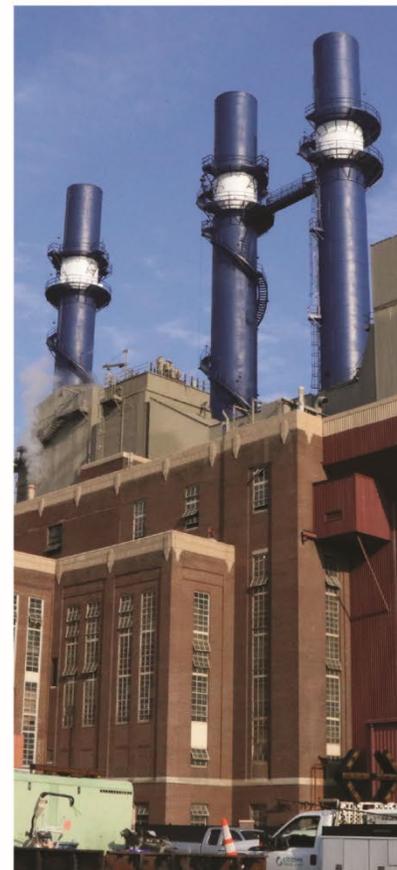




Quarterly Financial Report

Q1 - 2026



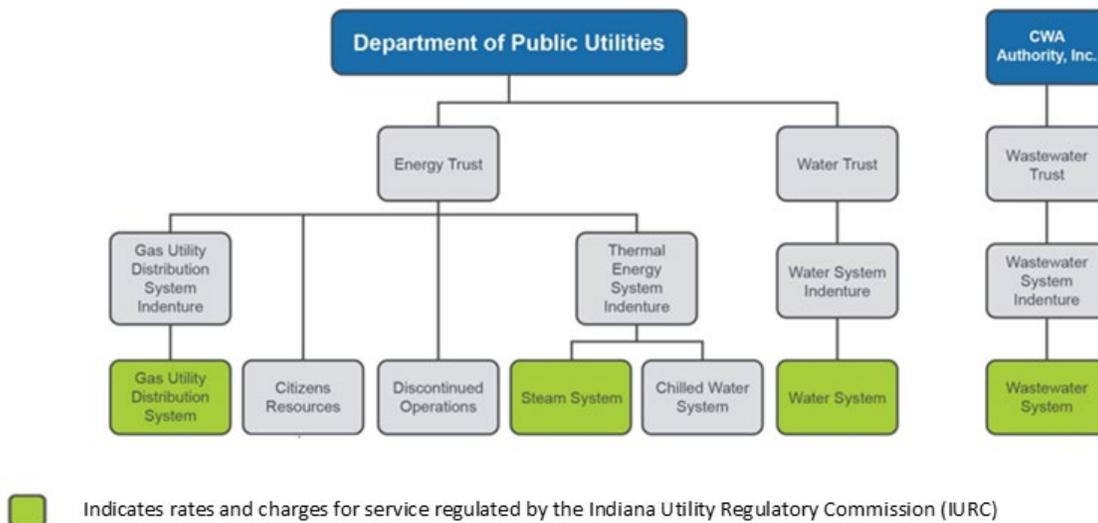
MANAGEMENT DISCUSSION AND ANALYSIS

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 substantially in the same manner as the Energy Trust.

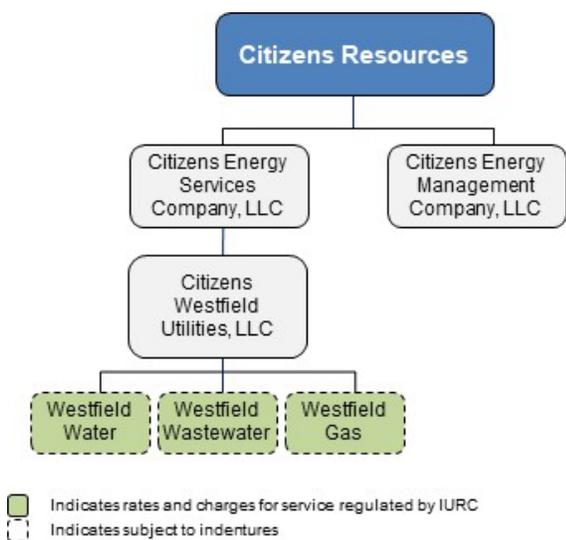
The Wastewater System is owned by CWA, a separate nonprofit corporation, which through an interlocal agreement entered into by and among Citizens, the City of Indianapolis, and the Sanitary District of the City (the “District”), acting by

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 ended December 31, 2025, and 2024. Because of the seasonal nature of the various business units, results of operations for the period ending December 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.

	Three Months Ended Dec 31		
	2025	2024	Change
Shared Services Expenses	\$ 30.2	\$ 28.4	\$ 1.8

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

Three Months Ended December 31, 2025 as Compared with 2024

Shared services expenses were \$1.8 million higher, largely driven by increased costs for contracted services and employee-related expenses.

GAS

	Three Months Ended Dec 31		
	2025	2024	Change
Operating revenues	\$ 94.4	\$ 74.7	\$ 19.7
Cost of goods sold	49.8	31.7	18.1
Margin	44.6	43.0	1.6
Other operating expenses	27.8	26.5	1.3
Operating income (loss)	16.8	16.5	0.3
Other income (expense), net	1.7	1.7	-
Interest charges	0.7	0.9	(0.2)
Segment income (loss)	\$ 17.8	\$ 17.3	\$ 0.5

Volume sales, million Dth

Retail	10.2	8.6	1.6
Transportation	3.6	4.3	(0.7)
Power generation and other	15.5	10.0	5.5
Cost of gas sold, per Dth	\$ 4.36	\$ 3.46	\$ 0.90
Heating degree days	1,856	1,576	280

Three Months Ended December 31, 2025 as Compared with 2024

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

- \$1.6 million higher margin, mostly due to increased retail sales net of normal temperature adjustments; **partially offset by**
- \$1.3 million higher operating expenses, primarily outside services costs, depreciation, and increases in various operating expenses, none of which were individually significant.

STEAM

	Three Months Ended Dec 31		
	2025	2024	Change
Operating revenues	\$ 21.3	\$ 19.4	\$ 1.9
Cost of goods sold	11.5	10.2	1.3
Margin	9.8	9.2	0.6
Other operating expenses	6.7	7.3	(0.6)
Operating income (loss)	3.1	1.9	1.2
Other income (expense), net	0.6	0.5	0.1
Interest charges	0.8	0.7	0.1
Segment income (loss)	\$ 2.9	\$ 1.7	\$ 1.2

Volume sales, million therms

Heating degree days	1,856	1,576	280
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Three Months Ended December 31, 2025 as Compared with 2024

The increase in earnings of \$1.2 million was largely the result of:

- \$0.6 million higher margin attributed to increased volume sold and higher average rates; and
- \$0.6 million of decreases in various operating expenses, none of which were individually significant.

CHILLED WATER

	Three Months Ended Dec 31		
	2025	2024	Change
Operating revenues	\$ 7.8	\$ 7.7	\$ 0.1
Cost of goods sold	2.5	2.5	-
Margin	5.3	5.2	0.1
Other operating expenses	4.3	4.3	-
Operating income (loss)	1.0	0.9	0.1
Other income (expense), net	0.4	0.4	-
Interest charges	-	0.1	(0.1)
Segment income (loss)	\$ 1.4	\$ 1.2	\$ 0.2
Volume sales, million ton hours	19.5	20.1	(0.6)
Cooling degree days	50	39	11

Three Months Ended December 31, 2025 as Compared with 2024

Results are consistent with prior period.

WATER

	Three Months Ended Dec 31		
	2025	2024	Change
Operating revenues	\$ 65.2	\$ 64.6	\$ 0.6
Other operating expenses	38.0	36.6	1.4
Operating income (loss)	27.2	28.0	(0.8)
Other income (expense), net	8.2	2.1	6.1
Interest charges	6.7	7.0	(0.3)
Segment income (loss)	\$ 28.7	\$ 23.1	\$ 5.6
Volume sales, billion gallons	9.7	9.4	0.3
Precipitation, inches	7.2	9.3	(2.1)

Three Months Ended December 31, 2025 as Compared with 2024

The increase in earnings of \$5.6 million was primarily driven by receipt of per- and polyfluoroalkyl substances (PFAS) litigation settlement proceeds. Also contributing were \$0.6 million increased operating revenues for which the primary components were:

- \$1.7 million additional revenues due to higher consumption; and
- \$1.1 million Lead Service Line Replacement revenue; **partially offset by**
- \$1.9 million lower Distribution System Improvement Charges.

These improvements were partially offset by \$1.4 million higher operating expenses, principally shared services expense allocations and purchased power.

