operating post-employment benefits, net	1,744	382	103	528	626	140	-	-	3,523
Other	29	-	-	280	16	77	(1,310)	152	(756)
Total other income (expense), net	2,491	564	373	1,443	2,092	261	(1,150)	-	6,074
Income (loss) before interest charges	34,111	5,401	695	24,566	37,365	4,100	(1,185)	(1)	105,052
Interest charges:									
Interest on long-term debt	1,218	565	90	8,264	20,329	1,327	-	-	31,793
Other interest, including net (premium) discount amortization	(341)	214	(50)	(1,569)	(8,907)	(69)	-	-	(10,722)
Total interest charges	877	779	40	6,695	11,422	1,258	-	-	21,071
Income (loss) from continuing operations	33,234	4,622	655	17,871	25,943	2,842	(1,185)	(1)	83,981
Income from discontinued operations	-	-	-	-	-	-	132	1	133
Net income (loss)	\$ 33,234	\$ 4,622	\$ 655	\$ 17,871	\$ 25,943	\$ 2,842	\$ (1,053)	\$ -	\$ 84,114

Segment Footnote - Condensed Combined Statement of Operations*Citizens Energy Group and Subsidiary and CWA Authority, Inc.**(In Thousands)**For the Three Months Ended March 31, 2024*

	Gas	Steam	Chilled Water	Water	Waste- water	Resources	Other	Elimin- ations	Total
Operating revenues									
Customer revenues	\$ 102,207	\$ 20,331	\$ 5,629	\$ 57,635	\$ 82,380	\$ 12,327	\$ -	\$ -	\$ 280,509
Intercompany revenues	4,491	252	-	132	245	1	-	(5,121)	-
Gross operating revenues	106,698	20,583	5,629	57,767	82,625	12,328	-	(5,121)	280,509
Operating expenses:									
Cost of goods sold	47,519	10,138	1,356	-	-	1,386	-	(4,347)	56,052
Operations and maintenance	18,340	5,173	2,292	23,567	23,812	4,393	34	(772)	76,839
Depreciation and amortization	5,152	1,434	1,356	7,340	16,888	1,637	-	-	33,807
Taxes	1,707	211	473	3,784	6,552	862	-	-	13,589
Total operating expenses	72,718	16,956	5,477	34,691	47,252	8,278	34	(5,119)	180,287
Operating income (loss)	33,980	3,627	152	23,076	35,373	4,050	(34)	(2)	100,222
Other income (expense), net:									
Interest income	560	179	293	602	2,341	50	181	(152)	4,054
Non-operating post-employment benefits, net	831	176	56	533	336	72	-	-	2,004
Other	(1)	-	-	41	1	49	(1,104)	152	(862)
Total other income (expense), net	1,390	355	349	1,176	2,678	171	(923)	-	5,196
Income (loss) before interest charges	35,370	3,982	501	24,252	38,051	4,221	(957)	(2)	105,418
Interest charges:									
Interest on long-term debt	1,527	660	161	8,699	21,217	683	-	-	32,947
Other interest, including net (premium) discount amortization	(458)	6	(88)	(1,438)	(10,666)	(131)	-	-	(12,775)
Total interest charges	1,069	666	73	7,261	10,551	552	-	-	20,172
Income (loss) from continuing operations	34,301	3,316	428	16,991	27,500	3,669	(957)	(2)	85,246
Loss from discontinued operations	-	-	-	-	-	-	21	2	23
Net income (loss)	\$ 34,301	\$ 3,316	\$ 428	\$ 16,991	\$ 27,500	\$ 3,669	\$ (936)	\$ -	\$ 85,269

Segment Footnote - Condensed Combined Statement of Operations*Citizens Energy Group and Subsidiary and CWA Authority, Inc.**(In Thousands)**For the Six Months Ended March 31, 2025*

