

citizensthermalupdate

A Member of Citizens Energy Group

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Citizens Thermal Annual Customer Survey Results

Dear Customers,

Thank you for your valuable feedback!

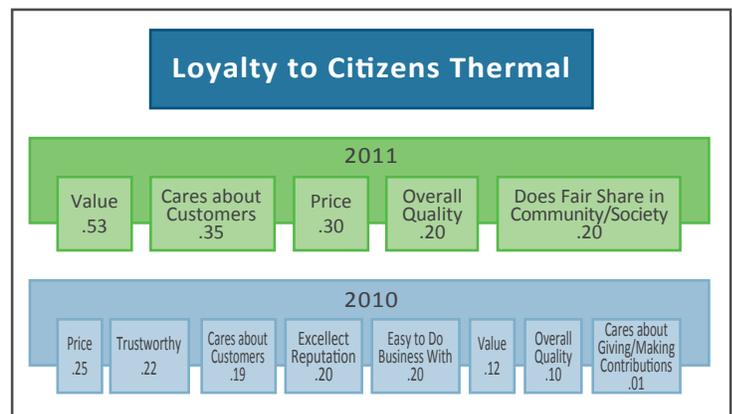
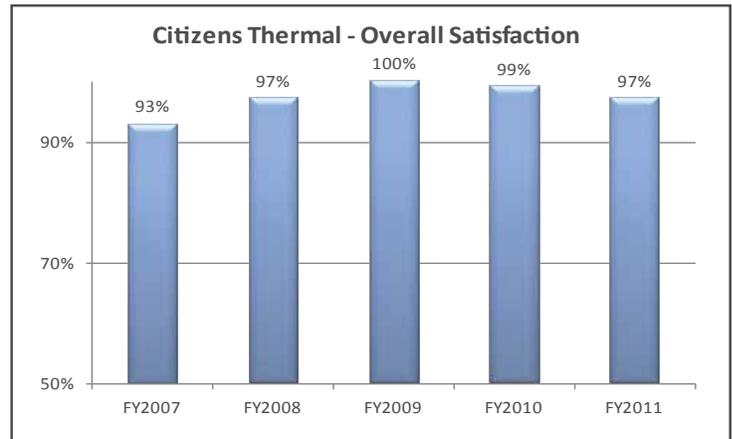
This past May, Citizens Thermal successfully conducted the 2011 Annual Customer Assessment and thanks to your participation and candid responses, your voices have been captured. The main objectives of the annual assessment were three-fold: obtain feedback from our thermal customers, identify improvement opportunities and priorities and gauge the impact of product and service enhancements.

As a company that strives for unparalleled excellence and integrity in everything we do, Citizens is proud to announce that our thermal customers' satisfaction rating is 97%. However, because we are constantly looking for ways to provide greater value to you, we have identified and recognized a few areas of improvement. Two such areas of improvement for FY2011-2012 are enhancing product value and "customer experiences" such as training/consulting and web & billing capabilities. Citizens Thermal is focused on addressing and positively impacting these areas of improvement for the remainder of 2011 and throughout 2012.

In an attempt to boost participation of the Citizens Thermal Customer Assessment, participants who completed the survey were incentivized with a \$25 donation to a charity of choice. More than \$2000 was donated to various charities including American Red Cross, United Way of Central Indiana, Habitat of Greater Indianapolis and Warm Heart Warm Home.

Footnotes:

- 1) 276 contacts were invited to participate in the survey between April 5 through May 1, 2011. 81 customers responded for a 29% response rate.
- 2) Citizens Thermal has conducted an annual Customer Assessment since 2002.



Above are the components of customer loyalty.



James Townsend does electrical testing on equipment at the West Street Chilled Water facility.



EPA Proposes To Regulate Existing Facilities with Cooling Water Intake Structures

On April 20, 2011, the Environmental Protection Agency (EPA) issued a proposed rule under Section 316(b) of the Clean Water Act which will significantly impact existing facilities with cooling water intake structures.