WASTEWATER

	Three Months Ended Dec 31		
	2025	2024	Change
Operating revenues	\$ 80.3	\$ 77.2	\$ 3.1
Other operating expenses	49.6	45.4	4.2
Operating income (loss)	30.7	31.8	(1.1)
Other income (expense), net	2.1	2.3	(0.2)
Interest charges	14.7	11.4	3.3
Segment income (loss)	\$ 18.1	\$ 22.7	\$ (4.6)
Treatment volume sales, billion gallons	7.4	6.9	0.5
Strength surcharge, million pounds	8.4	8.4	-

Three Months Ended December 31, 2025 as Compared with 2024

The decrease in earnings of \$4.6 million is principally due to:

- \$4.2 million higher operating expenses, primarily increased depreciation driven by capitalization of consent decree projects and increases in various other operating expense categories, none of which were individually significant; and
- \$3.3 million additional interest expense largely related to lower capitalized interest in the current period as a result of capitalizing consent decree projects; **partially offset by**
- \$3.1 million higher operating revenues resulting from increased volume.

RESOURCES

	Three Months Ended Dec 31		
	2025	2024	Change
Operating revenues	\$ 13.9	\$ 12.3	\$ 1.6
Cost of goods sold	1.4	1.0	0.4
Margin	12.5	11.3	1.2
Other operating expenses	8.3	7.9	0.4
Operating income (loss)	4.2	3.4	0.8
Other income (expense), net	0.3	0.2	0.1
Interest charges	1.0	1.2	(0.2)
Segment income (loss)	\$ 3.5	\$ 2.4	\$ 1.1

Three Months Ended December 31, 2025 as Compared with 2024

The increase in earnings of \$1.1 million is primarily attributable to increased operating income at the Westfield utilities.

OTHER

	Three Months Ended Dec 31		
	2025	2024	Change
Operating revenues	\$ -	\$ -	\$ -
Operating expenses	-	-	-
Operating income (loss)	-	-	-
Other income (expense), net	(1.1)	(0.6)	(0.5)
Interest charges	-	-	-
Income (loss) from discontinued operations	0.1	0.1	-
Segment income (loss)	\$ (1.0)	\$ (0.5)	\$ (0.5)

In the table above, Other generally 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 December 31, 2025 as Compared with 2024

The decrease in earnings of \$0.5 million is largely due to increased community support costs in the current 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 three months ended December 31, 2025, capital expenditures, on an accrual basis and net of reimbursements received, increased by \$3.9 million to \$90.4 million from \$86.5 million during the same period last year. This increase 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
December 31, 2025	\$ 11.9	\$ 3.1	\$ 3.3	\$ 39.0	\$ 24.1	\$ 6.3	\$ 2.7	\$ 90.4
December 31, 2024	9.1	2.8	3.3	28.7	31.2	6.1	5.3	86.5
	\$ 2.8	\$ 0.3	\$ -	\$ 10.3	\$ (7.1)	\$ 0.2	\$ (2.6)	\$ 3.9

Citizens' and CWA's projected capital spending requirement of \$395.8 million for fiscal year 2026 is summarized as follows (in millions):

	Gas	Steam	Chilled Water	Water	Wastewater	Resources	Other	Total
2026 Projection	\$ 36.5	\$ 27.2	\$ 14.7	\$ 188.6	\$ 75.5	\$ 39.8	\$ 13.5	\$ 395.8

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 \$15.7 million at December 31, 2025. Gas expects to meet its capital spending requirements in 2026 through cash flows from operations 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 December 31, 2025, cash and cash equivalents of Steam and Chilled Water amounted to \$17.8 million and \$28.8 million, respectively. Steam expects to meet its capital spending requirements in 2026 through cash flows from operations, temporary seasonal borrowings, and proceeds from the Series 2025A bonds issued in April 2025, while Chilled Water expects to meet its 2026 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 \$16.6 million at December 31, 2025. Water expects to meet its capital spending requirements in 2026 through cash flows from operations, temporary seasonal borrowings, issuance of new long-term debt, 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 \$21.3 million at December 31, 2025. Wastewater expects to meet its capital spending requirements in 2026 through a combination of cash flows from operations, temporary seasonal borrowings, and issuance of new long-term debt.

Resources' capital spending projection for 2026 includes activities at Westfield Gas, Westfield Water, and Westfield Wastewater. Resources had cash and cash equivalents of \$37.5 million at December 31, 2025, including \$2.8 million in construction funds. Resources expects to meet its capital spending requirements in 2026 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 December 31, 2025	At September 30, 2025
ASSETS		
Property, plant, and equipment, net	\$ 5,526,894	\$ 5,462,093
Intangible assets, net	34,655	35,598
Investments		
Bond restricted funds	225,399	313,858
Other	20,614	20,755
Total investments	246,013	334,613
Current assets		
Cash and cash equivalents	156,208	200,919
Short-term investments	23,253	23,025
Accounts receivable, net of allowances of \$4,150 and \$5,065, respectively	107,151	97,687
Accrued utility revenue	36,732	26,363
Natural gas in storage	32,837	37,762
Materials and supplies	38,027	21,280
Other current assets	10,893	11,146
Current assets directly related to discontinued operations	1,317	1,638
Total current assets	406,418	419,820
Deferred charges and other non-current assets		
Deferred charges	17,335	21,018
Prepaid retirement benefit costs	136,126	133,872
Non-current assets directly related to discontinued operations	6,118	5,944
Total deferred charges and other non-current assets	159,579	160,834
TOTAL ASSETS	\$ 6,373,559	\$ 6,412,958
CAPITALIZATION AND LIABILITIES		
Capitalization and non-current liabilities		
Retained earnings	\$ 2,062,683	\$ 1,991,369
Accumulated other comprehensive income	82,058	83,124
Long-term debt (excluding current maturities)	2,983,326	3,040,218
Retirement benefits	41,859	42,139
Contributions in aid of construction	686,689	666,988
Other long-term liabilities	106,007	122,121
Non-current liabilities directly related to discontinued operations	12,826	12,833
Total capitalization and non-current liabilities	5,975,448	5,958,792
Current liabilities		
Current maturities of long-term debt	119,493	119,483
Short-term borrowings	50,000	58,000
Accounts payable and accrued expenses	143,885	184,193
Accrued taxes	60,381	70,048
Customer deposits	19,577	17,880
Other current liabilities	4,744	4,262
Current liabilities directly related to discontinued operations	31	300
Total current liabilities	398,111	454,166
Commitments and contingencies (see note 11)		
TOTAL CAPITALIZATION AND LIABILITIES	\$ 6,373,559	\$ 6,412,958

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 December 31,	
	2025	2024
Operating revenues	\$ 277,572	\$ 252,365
Operating expenses		
Cost of goods sold	60,460	42,387
Operations and maintenance	82,463	78,795
Depreciation and amortization	38,396	35,402
Taxes	13,394	13,331
Total operating expenses	194,713	169,915
Operating income	82,859	82,450
Other income (expense), net		
Interest income	3,341	3,792
Non-operating post-employment benefits, net	3,950	3,939
Other	4,947	(1,081)
Total other income (expense), net	12,238	6,650
Income before interest charges	95,097	89,100
Interest charges		
Interest on long-term debt	31,269	32,006
Other interest, including net premium amortization	(7,345)	(10,776)
Total interest charges	23,924	21,230
Income from continuing operations	71,173	67,870
Income from discontinued operations	141	96
Net income	\$ 71,314	\$ 67,966
Retirement benefit liability changes:		
Amortization of prior service credit	(342)	(429)
Amortization of (gain) loss	(442)	136
Total retirement benefit liability changes	(784)	(293)
Unrealized gains (losses), net	(282)	(590)
Total other comprehensive income (loss)	(1,066)	(883)
Total comprehensive income	\$ 70,248	\$ 67,083

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 Cash Flows

(In Thousands)

	Three Months Ended December 31,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 71,314	\$ 67,966
Depreciation and amortization	31,017	27,702
Allowance for credit losses	1,257	1,249
Changes in operating assets and liabilities:		
Accounts receivable and accrued utility revenue	(20,639)	(23,707)
Natural gas in storage	4,926	7,047
Accounts payable and accrued expenses	(43,819)	(44,345)
Retirement benefits	(3,320)	(2,893)
Other operating activities	8,836	4,866
Change in net liabilities of discontinued operations	(129)	(99)
Net cash provided by operating activities	<u>49,443</u>	<u>37,786</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction expenditures	(113,959)	(93,053)
Purchase of investment securities	(44)	-
Other investing activities	350	65
Net cash used in investing activities	<u>(113,653)</u>	<u>(92,988)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings and bank lines of credit	-	25,000
Repayment of short-term borrowings and bank lines of credit	(30,000)	-
Principal payments of long-term debt and bond refunding	(89,950)	(67,775)
Proceeds from issuance of long-term debt and bond refunding	40,000	-
Bond issuance costs	(114)	(69)
Contributions in aid of construction and customer advances, net	11,870	7,028
Other financing activities	184	272
Net cash used in financing activities	<u>(68,010)</u>	<u>(35,544)</u>
Net change in cash, cash equivalents, and restricted cash	(132,220)	(90,746)
Cash, cash equivalents, and restricted cash at beginning of period	507,212	461,922
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 374,992</u>	<u>\$ 371,176</u>
Supplemental Cash Flows Information - Interest paid net of amounts capitalized	<u>\$ 55,075</u>	<u>\$ 49,212</u>
Non-cash Investing Activities		
Construction work-in-progress accrued at end of period	<u>\$ 41,143</u>	<u>\$ 41,229</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	\$ 156,208	\$ 160,081
Restricted cash included in Bond restricted funds	212,387	204,203
Restricted cash included in Other current assets	2,486	3,556
Restricted cash included in Investments, Other	3,911	3,336
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 374,992</u>	<u>\$ 371,176</u>