	Gas	Steam	Chilled Water	Water	Waste- water	Resources	Other	Elimin- ations	Total
Operating revenues									
Customer revenues	\$ 185,425	\$ 44,166	\$ 13,880	\$ 125,586	\$ 159,002	\$ 25,931	\$ -	\$ -	\$ 553,990
Intercompany revenues	7,968	854	-	342	612	1	-	(9,777)	-
Gross operating revenues	193,393	45,020	13,880	125,928	159,614	25,932	-	(9,777)	553,990
Operating expenses:									
Cost of goods sold	92,594	23,244	4,190	-	-	2,884	-	(8,434)	114,478
Operations and maintenance	39,171	11,382	4,625	51,100	45,639	10,213	69	(1,342)	160,857
Depreciation and amortization	10,233	3,213	2,874	16,453	34,250	3,693	-	-	70,716
Taxes	3,236	428	1,081	7,208	12,682	1,876	-	-	26,511
Total operating expenses	145,234	38,267	12,770	74,761	92,571	18,666	69	(9,776)	372,562
Operating income (loss)	48,159	6,753	1,110	51,167	67,043	7,266	(69)	(1)	181,428
Other income (expense), net:									
Interest income	1,279	347	576	1,697	3,077	103	324	(304)	7,099
Non-operating post-employment benefits, net	3,488	765	206	1,472	1,252	279	-	-	7,462
Other	(616)	-	-	344	99	89	(2,057)	304	(1,837)
Total other income (expense), net	4,151	1,112	782	3,513	4,428	471	(1,733)	-	12,724
Income (loss) before interest charges	52,310	7,865	1,892	54,680	71,471	7,737	(1,802)	(1)	194,152
Interest charges:									
Interest on long-term debt	2,435	1,130	180	16,691	40,708	2,655	-	-	63,799
Other interest, including net (premium) discount amortization	(667)	383	(100)	(3,041)	(17,897)	(176)	-	-	(21,498)
Total interest charges	1,768	1,513	80	13,650	22,811	2,479	-	-	42,301
Income (loss) from continuing operations	50,542	6,352	1,812	41,030	48,660	5,258	(1,802)	(1)	151,851
Income from discontinued operations	-	-	-	-	-	-	228	1	229
Net income (loss)	\$ 50,542	\$ 6,352	\$ 1,812	\$ 41,030	\$ 48,660	\$ 5,258	\$ (1,574)	\$ -	\$ 152,080

Segment Footnote - Condensed Combined Statement of Operations*Citizens Energy Group and Subsidiary and CWA Authority, Inc.**(In Thousands)**For the Six Months Ended March 31, 2024*

	Gas	Steam	Chilled Water	Water	Waste- water	Resources	Other	Elimin- ations	Total
Operating revenues									
Customer revenues	\$ 181,299	\$ 36,937	\$ 12,441	\$ 113,009	\$ 159,554	\$ 24,031	\$ -	\$ -	\$ 527,271
Intercompany revenues	6,921	781	-	303	571	1	-	(8,577)	-
Gross operating revenues	188,220	37,718	12,441	113,312	160,125	24,032	-	(8,577)	527,271
Operating expenses:									
Cost of goods sold	86,028	18,642	3,470	-	-	2,386	-	(7,202)	103,324
Operations and maintenance	37,234	10,133	4,258	45,152	44,742	9,248	55	(1,373)	149,449
Depreciation and amortization	10,211	2,876	2,740	14,576	33,961	3,197	-	-	67,561
Taxes	3,359	411	1,000	7,371	13,527	1,578	-	-	27,246
Total operating expenses	136,832	32,062	11,468	67,099	92,230	16,409	55	(8,575)	347,580
Operating income (loss)	51,388	5,656	973	46,213	67,895	7,623	(55)	(2)	179,691
Other income (expense), net:									
Interest income	977	378	635	1,669	4,985	121	344	(304)	8,805
Non-operating post-employment benefits, net	1,663	352	110	1,065	673	145	-	-	4,008
Other	(395)	-	-	262	84	110	(1,870)	304	(1,505)
Total other income (expense), net	2,245	730	745	2,996	5,742	376	(1,526)	-	11,308
Income (loss) before interest charges	53,633	6,386	1,718	49,209	73,637	7,999	(1,581)	(2)	190,999
Interest charges:									
Interest on long-term debt	3,054	1,319	322	17,547	42,484	1,367	-	-	66,093
Other interest, including net (premium) discount amortization	(910)	(58)	(179)	(2,842)	(21,029)	(343)	-	-	(25,361)
Total interest charges	2,144	1,261	143	14,705	21,455	1,024	-	-	40,732
Income (loss) from continuing operations	51,489	5,125	1,575	34,504	52,182	6,975	(1,581)	(2)	150,267
Loss from discontinued operations	-	-	-	-	-	-	41	2	43
Net income (loss)	\$ 51,489	\$ 5,125	\$ 1,575	\$ 34,504	\$ 52,182	\$ 6,975	\$ (1,540)	\$ -	\$ 150,310