The rule, if adopted, is expected to impact 1,260 existing facilities with cooling water structures that withdraw more than two million gallons of cooling water on a daily basis. The purpose of the rule is to protect aquatic life from entrapment or impingement from facilities' cooling water intake structures. To this end, the EPA set separate standards for impingement mortality and entrainment mortality, along with detailed monitoring and reporting requirements. Impingement mortality occurs when aquatic species are trapped against screens as the water is drawn into the facility. Entrainment mortality occurs when the aquatic species are drawn into the facility and exposed to high temperatures or pressure.

The rule provides two means of addressing impingement: facilities can either reduce their flow intake velocity to 0.5 feet per second or install technology to meet specific mortality standards. Entrainment, on the other hand, will be dealt with on a case-by-case basis by the State permitting authority (IDEM for Indiana sources), considering various factors.

This rule raises many questions and issues which should be of concern for the regulated community. Citizens Thermal

submitted comments to the EPA on the rule and the following are some of those issues raised by Citizens Thermal:

- The rule requires dischargers to conduct extensive studies that are too onerous and or have unclear requirements for certain situations.
- The numeric impingement standards are inflexible, and would require substantial ongoing monitoring of a variety of fish species to demonstrate compliance.
- The costs of the rule exceed the benefits by a ratio of about 20 to 1, but EPA nevertheless concludes that the benefits justify the costs.
- The monitoring and reported requirements included in the rule are excessive and unclear.
- The rule failed to appreciate the inherent differences and diversity of operations between plants subject to this rule by not including adequate compliance flexibility.

The compliance dates for this rule are tied to the issuance of the final rule. The EPA is obligated by a settlement agreement to have the final rule issued by July 27, 2012. If you would like more information please feel free to contact Sarah Page [(317) 927-4394/ SPage@citizensenergygroup.com] or visit <http://water.epa.gov/lawsregs/lawsguidance/cwa/316b/index.cfm> which contains considerable information on the rule.

Citizens Thermal Announcements:

Annual Steam Customer Lunch

Join us for the Annual Steam Customer Luncheon on Thursday, October 20 at the NCAA Hall of Champions. Registration begins at 11:15 a.m. with lunch from 11:30 a.m. to 1:00 p.m. If you have not responded to your invitation, please RSVP to David Stewart at 317-927-6403.

End of Summer Disconnection Reminder

If you requested your steam service to be seasonally disconnected, please remember that you will need to contact the Thermal Customer Service office at 317-261-8794 in order to restore service. Please call seven (7) days prior to the day you wish for service to be restored.

Water Acquisition

On August 26, 2011 Citizens and the City of Indianapolis completed the \$1.9 billion transfer of the community's water and wastewater utilities to Citizens. As a result of the acquisition, the water and wastewater systems, which billed customers under the Indianapolis Water name, are now being operated as Citizens Water.

Citizens Water will also assume responsibility for the City's Long Term Control Plan, which is mandated under a Consent Decree with the U.S. Environmental Protection Agency to minimize combined sewer overflows into the White River and other area streams. In addition, Citizens Water will continue the City's Septic Tank Elimination Program (STEP), which is bringing sewer service to areas of Marion County, where failing septic tanks are jeopardizing public health and the environment.

Citizens Water has assumed operations of the water utility from Veolia Water Indianapolis (Veolia), and nearly all former Veolia employees are now Citizens employees. Citizens Water has assumed the City's contract with United Water to operate the wastewater system.

Utility Systems at a Glance:

Water System

- **Asset Profile** - The water system includes more than 4,000 miles of water lines, 9 water treatment plants, 9 well fields, Geist and Morse Reservoirs and the Central Canal to 16th Street.
- **Service Area** - Citizens Water serves more than 300,000 households in Marion County and the surrounding counties. It also serves communities with their own water utilities including Speedway, Brownsburg, and Lawrence.
- **Regulation** - Rates and policies are governed by the Indiana Utility Regulatory Commission. Indianapolis Water also meets regulations established by the Indiana Department of Environmental Management and the U.S. Environmental Protection Agency.