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 Equity

(In Thousands)

	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance at September 30, 2024	\$ 1,733,302	\$ 54,478	\$ 1,787,780
Comprehensive income			
Net income	67,966	-	67,966
Unrealized gain (loss) on available-for-sale investments	-	(590)	(590)
Retirement benefit liability changes	-	(293)	(293)
Total comprehensive income	67,966	(883)	67,083
Customer benefit distributions	-	-	-
Balance at December 31, 2024	\$ 1,801,268	\$ 53,595	\$ 1,854,863
Balance at September 30, 2025	\$ 1,991,369	\$ 83,124	\$ 2,074,493
Comprehensive income			
Net income	71,314	-	71,314
Unrealized gains (losses), net	-	(282)	(282)
Retirement benefit liability changes	-	(784)	(784)
Total comprehensive income	71,314	(1,066)	70,248
Customer benefit distributions	-	-	-
Balance at December 31, 2025	\$ 2,062,683	\$ 82,058	\$ 2,144,741

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, 2025. Because of the seasonal nature of the various business segments, the results of operations for the period ending December 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, 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. 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 2026 and 2025, 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 December 31, 2025 and September 30, 2025, while the latter table provides a breakdown of the related impact on the results of operations for the three months ended December 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):

Derivative Instrument	Derivative Designation	Condensed Combined Statement of Financial Position Location	December 31, 2025		September 30, 2025	
			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)	\$ 2,658	\$ (890)	\$ 4,866	\$ (2,264)

Commodity contracts represent exchange-traded options and futures. At December 31, 2025 and September 30, 2025, the margin payable, which is excluded from the table above, was \$1.2 million and \$1.7 million, respectively. At December 31, 2025 and September 30, 2025, the Company had 16.9 million and 14.8 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 December 31,	
			2025	2024
Commodity Contracts	Not accounted for as a hedge	(Gain)/loss in cost of goods sold	\$ 1,256	\$ 1,384

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 three months ended December 31, 2025 and 2024 is included in cash flows from operating activities.

Interest Rate Swaption Contract

On September 23, 2025, the Company executed an interest rate swaption contract with an expiration date of June 29, 2026. The contract qualifies as a cash flow hedge, has a notional amount of \$27.2 million, and manages exposure to fluctuations in benchmark interest rates associated with the anticipated issuance of long-term fixed rate bonds to fund the Town of Whitestown Municipal Water Utility Acquisition by capping fixed rates at 4.492% (see footnote 10, Regulatory Matters, and footnote 12, Town of Whitestown Water Utility Acquisition, for additional information). At inception, the Company recorded a swaption contract asset related to premiums paid of \$397 thousand as Other current assets on the Company's Condensed Combined Balance Sheet. Changes to the fair market value of this cash flow hedge are temporarily reported in Accumulated other comprehensive income in the Company's Condensed Combined Balance Sheet and will be reclassified to the income statement upon execution or termination of the agreement.

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 December 31, 2025 and September 30, 2025 (in thousands). There were no financial liabilities at December 31, 2025 and September 30, 2025.

Description	December 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	\$ 10,836	\$ -	\$ -
Short-term investments	23,253	-	-
Bond restricted funds	212,387	-	-
Grantor Trust investments	16,563	-	-
Derivative assets	1,768	-	-
Total financial assets measured at fair value	<u>\$ 264,807</u>	<u>\$ -</u>	<u>\$ -</u>

Description	September 30, 2025 Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:			
Cash equivalents	\$ 10,766	\$ -	\$ -
Short-term investments	23,025	-	-
Bond restricted funds	300,845	-	-
Grantor Trust investments	16,616	-	-
Derivative assets	2,602	401	-
Total financial assets measured at fair value	<u>\$ 353,854</u>	<u>\$ 401</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 \$225.4 and \$313.9 million at December 31, 2025, and September 30, 2025, 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 December 31, 2025, and September 30, 2025. Gross deposits to the bond restricted fund investments during the first three months of fiscal years 2026 and 2025 were \$61.1 million and \$67.5 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 December 31, 2025, and \$3.0 billion

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

Customers' advances for construction have a carrying value at December 31, 2025, for Water, Wastewater, and Resources of \$25.2 million, \$11.1 million, and \$22.9 million, respectively, versus the carrying values at September 30, 2025, for Water, Wastewater, and Resources of \$23.9 million, \$10.5 million, and \$21.4 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) primarily 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 three months ending December 31, 2025 (in thousands):

	Pension Plan	Other Postemployment Benefits	Other	Total
Balance at September 30, 2025	\$ 67,639	\$ 14,630	\$ 855	\$ 83,124
Net current-period other comprehensive income (loss)	(332)	(452)	(282)	(1,066)
Balance at December 31, 2025	\$ 67,307	\$ 14,178	\$ 573	\$ 82,058

3. LONG-TERM DEBT

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

	(In Thousands)					
	December 31, 2025			September 30, 2025		
	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 2026 to 2027	\$ 16,080	\$ 17,285	\$ 814	\$ 16,080	\$ 17,285	\$ 997
Gas Utility Distribution System Series 2024A Second Lien Revenue Refunding Bonds 5.0%, due 2028 to 2035	47,555	-	5,528	47,555	-	5,728
Subtotal Gas	63,635	17,285	6,342	63,635	17,285	6,725
Thermal						
Thermal Energy System Series 2016A, First Lien Revenue Refunding Bonds, 5.00%, due 2026 to 2029	1,925	580	159	2,505	11,790	176
Thermal Energy System Series 2025A First Lien Revenue Bonds 5.00 to 5.50%, due 2026 to 2055	58,660	2,575	4,057	61,235	2,105	4,103
Subtotal Thermal	60,585	3,155	4,216	63,740	13,895	4,279

	(In Thousands)					
	December 31, 2025			September 30, 2025		
	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						
Water Utility Series 2014A, First Lien Net Revenue Bonds, 4.00% to 5.00%, due 2026 to 2044	6,640	610	290	7,250	180	305
Water Utility Series 2016A, First Lien Revenue Bonds, 5.00%, due 2026 to 2046	41,935	1,605	6,358	43,540	1,530	6,464
Water Utility Series 2016B, First Lien Refunding Revenue Bonds, 4.00% to 5.00%, due 2026 to 2038	149,105	9,430	14,772	158,535	7,950	15,311
Water Utility Series 2018A, First Lien Refunding Revenue Bonds, 3.50% to 5.00%, due 2026 to 2038	263,440	22,490	22,784	285,930	16,420	23,561
Water Utility Series 2021A First Lien Revenue Bonds 3.00% to 5.00%, due 2026 to 2051	69,140	2,090	12,397	71,230	1,995	12,646
Water Utility Series 2023A First Lien Revenue Refunding Bonds 4.00% to 5.00%, due 2029 to 2044	89,385	-	10,141	89,385	235	10,382
Water Utility Series 2023B First Lien Revenue Bonds (SRF) 0.00%, due 2026 to 2043	4,250	250	(72)	4,500	250	(74)
Water Utility Series 2023C First Lien Revenue Bond Anticipation Note 0.00%, due 2027	6,000	-	-	6,000	-	-
Water Utility Series 2025A First Lien Revenue Bonds (SRF) 0.0%, due 2026 to 2044	4,500	250	(24)	4,750	250	(32)
Water Utility Series 2025B First Lien Revenue Bond Anticipation Note 0.0%, due 2028	5,000	-	(23)	5,000	-	(32)
Water Utility Series 2025C First Lien Revenue Bonds 4.10%, due 2026 to 2044	16,280	605	(44)	16,885	115	(29)
Subtotal Water	655,675	37,330	66,579	693,005	28,925	68,502
Wastewater						
CWA Wastewater Utility Series 2012A, First Lien Revenue Bonds, 4.00% to 5.00%, due 2038 to 2042	53,925	-	3,341	53,925	-	3,385
CWA Wastewater Utility Series 2014A, First Lien Revenue Bonds, 4.25% to 5.00%, due 2026 to 2044	27,510	6,105	2,599	33,615	5,815	2,658
CWA Wastewater Utility Series 2015A, First Lien Revenue Bonds, 3.25% to 5.00%, due 2026 to 2034	10,820	3,965	1,985	14,785	3,775	2,085
CWA Wastewater Utility Series 2016A, First Lien Revenue Bonds 5.00%, due 2026 to 2046	137,090	4,275	21,935	141,365	4,070	22,286