Segment Footnote - Condensed Combined Statement of Cash Flows*Citizens Energy Group and Subsidiary and CWA Authority, Inc.**For the Six Months Ended March 31, 2025 (In Thousands)*

	Gas	Steam	Chilled Water	Water	Waste- water	Resources	Other	Total
Net cash provided by (used in) operating activities	56,571	6,877	3,059	59,518	67,082	9,179	3,442	\$ 205,728
Investing Activities:								
Construction expenditures	(17,120)	(6,662)	(2,502)	(48,530)	(75,199)	(10,509)	(5,176)	(165,698)
Purchases of investment securities	(20,261)	-	-	-	-	-	(48)	(20,309)
Sales/maturities of investment securities	-	-	-	-	-	-	678	678
Other investing activities	-	-	(31)	(109)	154	1	(381)	(366)
Net cash provided by (used in) investing activities	(37,381)	(6,662)	(2,533)	(48,639)	(75,045)	(10,508)	(4,927)	(185,695)
Financing Activities:								
Proceeds from bank line of credit	-	20,000	-	-	33,000	-	-	53,000
Repayment of bank line of credit	-	-	-	-	-	-	-	-
Principal payments of long-term debt and bond refunding	-	(7,650)	(5,660)	(21,895)	(52,183)	-	-	(87,388)
Proceeds from issuance of long-term debt and bond refunding	-	-	-	-	-	-	-	-
Bond issuance costs	-	(50)	-	-	-	(69)	-	(119)
Contributions in aid of construction	-	-	-	9,624	1,370	159	-	11,153
Other financing activities	(15)	-	-	-	-	-	-	(15)
Net cash provided by (used in) financing activities	(15)	12,300	(5,660)	(12,271)	(17,813)	90	-	(23,369)
Net change in cash, cash equivalents, and restricted cash	19,175	12,515	(5,134)	(1,392)	(25,776)	(1,239)	(1,485)	(3,336)
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	\$ 82,778	\$ 29,816	\$ 25,474	\$ 78,240	\$ 180,001	\$ 50,388	\$ 11,889	\$ 458,586
Reconciliation:								
Cash and cash equivalents	\$ 63,243	\$ 20,208	\$ 21,900	\$ 22,827	\$ 23,548	\$ 47,814	\$ 11,889	\$ 211,429
Restricted cash included in Bond restricted funds	11,888	9,608	3,574	53,715	154,812	2,574	-	236,171
Restricted cash included in Other current assets	7,647	-	-	-	-	-	-	7,647
Restricted cash included in Investments, Other	-	-	-	1,698	1,641	-	-	3,339
Cash, cash equivalents & restricted cash - end of period	\$ 82,778	\$ 29,816	\$ 25,474	\$ 78,240	\$ 180,001	\$ 50,388	\$ 11,889	\$ 458,586

Segment Footnote - Condensed Combined Statement of Cash Flows*Citizens Energy Group and Subsidiary and CWA Authority, Inc.**For the Six Months Ended March 31, 2024 (In Thousands)*