Wastewater System

- **Asset Profile** - Citizens Water is responsible for the collection and treatment of wastewater within the Indianapolis/Marion County boundaries. The system includes two advanced wastewater treatment plants and about 3,000 miles of sewer lines.
- **Service Area** - Citizens Water serves more than 230,000 households in Marion County. Citizens also has service agreements with Ben Davis Conservancy District, Boone County Utilities, City of Beach Grove, City of Lawrence, City of Greenwood, Hamilton Southeastern Utilities, Inc., and Tri-County Conservancy District.
- **Regulation** - The jurisdiction of rates has passed from the Indianapolis City-County Council to the Indiana Utility Regulatory Commission. Citizens and United Water will meet regulations established by the Indiana Department of Environmental Management and U.S Environmental Protection Agency.



Celebrating the transfer of the community's water and wastewater utilities to Citizens are (left to right) retired Citizens President and CEO Dave Griffiths, Indianapolis Mayor Greg Ballard, current Citizens President and CEO Carey Lykins and Citizens Board of Directors President Martha Lamkin.

Light the Night

Citizens Energy Group is again a proud to sponsor of the Leukemia & Lymphoma Society's Light the Night Walk on October 15. Funds raised during this annual event go towards lifesaving research and support for people battling blood cancers. This year, a dozen teams from Citizens have formed to raise money and awareness. If you'd like you to donate to one of the Citizens Energy teams, please visit <http://pages.lightthenight.org/in/Indianap11/citizensenergygroup>.



Employee Spotlight — Sharon Connell



Sharon Connell

On October 1, 2011, after 31 years of service, Sharon Connell celebrated her official retirement from Citizens Energy Group. Sharon worked as a Customer Service and Billing Representative for the Citizens Thermal Division. She enjoyed getting to know customers by assisting them with billing and operations questions that pertain to the steam and chilled water systems.

Sharon has spent several years decorating and making changes to her condo. Her favorite pastime is getting together with friends and listening to music (especially outdoor bands or concerts). Sharon is looking forward to retirement and the entire team at Citizens Thermal wishes her well!

David Stewart will be taking Sharon's place as a Marketing Sales Assistant. David has been with the company for 25 years and is excited to continue working with Citizens Thermal customers.



David Stewart

Steam and Chilled Water Service Telephone Numbers

John Eddington,
Superintendent, Facility Operations
317-236-6710 (office)
317-695-0688 (cell)

Bob Purdue,
Director, Thermal Operations
317-693-8701 (office)
317-695-0512 (cell)

Bob Asher,
Manager Customer Services & Distribution
317-693-8704 (office)
317-225-9602 (cell)

David Stewart,
Marketing Sales Assistant
317-261-8794

Bob Taber, Foreman,
Customer Service & Metering
317-693-8883 (office)
317-27-1608 (cell)

Toll Free Number - Customer Service & Billing
877-313-2467

Bob Anderson,
Manager Operations & Maintenance
317-693-8753 (office)
812-946-6373 (cell)

Todd Fuller, Facilities Manager (Chilled Water Operations)
317-236-6702 (office)
317-695-2099 (cell)

Joe Ray,
Operations Supervisor
Chilled Water Operations
317-236-6703 (office)
317-431-2541 (cell)

Other telephone numbers: Marketing - Steam and Chilled Water

Bill Petty,
Manager Market Development
317-927-4742 (office)
317-431-3358 (cell)

Steam and Chilled Water Service Emergency Contacts

In the event of a steam or chilled water emergency, Citizens Thermal can be reached at the following numbers:

**Steam Plant Operations
Emergency 24-Hour Number
(Steam Operations Control Room)**
317-261-8804

Shift Supervisor's Office
317-261-8819

Ron Pinkins,
Operations Supervisor
317-693-8807 (office)
317-431-4414 (cell)

Chris Braun,
Vice President, Energy Operations
317-927-4604 (office)
317-508-1188 (cell)

**Chilled Water Plant Operations
Emergency 24-Hour Number
(Chilled Water Control Room)**
317-236-6700