	(In Thousands)					
	December 31, 2025			September 30, 2025		
	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 Utility Series 2016B, Second Lien Revenue Refunding Bonds, 3.00% to 5.00%, due 2026 to 2046	34,260	1,105	896	35,365	1,055	936
CWA Wastewater Series 2016C, First Lien Revenue Bonds (SRF), 2.00%, due 2026 to 2036	6,935	620	(33)	6,935	620	(34)
CWA Wastewater Series 2017A, First Lien Revenue Bonds (SRF), 3.53%, due 2026 to 2047	130,676	4,152	(48)	130,675	4,152	(49)
CWA Wastewater Series 2019A, First Lien Revenue Bonds, 4.00% to 5.00%, due 2026 to 2049	36,400	850	6,288	37,250	810	6,378
CWA Wastewater Series 2019B, First Lien Revenue Bonds (SRF), 2.99%, due 2026 to 2050	156,059	4,407	(52)	156,059	4,407	(53)
CWA Wastewater Series 2020A, First Lien Revenue Bonds 4.00% to 5.00% due 2026 to 2050	50,865	1,145	10,114	52,010	1,100	10,256
CWA Wastewater Series 2020B, First Lien Revenue Bonds (SRF) 2.56%, due 2026 to 2051	62,108	1,759	(55)	62,108	1,759	(56)
CWA Wastewater Series 2021-1, First Lien Revenue Refunding Bonds 3.00% to 5.00%, due 2026 to 2041	377,810	16,960	68,379	394,770	16,150	70,433
CWA Wastewater Series 2021-2, Second Lien Revenue Refunding Bonds 3.00% to 5.00%, due 2026 to 2041	150,765	6,745	30,098	157,510	6,425	30,934
CWA Wastewater Series 2021A, First Lien Revenue Bonds 3.00% to 5.00%, due 2026 to 2051	40,495	885	6,680	41,380	845	6,788
CWA Wastewater Series 2021B, First Lien Revenue Bonds (SRF) 2.38%, due 2026 to 2052	47,498	1,310	(42)	47,498	1,310	(43)
CWA Wastewater Series 2022A, First Lien Revenue Refunding Bonds 5.00%, due 2026 to 2037	72,600	4,870	4,992	77,470	4,635	5,159
CWA Wastewater Series 2022B, First Lien Revenue Refunding Bonds 5.00% to 5.25%, due 2026 to 2052	140,695	2,570	5,179	143,265	2,450	5,223
CWA Wastewater Series 2023A, First Lien Revenue Refunding Bonds 4.00% to 5.00%, due 2027 to 2041	122,025	-	13,292	122,025	-	13,605
CWA Wastewater Series 2024A, First Lien Revenue Refunding Bonds 5.00%, due 2027 to 2045	126,910	-	7,618	126,910	-	7,730
CWA Wastewater Series 2025A, First Lien Revenue Bonds (SRF) 4.25%, due 2027 to 2056	40,000	-	(83)			

	(In Thousands)					
	December 31, 2025			September 30, 2025		
	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)
Subtotal Wastewater	1,825,446	61,723	183,083	1,834,920	59,378	187,621
Resources						
Citizens Westfield Water Series 2019A, Revenue Bonds, 4.00%, due 2048	20,000	-	(56)	20,000	-	(57)
Citizens Westfield Wastewater Series 2019A, Revenue Bonds, 5.00%, due 2048	22,660	-	2,121	22,660	-	2,140
Citizens Westfield Water Series 2022A, Revenue Bonds, 4.00%, due 2052	16,000	-	(1,111)	16,000	-	(1,118)
Citizens Westfield Gas Series 2022A Revenue Bonds 4.05%, due 2029	4,000	-	(75)	4,000	-	(80)
Citizens Westfield Water Series 2024A Revenue Bonds 5.25%, due 2044	20,000	-	2,150	20,000	-	2,168
Citizens Westfield Wastewater Series 2024A Revenue Bonds 5.25%, due 2044	20,000	-	2,163	20,000	-	2,176
Citizens Westfield Gas Series 2024A Utility Revenue Bond 4.76%, due 2029	10,000	-	(87)	10,000	-	(98)
Subtotal Resources	112,660	-	5,105	112,660	-	5,131
Total	\$ 2,718,001	\$ 119,493	\$ 265,325	\$ 2,767,960	\$ 119,483	\$ 272,258

Recent Debt Transaction Activity

On November 25, 2025 CWA issued \$40 million of First Lien Revenue Bonds through the Indiana Finance Authority's State Revolving Fund, Series 2025A. The bonds were issued at par, have principal maturities between 2027 and 2056, and bear interest at 4.25%. Proceeds were primarily used to pay a portion of the outstanding balances on CWA's lines of credit, which were used to fund specified consent decree capital projects for the Wastewater system.

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)	
					December 31, 2025	September 30, 2025
Gas	50.0 million	September 27, 2027	SOFR + 0.62%	0.250%	\$ -	\$ -
Gas	25.0 million	August 1, 2028	SOFR + 0.90%	0.200%	-	-
Thermal	20.0 million	July 22, 2028	SOFR + 1.225%	0.125%	-	-
Thermal	30.0 million	February 2, 2027	SOFR + 0.62%	0.250%	-	-
Water	15.0 million	April 30, 2028	SOFR + 1.60%	0.200%	-	-
Water	25.0 million	November 2, 2026	83% of SOFR + 1.40%	0.300%	-	-
Water	25.0 million	November 18, 2027	82% of SOFR + 1.31%	0.250%	5.0	25.0
Wastewater	45.0 million	July 15, 2026	80% of SOFR + 0.65%	0.325%	45.0	45.0
Wastewater	50.0 million	October 1, 2025	SOFR + 0.68%	0.240%	*	13.0
Wastewater	50.0 million	October 1, 2028	SOFR + 0.52%	0.240%	3.0	**

* Line of credit matured prior to December 31, 2025

** Line of credit initiated after September 30, 2025

Recent Short-Term Borrowing Activity

The table below summarizes, in chronological order, activity occurring subsequent to September 30, 2025 related to the Company's lines of credit.

Entity	Activity Date	Activity	Capacity	Interest Rate	Maturity Date
Wastewater	October 1, 2025	Renewal	50.0 million	SOFR + 0.52%	October 1, 2028

Citizens 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)	
					December 31, 2025	September 30, 2025
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%	-	-

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 those 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 December 31, 2025

	Gas	Steam	Chilled Water	Water	Waste- Water	Resources	Intercompany Eliminations	Total
Residential	\$ 58,298	\$ -	\$ -	\$ 39,312	\$ 42,040	\$ 9,143	\$ -	\$ 148,793
Commercial	24,418	12,868	7,666	20,439	26,420	2,456	(1,634)	92,633
Industrial	9,271	8,446	105	2,458	7,761	27	(3,055)	25,013
Other	2,418	21	-	3,017	4,065	2,312	(706)	11,127
Revenues - Contracts w/Customers	94,405	21,335	7,771	65,226	80,286	13,938	(5,395)	277,566
Alternative Revenue Programs	-	-	-	-	-	6	-	6
Gross Operating Revenues	\$ 94,405	\$ 21,335	\$ 7,771	\$ 65,226	\$ 80,286	\$ 13,944	\$ (5,395)	\$ 277,572

Three Months Ended December 31, 2024

	Gas	Steam	Chilled Water	Water	Waste- Water	Resources	Intercompany Eliminations	Total
Residential	\$ 48,117	\$ -	\$ -	\$ 38,588	\$ 40,399	\$ 7,987	\$ -	\$ 135,091
Commercial	18,971	11,525	7,551	20,427	25,342	2,110	(1,546)	84,380
Industrial	5,368	7,885	101	2,333	7,593	70	(1,549)	21,801
Other	2,287	(8)	-	3,280	3,840	2,135	(514)	11,020
Revenues - Contracts w/Customers	74,743	19,402	7,652	64,628	77,174	12,302	(3,609)	252,292
Alternative Revenue Programs	-	-	-	-	-	73	-	73
Gross Operating Revenues	\$ 74,743	\$ 19,402	\$ 7,652	\$ 64,628	\$ 77,174	\$ 12,375	\$ (3,609)	\$ 252,365

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 three months ended December 31, 2025, and 2024 are presented in the tables below.

Citizens and CWA offer flexible payment plans to customers experiencing hardship. At December 31, 2025, the Company's allowance for credit losses is \$4.2 million compared with \$5.1 million at September 30, 2025. The decrease in the allowance at December 31, 2025 compared with September 30, 2025 is largely due to improved collections on past due balances. The adverse impact economic conditions may have on customers' ability to pay is unknown and difficult to predict; however, management frequently monitors changing circumstances and will adjust, if necessary, the allowance for credit losses as additional information becomes available.