	Gas	Steam	Chilled Water	Water	Waste- water	Resources	Other	Total
Net cash provided by (used in) operating activities	47,841	(5,219)	2,122	40,216	72,007	9,850	5,096	\$ 171,913
Investing Activities:								
Construction expenditures	(23,777)	(233)	(8,754)	(31,687)	(102,076)	(19,263)	(4,677)	(190,467)
Other investing activities	-	-	-	(460)	(67)	-	(349)	(876)
Net cash provided by (used in) investing activities	(23,777)	(233)	(8,754)	(32,147)	(102,143)	(19,263)	(5,026)	(191,343)
Financing Activities:								
Proceeds from bank line of credit	-	15,000	-	-	-	-	-	15,000
Repayment of bank line of credit	-	(5,000)	-	(3,000)	-	-	-	(8,000)
Principal payments of long-term debt and bond refunding	-	(7,278)	(5,377)	(20,935)	(49,581)	-	-	(83,171)
Proceeds from issuance of long-term debt and bond refunding	-	-	-	11,000	-	-	-	11,000
Bond issuance costs	(39)	-	-	(296)	(178)	(9)	-	(522)
Contributions in aid of construction	-	-	-	7,630	6,024	419	-	14,073
Other financing activities	(21)	-	-	-	-	-	-	(21)
Net cash provided by (used in) financing activities	(60)	2,722	(5,377)	(5,601)	(43,735)	410	-	(51,641)
Net change in cash, cash equivalents, and restricted cash	24,004	(2,730)	(12,009)	2,468	(73,871)	(9,003)	70	(71,071)
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	\$ 64,700	\$ 21,040	\$ 19,214	\$ 67,543	\$ 224,917	\$ 20,014	\$ 12,758	\$ 430,186
Reconciliation:								
Cash and cash equivalents	\$ 49,522	\$ 11,884	\$ 15,815	\$ 13,941	\$ 61,444	\$ 18,649	\$ 12,758	\$ 184,013
Restricted cash included in Bond restricted funds	12,980	9,156	3,399	51,636	161,853	1,365	-	240,389
Restricted cash included in Other current assets	2,198	-	-	-	-	-	-	2,198
Restricted cash included in Investments, Other	-	-	-	1,966	1,620	-	-	3,586
Cash, cash equivalents & restricted cash - end of period	\$ 64,700	\$ 21,040	\$ 19,214	\$ 67,543	\$ 224,917	\$ 20,014	\$ 12,758	\$ 430,186

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 March 31, 2025

	Parent	Westfield Gas	Westfield Water	Westfield Wastewater	Eliminations	Total
Assets						
Property, plant, and equipment	\$ -	\$ 24,293	\$ 191,043	\$ 205,361	\$ -	\$ 420,697
Investments	161,505	166	1,284	1,124	(161,505)	2,574
Cash and cash equivalents	171	8,445	17,018	18,705	-	44,339
Other current assets	1	2,047	1,784	2,053	-	5,885
Other non-current assets	-	1,896	1,146	-	-	3,042
Total assets	\$ 161,677	\$ 36,847	\$ 212,275	\$ 227,243	\$ (161,505)	\$ 476,537
Capitalization and Liabilities						
Member's equity	\$ 161,113	\$ 20,829	\$ 62,380	\$ 78,296	\$ (161,505)	\$ 161,113
Long-term debt	-	13,803	57,013	47,036	-	117,852
Other long-term borrowings	-	-	-	-	-	-
Other long-term liabilities	-	417	87,563	96,975	-	184,955
Current maturities of long-term debt	-	-	-	-	-	-
Short-term borrowings	-	-	-	-	-	-
Other current liabilities	564	1,798	5,319	4,936	-	12,617
Total capitalization and liabilities	\$ 161,677	\$ 36,847	\$ 212,275	\$ 227,243	\$ (161,505)	\$ 476,537

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 borrowings	-	-	-	-	-	-
Other long-term liabilities	-	417	84,245	93,813	-	178,475
Current maturities of long-term debt	-	-	-	-	-	-
Short-term borrowings	-	-	-	-	-	-
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 March 31, 2025
(In Thousands)