Accounts Receivable, net

\$ Thousands	Gas	Steam	Chilled Water	Water	Wastewater	Resources	Total
Balance at December 31, 2025	\$ 38,176	\$ 9,572	\$ 2,860	\$ 23,065	\$ 28,026	\$ 5,452	\$ 107,151
Balance at September 30, 2025	15,979	4,927	6,669	33,350	32,177	4,585	97,687
Increase (Decrease)	\$ 22,197	\$ 4,645	\$ (3,809)	\$ (10,285)	\$ (4,151)	\$ 867	\$ 9,464
Balance at December 31, 2024	\$ 32,773	\$ 10,138	\$ 2,885	\$ 27,948	\$ 31,524	\$ 4,523	\$ 109,791
Balance at September 30, 2024	14,759	6,989	6,371	31,651	30,897	3,289	93,956
Increase (Decrease)	\$ 18,014	\$ 3,149	\$ (3,486)	\$ (3,703)	\$ 627	\$ 1,234	\$ 15,835

Accrued Utility Revenue

\$ Thousands	Gas	Steam	Chilled Water	Water	Wastewater	Resources	Total
Balance at December 31, 2025	\$ 14,491	\$ -	\$ -	\$ 8,855	\$ 12,578	\$ 808	\$ 36,732
Balance at September 30, 2025	3,121	-	-	10,774	11,765	703	26,363
Increase (Decrease)	\$ 11,370	\$ -	\$ -	\$ (1,919)	\$ 813	\$ 105	\$ 10,369
Balance at December 31, 2024	\$ 11,066	\$ -	\$ -	\$ 8,801	\$ 12,533	\$ 686	\$ 33,086
Balance at September 30, 2024	2,805	-	-	9,681	13,328	649	26,463
Increase (Decrease)	\$ 8,261	\$ -	\$ -	\$ (880)	\$ (795)	\$ 37	\$ 6,623

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 (CODM) 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.

In November 2023, the FASB issued Accounting Standards Update ("ASU") 2023-07, Segment Reporting (Topic 280); Improvements to Reportable Segment Disclosures ("ASU 2023-07"). The objective of ASU 2023-07 is to improve segment disclosure requirements by requiring entities to disclose a reportable segment's significant expenses which are regularly provided to the Company's CODM and included within each reported measure of segment profit or loss. Upon review of information regularly provided to the Company's CODM, management concluded the Company's current segment reporting disclosures meet the compliance requirements of ASU 2023-07. Accordingly, the Company adopted ASU 2023-07 beginning with the period ending September 30, 2025, and application of this new guidance did not have a material impact on the Company's Combined Financial Statements and related notes to the Combined Financial Statements.

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

	Gas	Steam	Chilled Water	Water	Waste- water	Resources	Other	Elimin- ations	Total
Assets									
Property, plant, and equipment	\$ 439,301	\$ 99,949	\$ 84,486	\$ 1,597,997	\$ 2,821,095	\$ 462,443	\$ 21,623	\$ -	\$ 5,526,894
Intangibles	-	8,943	25,712	-	-	-	-	-	34,655
Investments	16,376	9,057	6,775	83,925	140,553	1,596	900	(13,169)	246,013
Cash and cash equivalents	15,693	17,756	28,775	16,630	21,319	37,467	18,568	-	156,208
Other current assets	115,033	16,076	4,983	57,908	50,236	8,267	(1,264)	(1,029)	250,210
Deferred charges and other non-current assets	36,107	10,880	2,016	20,480	7,774	2,691	79,631	-	159,579
Total assets	\$ 622,510	\$ 162,661	\$ 152,747	\$ 1,776,940	\$ 3,040,977	\$ 512,464	\$ 119,458	\$ (14,198)	\$ 6,373,559
Capitalization and Liabilities									
Equity	\$ 490,669	\$ 62,509	\$ 144,727	\$ 553,844	\$ 651,347	\$ 183,002	\$ 58,643	\$ -	\$ 2,144,741
Long-term debt	69,977	63,750	1,051	722,254	2,008,529	117,765	-	-	2,983,326
Retirement benefit and Other long-term liabilities	6,408	18,298	683	396,700	213,324	200,499	24,638	(13,169)	847,381
Current mat. of long-term debt	17,285	2,863	292	37,330	61,723	-	-	-	119,493
Short-term borrowings	-	-	-	5,000	45,000	-	-	-	50,000
Other current liabilities	38,171	15,241	5,994	61,812	61,054	11,198	36,177	(1,029)	228,618
Total capitalization and liabilities	\$ 622,510	\$ 162,661	\$ 152,747	\$ 1,776,940	\$ 3,040,977	\$ 512,464	\$ 119,458	\$ (14,198)	\$ 6,373,559

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

	Gas	Steam	Chilled Water	Water	Waste- water	Resources	Other	Elimin- ations	Total
Assets									
Property, plant, and equipment	\$ 432,157	\$ 98,143	\$ 81,966	\$ 1,560,922	\$ 2,813,510	\$ 454,055	\$ 21,340	\$ -	\$ 4,462,093
Intangibles	-	9,205	26,393	-	-	-	-	-	35,598
Investments	11,241	17,054	13,006	117,961	185,496	2,596	900	(13,641)	334,613
Cash and cash equivalents	51,888	21,165	26,895	35,989	15,305	34,857	14,820	-	200,919
Other current assets	87,514	11,221	8,909	52,756	52,307	8,120	(315)	(1,611)	218,901
Deferred charges and other non-current assets	35,842	10,952	2,066	20,023	8,155	2,838	80,958	-	160,834
Total assets	\$ 618,642	\$ 167,740	\$ 159,235	\$ 1,787,651	\$ 3,074,773	\$ 502,466	\$ 117,703	\$ (15,252)	\$ 6,412,958
Capitalization and Liabilities									
Equity	\$ 480,797	\$ 59,698	\$ 144,412	\$ 525,753	\$ 633,256	\$ 171,548	\$ 59,029	\$ -	\$ 2,074,493
Long-term debt	70,360	66,667	1,352	761,507	2,022,541	117,791	-	-	3,040,218
Retirement benefit and Other long-term liabilities	6,522	18,851	706	403,612	208,550	194,859	24,622	(13,641)	844,081
Current mat. of long-term debt	17,285	7,950	5,945	28,925	59,378	-	-	-	119,483
Short-term borrowings	-	-	-	-	58,000	-	-	-	58,000
Other current liabilities	43,678	14,574	6,820	67,854	93,048	18,268	34,052	(1,611)	276,683
Total capitalization and liabilities	\$ 618,642	\$ 167,740	\$ 159,235	\$ 1,787,651	\$ 3,074,773	\$ 502,466	\$ 117,703	\$ (15,252)	\$ 6,412,958

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

	Gas	Steam	Chilled Water	Water	Waste- water	Resources	Other	Elimin- ations	Total
Operating revenues									
Customer revenues	\$ 90,145	\$ 20,738	\$ 7,771	\$ 65,033	\$ 79,941	\$ 13,944	\$ -	\$ -	\$ 277,572
Intercompany revenues	4,260	597	-	193	345	-	-	(5,395)	-
Gross operating revenues	94,405	21,335	7,771	65,226	80,286	13,944	-	(5,395)	277,572
Operating expenses:									
Cost of goods sold	49,826	11,490	2,453	-	-	1,447	-	(4,756)	60,460
Operations and maintenance	20,704	4,962	2,241	25,559	24,141	5,463	33	(640)	82,463
Depreciation and amortization	5,458	1,591	1,479	8,633	19,327	1,908	-	-	38,396
Taxes	1,687	229	596	3,805	6,120	957	-	-	13,394
Total operating expenses	77,675	18,272	6,769	37,997	49,588	9,775	33	(5,396)	194,713
Operating income (loss)	16,730	3,063	1,002	27,229	30,698	4,169	(33)	1	82,859
Other income (expense), net:									
Interest income	391	230	270	1,062	1,356	25	151	(144)	3,341
Non-operating post-employment benefits, net	1,736	397	109	910	649	149	-	-	3,950
Other	(382)	1	-	6,179	92	178	(1,264)	143	4,947
Total other income (expense), net	1,745	628	379	8,151	2,097	352	(1,113)	(1)	12,238
Income (loss) before interest charges	18,475	3,691	1,381	35,380	32,795	4,521	(1,146)	-	95,097
Interest charges:									
Interest on long-term debt	1,012	955	16	8,084	19,874	1,328	-	-	31,269
Other interest, including net (premium) discount amortization	(309)	(121)	(10)	(1,390)	(5,181)	(334)	-	-	(7,345)
Total interest charges	703	834	6	6,694	14,693	994	-	-	23,924
Income (loss) from continuing operations	17,772	2,857	1,375	28,686	18,102	3,527	(1,146)	-	71,173
Income from discontinued operations	-	-	-	-	-	-	141	-	141
Net income (loss)	\$ 17,772	\$ 2,857	\$ 1,375	\$ 28,686	\$ 18,102	\$ 3,527	\$ (1,005)	\$ -	\$ 71,314

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

	Gas	Steam	Chilled Water	Water	Waste- water	Resources	Other	Elimin- ations	Total
Operating revenues									
Customer revenues	\$ 72,264	\$ 18,815	\$ 7,652	\$ 64,435	\$ 76,824	\$ 12,375	\$ -	\$ -	\$ 252,365
Intercompany revenues	2,479	587	-	193	350	-	-	(3,609)	-
Gross operating revenues	74,743	19,402	7,652	64,628	77,174	12,375	-	(3,609)	252,365
Operating expenses:									
Cost of goods sold	31,661	10,203	2,549	-	-	1,043	-	(3,069)	42,387
Operations and maintenance	19,793	5,434	2,314	24,784	21,753	5,223	34	(540)	78,795
Depreciation and amortization	5,112	1,646	1,436	8,209	17,102	1,897	-	-	35,402
Taxes	1,638	203	565	3,591	6,549	785	-	-	13,331
Total operating expenses	58,204	17,486	6,864	36,584	45,404	8,948	34	(3,609)	169,915
Operating income (loss)	16,539	1,916	788	28,044	31,770	3,427	(34)	-	82,450
Other income (expense), net:									
Interest income	561	165	306	1,062	1,627	59	164	(152)	3,792
Non-operating post-employment benefits, net	1,744	383	103	944	626	139	-	-	3,939
Other	(645)	-	-	64	83	12	(747)	152	(1,081)
Total other income (expense), net	1,660	548	409	2,070	2,336	210	(583)	-	6,650
Income (loss) before interest charges	18,199	2,464	1,197	30,114	34,106	3,637	(617)	-	89,100
Interest charges:									
Interest on long-term debt	1,217	565	90	8,427	20,379	1,328	-	-	32,006
Other interest, including net (premium) discount amortization	(326)	169	(50)	(1,472)	(8,990)	(107)	-	-	(10,776)
Total interest charges	891	734	40	6,955	11,389	1,221	-	-	21,230
Income (loss) from continuing operations	17,308	1,730	1,157	23,159	22,717	2,416	(617)	-	67,870
Income from discontinued operations	-	-	-	-	-	-	96	-	96
Net income (loss)	\$ 17,308	\$ 1,730	\$ 1,157	\$ 23,159	\$ 22,717	\$ 2,416	\$ (521)	\$ -	\$ 67,966

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

	Gas	Steam	Chilled Water	Water	Waste- water	Resources	Other	Total
Net cash provided by (used in) operating activities	(7,500)	(176)	4,747	35,392	9,556	3,065	4,359	\$ 49,443
Investing Activities:								
Construction expenditures	(15,105)	(3,280)	(1,889)	(48,272)	(32,062)	(11,700)	(1,651)	(113,959)
Purchases of investment securities	(41)	-	-	-	-	-	(3)	(44)
Sales/maturities of investment securities	-	-	-	-	-	-	-	-
Other investing activities	-	-	-	298	52	-	-	350
Net cash provided by (used in) investing activities	(15,146)	(3,280)	(1,889)	(47,974)	(32,010)	(11,700)	(1,654)	(113,653)
Financing Activities:								
Proceeds from bank line of credit	-	-	-	-	20,000	-	-	20,000
Repayment of bank line of credit	-	-	-	(20,000)	(30,000)	-	-	(50,000)
Principal payments of long-term debt and bond refunding	-	(7,950)	(5,945)	(28,925)	(47,130)	-	-	(89,950)
Proceeds from issuance of long-term debt and bond refunding	-	-	-	-	40,000	-	-	40,000
Bond issuance costs	-	-	-	(31)	(83)	-	-	(114)
Contributions in aid of construction	-	-	-	8,834	791	2,245	-	11,870
Other financing activities	(7,816)	-	(1,043)	-	-	8,000	1,043	184
Net cash provided by (used in) financing activities	(7,816)	(7,950)	(6,988)	(40,122)	(16,422)	10,245	1,043	(68,010)
Net change in cash, cash equivalents, and restricted cash	(30,462)	(11,406)	(4,130)	(52,704)	(38,876)	1,610	3,748	(132,220)
Cash, cash equivalents & restricted cash - beginning of period	57,988	38,219	33,540	125,604	199,588	37,453	14,820	507,212
Cash, cash equivalents & restricted cash - end of period	\$ 27,526	\$ 26,813	\$ 29,410	\$ 72,900	\$ 160,712	\$ 39,063	\$ 18,568	\$ 374,992
Reconciliation:								
Cash and cash equivalents	\$ 15,693	\$ 17,756	\$ 28,775	\$ 16,630	\$ 21,319	\$ 37,467	\$ 18,568	\$ 156,208
Restricted cash included in Bond restricted funds	9,347	9,057	635	54,006	137,746	1,596	-	212,387
Restricted cash included in Other current assets	2,486	-	-	-	-	-	-	2,486
Restricted cash included in Investments, Other	-	-	-	2,264	1,647	-	-	3,911
Cash, cash equivalents & restricted cash - end of period	\$ 27,526	\$ 26,813	\$ 29,410	\$ 72,900	\$ 160,712	\$ 39,063	\$ 18,568	\$ 374,992

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

	Gas	Steam	Chilled Water	Water	Waste- water	Resources	Other	Total
Net cash provided by (used in) operating activities	1,744	1,446	3,182	19,364	8,760	1,279	2,011	\$ 37,786
Investing Activities:								
Construction expenditures	(10,075)	(5,591)	(831)	(26,888)	(41,861)	(5,964)	(1,843)	(93,053)
Other investing activities	86	-	(31)	(384)	79	-	315	65
Net cash provided by (used in) investing activities	(9,989)	(5,591)	(862)	(27,272)	(41,782)	(5,964)	(1,528)	(92,988)
Financing Activities:								
Proceeds from bank line of credit	-	10,000	-	-	15,000	-	-	25,000
Repayment of bank line of credit	-	-	-	-	-	-	-	-
Principal payments of long-term debt and bond refunding	-	(7,650)	(5,660)	(9,555)	(44,910)	-	-	(67,775)
Proceeds from issuance of long-term debt and bond refunding	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	(69)	-	(69)
Contributions in aid of construction	-	-	-	5,218	1,086	724	-	7,028
Other financing activities	272	-	-	-	-	-	-	272
Net cash provided by (used in) financing activities	272	2,350	(5,660)	(4,337)	(28,824)	655	-	(35,544)
Net change in cash, cash equivalents, and restricted cash	(7,973)	(1,795)	(3,340)	(12,245)	(61,846)	(4,030)	483	(90,746)
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	\$ 55,630	\$ 15,506	\$ 27,268	\$ 67,387	\$ 143,931	\$ 47,597	\$ 13,857	\$ 371,176
Reconciliation:								
Cash and cash equivalents	\$ 43,190	\$ 8,402	\$ 25,295	\$ 13,093	\$ 10,177	\$ 46,067	\$ 13,857	\$ 160,081
Restricted cash included in Bond restricted funds	8,884	7,104	1,973	52,596	132,116	1,530	-	204,203
Restricted cash included in Other current assets	3,556	-	-	-	-	-	-	3,556
Restricted cash included in Investments, Other	-	-	-	1,698	1,638	-	-	3,336
Cash, cash equivalents & restricted cash - end of period	\$ 55,630	\$ 15,506	\$ 27,268	\$ 67,387	\$ 143,931	\$ 47,597	\$ 13,857	\$ 371,176

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 December 31, 2025

	Parent	Westfield Gas	Westfield Water	Westfield Wastewater	Eliminations	Total
Assets						
Property, plant, and equipment	\$ -	\$ 28,600	\$ 215,471	\$ 217,926	\$ -	\$ 461,997
Investments	170,314	329	676	591	(170,314)	1,596
Cash and cash equivalents	207	3,014	5,187	16,470	-	24,878
Other current assets	-	3,444	2,491	2,514	-	8,449
Other non-current assets	-	1,764	911	14	-	2,689
Total assets	\$ 170,521	\$ 37,151	\$ 224,736	\$ 237,515	\$ (170,314)	\$ 499,609
Capitalization and Liabilities						
Member's equity	\$ 169,920	\$ 20,866	\$ 66,895	\$ 82,553	\$ (170,314)	\$ 169,920
Long-term debt	-	13,837	56,983	46,944	-	117,764
Other long-term liabilities	-	612	96,179	103,708	-	200,499
Other current liabilities	601	1,836	4,679	4,310	-	11,426
Total capitalization and liabilities	\$ 170,521	\$ 37,151	\$ 224,736	\$ 237,515	\$ (170,314)	\$ 499,609

Condensed Consolidated Statement of Financial Position

Citizens Westfield Utilities, LLC

(In Thousands)

At September 30, 2025

	Parent	Westfield Gas	Westfield Water	Westfield Wastewater	Eliminations	Total
Assets						
Property, plant, and equipment	\$ -	\$ 27,739	\$ 212,120	\$ 213,745	\$ -	\$ 453,604
Investments	167,206	169	1,294	1,133	(167,206)	2,596
Cash and cash equivalents	266	4,540	10,007	16,134	-	30,947
Other current assets	-	2,258	3,083	2,322	-	7,663
Other non-current assets	-	1,848	990	-	-	2,838
Total assets	\$ 167,472	\$ 36,554	\$ 227,494	\$ 233,334	\$ (167,206)	\$ 497,648
Capitalization and Liabilities						
Member's equity	\$ 166,813	\$ 20,331	\$ 65,909	\$ 80,966	\$ (167,206)	\$ 166,813
Long-term debt	-	13,821	56,994	46,976	-	117,791
Other long-term liabilities	-	612	94,025	100,222	-	194,859
Other current liabilities	659	1,790	10,566	5,170	-	18,185
Total capitalization and liabilities	\$ 167,472	\$ 36,554	\$ 227,494	\$ 233,334	\$ (167,206)	\$ 497,648