	Parent	Westfield Gas	Westfield Water	Westfield Wastewater	Eliminations	Total
Operating revenues	\$ -	\$ 3,900	\$ 3,049	\$ 4,719	\$ -	\$ 11,668
Operating expenses						
Cost of goods sold	-	1,841	-	-	-	1,841
Other operating expenses	4	644	1,536	1,708	-	3,892
Depreciation and amortization	-	200	593	996	-	1,789
Taxes	-	55	546	490	-	1,091
Total operating expenses	4	2,740	2,675	3,194	-	8,613
Total operating (loss) income	(4)	1,160	374	1,525	-	3,055
Other income (expense)	-	43	149	62	-	254
Equity in earnings of subsidiaries	2,054	-	-	-	(2,054)	-
Interest charges						
Interest on long-term debt	-	160	623	545	-	1,328
Other interest	-	(14)	(24)	(31)	-	(69)
Total interest charges	-	146	599	514	-	1,259
Net income (loss)	\$ 2,050	\$ 1,057	\$ (76)	\$ 1,073	\$ (2,054)	\$ 2,050

Condensed Consolidated Statement of Operations
Citizens Westfield Utilities, LLC
For the Three Months Ended March 31, 2024
(In Thousands)

	Parent	Westfield Gas	Westfield Water	Westfield Wastewater	Eliminations	Total
Operating revenues	\$ -	\$ 3,367	\$ 2,749	\$ 4,368	\$ -	\$ 10,484
Operating expenses						
Cost of goods sold	-	1,386	-	-	-	1,386
Other operating expenses	1	550	1,365	1,463	-	3,379
Depreciation and amortization	-	183	577	869	-	1,629
Taxes	-	50	438	374	-	862
Total operating expenses	1	2,169	2,380	2,706	-	7,256
Total operating (loss) income	(1)	1,198	369	1,662	-	3,228
Other income (expense)	-	26	100	38	-	164
Equity in earnings of subsidiaries	2,842	-	-	-	(2,842)	-
Interest charges						
Interest on long-term debt	-	40	360	283	-	683
Other interest	-	59	4	(195)	-	(132)
Total interest charges	-	99	364	88	-	551
Net income (loss)	\$ 2,841	\$ 1,125	\$ 105	\$ 1,612	\$ (2,842)	\$ 2,841

Condensed Consolidated Statement of Operations**Citizens Westfield Utilities, LLC****For the Six Months Ended March 31, 2025****(In Thousands)**

	Parent	Westfield Gas	Westfield Water	Westfield Wastewater	Eliminations	Total
Operating revenues	\$ -	\$ 6,371	\$ 6,394	\$ 9,432	\$ -	\$ 22,197
Operating expenses						
Cost of goods sold	-	2,884	-	-	-	2,884
Other operating expenses	4	1,211	2,955	3,358	-	7,528
Depreciation and amortization	-	408	1,223	2,049	-	3,680
Taxes	-	104	962	809	-	1,875
Total operating expenses	4	4,607	5,140	6,216	-	15,967
Total operating (loss) income	(4)	1,764	1,254	3,216	-	6,230
Other income (expense)	-	87	243	129	-	459
Equity in earnings of subsidiaries	4,213	-	-	-	(4,213)	-
Interest charges						
Interest on long-term debt	-	319	1,245	1,091	-	2,655
Other interest	-	(21)	(39)	(115)	-	(175)
Total interest charges	-	298	1,206	976	-	2,480
Net income (loss)	\$ 4,209	\$ 1,553	\$ 291	\$ 2,369	\$ (4,213)	\$ 4,209

Condensed Consolidated Statement of Operations**Citizens Westfield Utilities, LLC****For the Six Months Ended March 31, 2024****(In Thousands)**

	Parent	Westfield Gas	Westfield Water	Westfield Wastewater	Eliminations	Total
Operating revenues	\$ -	\$ 5,735	\$ 5,800	\$ 8,795	\$ -	\$ 20,330
Operating expenses						
Cost of goods sold	-	2,386	-	-	-	2,386
Other operating expenses	6	1,082	2,893	2,847	-	6,828
Depreciation and amortization	-	363	1,149	1,671	-	3,183
Taxes	-	94	804	680	-	1,578
Total operating expenses	6	3,925	4,846	5,198	-	13,975
Total operating (loss) income	(6)	1,810	954	3,597	-	6,355
Other income (expense)	-	55	218	87	-	360
Equity in earnings of subsidiaries	5,697	-	-	-	(5,697)	-
Interest charges						
Interest on long-term debt	-	81	720	566	-	1,367
Other interest	-	119	11	(473)	-	(343)
Total interest charges	-	200	731	93	-	1,024
Net income (loss)	\$ 5,691	\$ 1,665	\$ 441	\$ 3,591	\$ (5,697)	\$ 5,691

Condensed Consolidated Statement of Cash Flows

Citizens Westfield Utilities, LLC

(In Thousands)

For the Six Months Ended March 31, 2025

	Parent	Westfield Gas	Westfield Water	Westfield Wastewater	Total
Net cash provided by (used in) operating activities	\$ (381)	\$ 2,083	\$ 2,777	\$ 3,611	\$ 8,090
Investing Activities:					
Construction expenditures	-	(1,794)	(4,276)	(4,439)	(10,509)
Net cash provided by (used in) investing activities	-	(1,794)	(4,276)	(4,439)	(10,509)
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	-	-	(1,145)	665	(480)
Net cash provided by (used in) financing activities	-	1,931	(1,145)	(1,335)	(549)
Net change in cash, cash equivalents, and restricted cash	(381)	2,220	(2,644)	(2,163)	(2,968)
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	\$ 171	\$ 8,610	\$ 18,302	\$ 19,829	\$ 46,912
Reconciliation:					
Cash and cash equivalents	\$ 171	\$ 8,445	\$ 17,018	\$ 18,705	\$ 44,339
Restricted cash included in Bond restricted funds	-	165	1,284	1,124	2,573
Cash, cash equivalents & restricted cash - end of period	\$ 171	\$ 8,610	\$ 18,302	\$ 19,829	\$ 46,912

Condensed Consolidated Statement of Cash Flows

Citizens Westfield Utilities, LLC

(In Thousands)

For the Six Months Ended March 31, 2024

	Parent	Westfield Gas	Westfield Water	Westfield Wastewater	Total
Net cash provided by (used in) operating activities	\$ 706	\$ 2,271	\$ 1,623	\$ 7,869	\$ 12,469
Investing Activities:					
Construction expenditures	-	(1,744)	(4,359)	(13,160)	(19,263)
Net cash provided by (used in) investing activities	-	(1,744)	(4,359)	(13,160)	(19,263)
Financing Activities:					
Bond issuance costs	-	(3)	(3)	(3)	(9)
Additional paid-in capital and dividends	4	-	-	(4)	-
Contributions in aid of construction and customer advances, net	-	-	(825)	(1,289)	(2,114)
Net cash provided by (used in) financing activities	4	(3)	(828)	(1,296)	(2,123)
Net change in cash, cash equivalents, and restricted cash	710	524	(3,564)	(6,587)	(8,917)
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	\$ 916	\$ 3,560	\$ 8,513	\$ 5,141	\$ 18,130
Reconciliation:					
Cash and cash equivalents	\$ 916	\$ 3,517	\$ 7,773	\$ 4,558	\$ 16,764
Restricted cash included in Other non-current assets	-	43	740	583	1,366
Cash, cash equivalents & restricted cash - end of period	\$ 916	\$ 3,560	\$ 8,513	\$ 5,141	\$ 18,130

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 six months ended March 31, 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):

	<u>Condensed Combined Statement of Financial Position Classification</u>	<u>At March 31, 2025</u>	<u>At September 30, 2024</u>
Assets			
Right-of-use assets - operating leases	Property, plant, and equipment, net	\$ 2,385	\$ 2,534
Liabilities			
Operating lease liabilities - current	Other current liabilities	\$ 311	\$ 303
Operating lease liabilities - non-current	Other long-term liabilities	\$ 2,074	\$ 2,231

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

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>March 31, 2025</u>	<u>March 31, 2024</u>	<u>March 31, 2025</u>	<u>March 31, 2024</u>
Operating lease expense	\$ 105	\$ 105	\$ 210	\$ 210
Short-term lease expense	361	202	981	462
Variable lease expense	125	99	158	134
Total lease expense	<u>\$ 591</u>	<u>\$ 406</u>	<u>\$ 1,349</u>	<u>\$ 806</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:

	<u>At March 31, 2025</u>
2025	\$ 210
2026	420
2027	420
2028	420
2029	420
Thereafter	910
Total operating lease payments	<u>2,800</u>
Less: imputed interest	415
Total operating lease liabilities	<u>\$ 2,385</u>

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

	<u>At March 31, 2025</u>
Weighted-average remaining lease term	80
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 \$210 thousand for each of the six months ended March 31, 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 six months ended March 31, 2025, for the asset retirement obligation liability is as follows (in thousands):

Asset retirement obligation at September 30, 2024	\$	12,277
Accretion expense		144
Remediation liabilities settled		<u>(139)</u>
Asset retirement obligation at March 31, 2025	<u>\$</u>	<u>12,282</u>

The major classes of assets and liabilities of the Manufacturing segment (reported as Discontinued Operations in Other) at March 31, 2025, and September 30, 2024, are as follows (in thousands):

	March 31, 2025	September 30, 2024
Current assets	<u>\$ 1,849</u>	\$ 2,136
Non-current assets	<u>5,153</u>	<u>4,776</u>
Total assets	<u>\$ 7,002</u>	<u>\$ 6,912</u>
Equity (deficiency)	<u>\$ (6,232)</u>	\$ (6,466)
Retirement benefit and other long-term liabilities	<u>13,195</u>	13,292
Current liabilities	<u>39</u>	<u>86</u>
Total capitalization and liabilities	<u>\$ 7,002</u>	<u>\$ 6,912</u>

For the six months ended March 31, 2025, and 2024, Discontinued Operations operating expenses were \$(0.2) million and \$0.0 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, and the matter is now awaiting an order from the IURC.

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.

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 March 14, 2022, Citizens Water filed a petition and testimony with the IURC seeking approval of rate schedules establishing amounts to provide for recovery of costs to replace customer-owned lead service lines pursuant to the LSLR Plan the IURC approved in August 2021. Citizens Water sought approval of two sets of fixed charges. The first set of fixed charges would be in effect during year 1 of the LSLR Plan and designed to recover expected costs of \$2.5 million, and the second set of fixed charges would be in effect during years 2 – 5 of the LSLR Plan and designed to recover expected costs of \$5.1 million. On May 11, 2022, the IURC approved the proposed rate schedules and 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 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 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 seeks 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.

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 OUCC 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 OUCC filed testimony. While the OUCC 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 OUCC 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 OUCC. 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 OUCC 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. On April 7, 2025, the OUCC filed a response to Westfield Gas's compliance filing and requested Westfield Gas be ordered to not draw more than \$5.835 million on the approved line of credit until its net utility plant in service exceeds the sum of its long-term debt and credit line. On April 14, 2025, Westfield Gas filed a response to the OUCC's request arguing, among other things, it is contrary to law and should be rejected. The Company expects the IURC to issue a ruling promptly.

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 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 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 OUCC filed its testimony, which was revised with corrected testimony on July 8, 2024. In its revised testimony, the OUCC 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 OUCC'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 OUCC 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 OUCC 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 OUC'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 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 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 OUC filed testimony. While the OUC 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 OUC 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 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 Wastewater and rejecting the OUC'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 OUC filed testimony recommending adjustments to Citizens' proposed depreciation rates. The OUC'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 Water 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 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 its final 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. Although it is difficult to project the ultimate costs of complying with LCRI at this point, the Company expects a significant portion of the requirements to implement the LCRI 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 Pogues 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 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. Since IDEM made contact, Citizens is fully collaborating with state investigators to uncover evidence of any improper disposal activities at or near this location. At this time, management cannot predict the outcome of the investigation due to the early stages of this process.

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 \$538 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 March 31, 2025, Citizens has incurred nearly \$3.0 million of costs related to the Citizens Lebanon Water System Project, of which approximately \$0.5 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 March 31, 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. SUBSEQUENT EVENTS

Management has considered the impact of subsequent events through May 28, 2025, the date at which these condensed combined financial statements were issued.