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

	Parent	Westfield Gas	Westfield Water	Westfield Wastewater	Eliminations	Total
Operating revenues	\$ -	\$ 3,028	\$ 3,895	\$ 5,088	\$ -	\$ 12,011
Operating expenses						
Cost of goods sold	-	1,443	-	-	-	1,443
Other operating expenses	1	679	1,545	1,728	-	3,953
Depreciation and amortization	-	229	648	1,023	-	1,900
Taxes	-	57	511	387	-	955
Total operating expenses	1	2,408	2,704	3,138	-	8,251
Total operating (loss) income	(1)	620	1,191	1,950	-	3,760
Other income (expense)	-	39	244	59	-	342
Equity in earnings of subsidiaries	3,108	-	-	-	(3,108)	-
Interest charges						
Interest on long-term debt	-	160	623	546	-	1,329
Other interest	-	(35)	(175)	(124)	-	(334)
Total interest charges	-	125	448	422	-	995
Net income (loss)	\$ 3,107	\$ 534	\$ 987	\$ 1,587	\$ (3,108)	\$ 3,107

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

	Parent	Westfield Gas	Westfield Water	Westfield Wastewater	Eliminations	Total
Operating revenues	\$ -	\$ 2,471	\$ 3,345	\$ 4,713	\$ -	\$ 10,529
Operating expenses						
Cost of goods sold	-	1,043	-	-	-	1,043
Other operating expenses	-	567	1,419	1,650	-	3,636
Depreciation and amortization	-	208	630	1,053	-	1,891
Taxes	-	49	416	319	-	784
Total operating expenses	-	1,867	2,465	3,022	-	7,354
Total operating (loss) income	-	604	880	1,691	-	3,175
Other income (expense)	-	44	94	67	-	205
Equity in earnings of subsidiaries	2,159	-	-	-	(2,159)	-
Interest charges						
Interest on long-term debt	-	159	622	546	-	1,327
Other interest	-	(7)	(15)	(84)	-	(106)
Total interest charges	-	152	607	462	-	1,221
Net income (loss)	\$ 2,159	\$ 496	\$ 367	\$ 1,296	\$ (2,159)	\$ 2,159

Condensed Consolidated Statement of Cash Flows

Citizens Westfield Utilities, LLC

(In Thousands)

For the Three Months Ended December 31, 2025

	Parent	Westfield Gas	Westfield Water	Westfield Wastewater	Total
Net cash provided by (used in) operating activities	\$ (59)	\$ 13	\$ 1,143	\$ 2,989	\$ 4,086
Investing Activities:					
Construction expenditures	-	(1,379)	(7,024)	(3,297)	(11,700)
Net cash provided by (used in) investing activities	-	(1,379)	(7,024)	(3,297)	(11,700)
Financing Activities:					
Bond issuance costs	-	-	-	-	-
Additional paid-in capital and dividends	-	-	-	-	-
Contributions in aid of construction and customer advances, net	-	-	443	102	545
Net cash provided by (used in) financing activities	-	-	443	102	545
Net change in cash, cash equivalents, and restricted cash	(59)	(1,366)	(5,438)	(206)	(7,069)
Cash, cash equivalents & restricted cash - beginning of period	266	4,709	11,301	17,267	33,543
Cash, cash equivalents & restricted cash - end of period	\$ 207	\$ 3,343	\$ 5,863	\$ 17,061	\$ 26,474
Reconciliation:					
Cash and cash equivalents	\$ 207	\$ 3,014	\$ 5,187	\$ 16,470	\$ 24,878
Restricted cash included in Bond restricted funds	-	329	676	591	1,596
Cash, cash equivalents & restricted cash - end of period	\$ 207	\$ 3,343	\$ 5,863	\$ 17,061	\$ 26,474

Condensed Consolidated Statement of Cash Flows

Citizens Westfield Utilities, LLC

(In Thousands)

For the Three Months Ended December 31, 2024

	Parent	Westfield Gas	Westfield Water	Westfield Wastewater	Total
Net cash provided by (used in) operating activities	\$ (260)	\$ (646)	\$ 912	\$ 1,389	\$ 1,395
Investing Activities:					
Construction expenditures	-	(1,034)	(2,363)	(2,567)	(5,964)
Net cash provided by (used in) investing activities	-	(1,034)	(2,363)	(2,567)	(5,964)
Financing Activities:					
Repayment of bank line of credit	-	-	-	-	-
Proceeds from issuance of long-term debt	-	-	-	-	-
Bond issuance costs	-	(69)	-	-	(69)
Additional paid-in capital and dividends	-	-	-	-	-
Contributions in aid of construction and customer advances, net	-	-	(724)	636	(88)
Net cash provided by (used in) financing activities	-	(69)	(724)	636	(157)
Net change in cash, cash equivalents, and restricted cash	(260)	(1,749)	(2,175)	(542)	(4,726)
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	\$ 292	\$ 4,641	\$ 18,771	\$ 21,450	\$ 45,154
Reconciliation:					
Cash and cash equivalents	\$ 292	\$ 4,340	\$ 18,115	\$ 20,877	\$ 43,624
Restricted cash included in Bond restricted funds	-	301	656	573	1,530
Cash, cash equivalents & restricted cash - end of period	\$ 292	\$ 4,641	\$ 18,771	\$ 21,450	\$ 45,154

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 three months ending December 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):

	Condensed Combined Statement of Financial Position Classification	At December 31, 2025	At September 30, 2025
Assets			
Right-of-use assets - operating leases	Property, plant, and equipment, net	\$ 2,153	\$ 2,231
Liabilities			
Operating lease liabilities - current	Other current liabilities	\$ 322	\$ 318
Operating lease liabilities - non-current	Other long-term liabilities	\$ 1,831	\$ 1,913

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

	Three Months Ended December 31,	
	2025	2024
Operating lease expense	\$ 105	\$ 105
Short-term lease expense	510	620
Variable lease expense	57	33
Total lease expense	<u>\$ 672</u>	<u>\$ 758</u>

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

	At December 31, 2025
2026	\$ 315
2027	420
2028	420
2029	420
2030	420
Thereafter	490
Total operating lease payments	<u>2,485</u>
Less: imputed interest	332
Total operating lease liabilities	<u>\$ 2,153</u>

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

	At December 31, 2025
Weighted-average remaining lease term (months)	71
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 \$105 thousand for each of the three months ended December 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 three months ended December 31, 2025, for the asset retirement obligation liability is as follows (in thousands):

Asset retirement obligation at September 30, 2025	\$	12,036
Accretion expense		54
Remediation liabilities settled		(11)
Asset retirement obligation at December 31, 2025	\$	<u>12,079</u>

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

	December 31, 2025	September 30, 2025
Current assets	\$ 1,317	\$ 1,638
Non-current assets	6,118	5,944
Total assets	<u>\$ 7,435</u>	<u>\$ 7,582</u>
Equity (deficiency)	\$ (5,422)	\$ (5,551)
Retirement benefit and other long-term liabilities	12,826	12,833
Current liabilities	31	300
Total capitalization and liabilities	<u>\$ 7,435</u>	<u>\$ 7,582</u>

For the three months ended December 31, 2025, and 2024, Discontinued Operations operating expenses were \$(0.1) million and \$(0.1) million, respectively. Approximately \$1.7 million of cash was provided by Gas to Discontinued Operations during fiscal year 2024 to settle a portion of the liabilities. Although Gas did not provide cash to Discontinued Operations in fiscal year 2025, additional cash funding from Gas to settle liabilities may be provided to Discontinued Operations in future periods.

10. RATE AND REGULATORY MATTERS

A. Regulatory Developments

Gas

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

On January 17, 2025, the gas utility filed a petition and testimony with the IURC supporting a request for approval of two special contracts for gas transportation service to two liquefied natural gas (“LNG”) plants owned by the same customer. The combined volumes of gas delivered to the two plants make the customer the gas utility’s second largest transportation customer. Each special contract is for a ten-year term and incorporates a demand charge into the pricing structure, which will provide the gas utility certainty over a longer period of time and a more stable revenue stream. On March 14, 2025, the OUCC filed testimony recommending approval of the transportation agreements. An evidentiary hearing was held on April 15, 2025. On May 28, 2025, the IURC issued an order approving special contracts for transportation of gas to both plants.

On September 16, 2025, the gas utility filed a petition and testimony with the IURC supporting a request for approval of an amendment to a special contract with one of the utility’s largest customers for gas transportation service to the customer’s electric generating plant. On November 20, 2025, the OUCC filed testimony recommending approval of the proposed amendment. An evidentiary hearing was held on January 5, 2026 and the gas utility submitted a proposed order on January 12, 2026. The case now awaits an order from the IURC.

Citizens Thermal Steam

The steam utility’s most recent general rate case order was issued by the IURC in November 2023.

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

Water

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

Lead Service Line Replacement

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

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

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

Distribution System Improvement Charge

On November 23, 2022, the IURC issued an order approving recovery of \$15.0 million of infrastructure improvement costs over a four-year period via a Distribution System Improvement Charge (“DSIC”), which is designed to recover

“infrastructure improvement costs” associated with “eligible infrastructure improvements” as those terms are defined in a statute enacted by the Indiana General Assembly (the “DSIC statute”).

On September 19, 2023, Citizens Water filed a petition and supporting testimony with the IURC seeking approval to implement a second DSIC designed to generate total revenues of \$31.3 million over a one-year period. On November 22, 2023, the IURC issued an order approving recovery of \$31.3 million of infrastructure improvement costs over a one-year period.

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

On September 22, 2025, Citizens Water filed a petition and supporting testimony with the IURC seeking approval to implement a fourth DSIC designed to generate total revenues of approximately \$16.7 million over a one-year period. On October 24, 2025, Citizens Water revised its request for relief to recover approximately \$15.5 million over a one-year period. On October 24, 2025, the OUCC filed its report in response to Citizens Water’s request, recommending approval of the requested amount. An evidentiary hearing was held on November 5, 2025. On November 19, 2025, the IURC issued an order approving recovery of \$15.5 million of infrastructure improvement costs over a one-year period.

Town of Whitestown Municipal Water Utility Acquisition

On October 1, 2025, Citizens Water, CWR Whitestown, LLC (“CWR”), and the Town of Whitestown, Indiana (“Whitestown”) (Citizens Water, CWR and Whitestown collectively the “Joint Petitioners”) filed a joint petition requesting approvals related to Citizens Water and CWR’s proposed acquisition of Whitestown’s municipal water utility assets. Under the proposed transaction, Whitestown would transfer its water utility assets to CWR. CWR would hold title to the assets on behalf of and for the exclusive use and benefit of Citizens Water, which would operate the assets as part of its existing municipal water distribution utility system. The proposed purchase price for the assets is \$37.0 million. See footnote 12, Town of Whitestown Water Utility Acquisition, for additional information. On December 17, 2025, the OUCC filed testimony recommending approval of the proposed acquisition subject to the condition that Citizens Water treat customers in Whitestown without distinction from existing customers. On January 13, 2026, the Joint Petitioners filed a Notice of Intent to Not File Rebuttal Testimony in which Citizens Water noted that, as explained in the Joint Petition, the same rates and charges and terms and conditions that apply to Citizens Water’s existing customers will apply to newly acquired customers in Whitestown and, therefore, Citizens Water accepted the OUCC’s proposed condition. An evidentiary hearing was held on February 13, 2026.

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 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 January 13, 2026, Westfield Gas and the Town of Lapel, Indiana (“Lapel”) (Westfield Gas and Lapel collectively the “Joint Petitioners”) filed a joint petition and testimony requesting approvals related to Westfield Gas’s proposed acquisition of Lapel’s municipal gas utility assets. Under the proposed transaction, Lapel would transfer its gas utility assets to Westfield Gas. The proposed purchase price for the assets is \$4.3 million. In connection with the proposed acquisition, the joint petition seeks approval of the transfer of certain service territory rights in and around Lapel from Indiana Gas Company, Inc. d/b/a CenterPoint Energy Indiana North (“CEI North”) to Westfield Gas. On January 15, 2026, CEI North filed a petition to intervene in the case in which it stated it does not oppose the proposed acquisition and supports Westfield Gas’s request for service territory rights in and around Lapel as described in Westfield Gas’s testimony. On February 9, 2026, the IURC issued a docket entry recognizing CEI North as a party to the case and establishing a procedural schedule. Under the established procedural schedule, the OUCC, CEI North, and any other

intervenor will file testimony no later than March 24, 2026, the Joint Petitioners will file any rebuttal testimony on or before April 7, 2026, and an evidentiary hearing will be held on April 28, 2026.

Resources – Westfield Water

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

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

On October 28, 2024, Westfield Water filed a petition and supporting testimony with the IURC requesting approval of an extension of the utility's current line of credit in the amount of \$7.0 million and authority to renew the line of credit up to three times without filing a new petition, if the terms of any such renewals remain substantially the same. On December 16, 2024, the OUC filed testimony. While the OUC recommends the Commission grant Westfield Water authority to secure a line of credit up to \$7.0 million and renew it up to three times as requested in the petition, the OUC raised issues regarding reporting requirements and terms of the debt. On December 23, 2024, Westfield Water filed rebuttal testimony responding to the issues raised by the OUC, including its request for additional time to review the terms of any agreement renewing the line of credit before it is finalized. An evidentiary hearing was held on January 15, 2025. On February 27, 2025, the IURC issued an order granting the approvals requested by Westfield Water and rejecting the 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.

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.

11. COMMITMENTS AND CONTINGENCIES

A. Environmental Commitments and Contingencies

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

Water System

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

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

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

In 2023, Citizens Water of Indianapolis and Citizens Water of Westfield became class members of the Aqueous Film-Forming Foam (AFFF) Products Liability Litigation filed in the District Court for the District of South Carolina. This litigation consists of a series of settlements to resolve claims against manufacturers of certain per- and polyfluoroalkyl substances (collectively, “PFAS”) contamination in public water systems’ drinking water. Both Citizens Water of Indianapolis and Citizens Water of Westfield expect to receive funds from this settlement through a series of payments over the course of the next several years. The table below reflects payments received to date:

<u>\$ millions</u>	<u>Fiscal Year 2026 as of Dec. 31, 2025</u>	<u>Fiscal Year 2025</u>
Citizens Water of Indianapolis	\$ 5.6	\$ -
Citizens Water of Westfield	0.1	0.7

Upon receipt, settlement proceeds are recorded in the Condensed Combined Statement of Operations in the line item labeled, “Other income (expense), net.”

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 DigIndy program, the most significant element of the Consent Decree, is the largest sewer infrastructure project in Indianapolis' history. The Deep Rock Tunnel Connector (DRTC) and the Eagle Creek Tunnel were the first two segments online of the 250 feet deep, 28-mile underground tunnel system designed to store 250 million gallons of combined sewage during wet weather events to prevent overflows from entering area rivers and streams. The stored flows are pumped to the Southport AWTP, which was expanded as a part of this Consent Decree. The Belmont AWTP was also expanded as part of the Consent Decree and this work was completed in 2012. On December 29, 2017, the first ten miles of the DigIndy Tunnel system and the DRTC pump station were operational and placed in use. The White River and Lower Pogue Run tunnels, which comprise approximately 7.4 miles of the DigIndy tunnel system, were operational and in use as of June 3, 2022. The Fall Creek and Pleasant Run tunnels, which comprise 11.6 miles of the DigIndy tunnel system, were operational and in use as of November 17, 2025. On December 3, 2025, Citizens submitted achievement of full operation (AFO) status, indicating all 26 control measures are operational and the entire DigIndy tunnel system has been constructed. For the next five years, Citizens will complete post-construction monitoring to demonstrate the consent decree's required level of control is being met or exceeded. CWA continues to estimate the overall cost of the Consent Decree, including capital and operation and maintenance costs, is approximately \$2.4 billion in 2021 dollars.

IDEM Investigation

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 EPA is no longer pursuing criminal charges in this matter; however, IDEM expects to pursue criminal charges on the employee of the Company's contractor, and Citizens is fully cooperating. Finally, Citizens received a request for information from the EPA under the Comprehensive Environmental Response, Compensation, and Liability Act – Citizens timely submitted the requested information to the EPA. 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.

B. Legal Contingencies

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

C. Citizens Lebanon Water System

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

On November 25, 2024, Lebanon Utilities reached a wholesale customer agreement with Citizens Energy Group whereby Citizens Water will supply, at established wholesale tariff rates, up to two million gallons of water per day (MGD) to Lebanon Utilities by 2027, and ultimately, 25 MGD by 2031, unless Citizens provides notice of revised delivery dates in accordance with the agreement. With the addition of service to Lebanon Utilities, Citizens Water's current maximum

treatment capacity of 256 MGD will be expanded accordingly to meet the increased requirements. Estimated costs to increase capacity and supply water to Lebanon Utilities are currently projected to be at least \$560 million. Construction is anticipated to last approximately six years, with interim water-delivery milestones throughout the construction period. This forecast is based on available information at the time of estimation and is subject to change based on various factors, including variation in material costs, additional requirements, or unforeseen circumstances inherent in multi-year construction projects.

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

Since December 2024, the program has progressed from the planning phase to the implementation phase. Design document development, stakeholder engagement, easement acquisition, and material procurement are progressing. As of December 31, 2025, Citizens has incurred approximately \$26.2 million of costs related to the Citizens Lebanon Water System Project, of which approximately \$17.1 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 December 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. TOWN OF WHITESTOWN WATER UTILITY ACQUISITION

On September 17, 2025, the Company signed an agreement to purchase the assets and service territory rights of the Town of Whitestown's municipal water utility (Whitestown) for \$37.0 million in cash, an action which was approved by Whitestown Town Council on August 13, 2025 and the Company's Board of Directors on August 20, 2025. Citizens Water currently supplies wholesale water to Whitestown. The Company and Whitestown filed a joint petition requesting approval of the transaction with the IURC on October 1, 2025, as described in Note 10, Regulatory Matters – Water. Upon receipt of IURC approval of the transaction, the Company anticipates issuing long-term debt to finance the acquisition.

13. SUBSEQUENT EVENTS

Management has considered the impact of subsequent events through February 18, 2026, the date at which these condensed combined financial statements were issued.