

**VERIFIED DIRECT TESTIMONY  
of  
CRAIG L. JACKSON**

**On  
Behalf of  
Joint Petitioners**

**CITIZENS REGIONAL WATER RESOURCES, LLC,  
CITIZENS WATER, AND CITIZENS WATER OF WESTFIELD, LLC**

**Cause No. 45896**

**Joint Petitioners' Exhibit No. 2**

1 **I. INTRODUCTION AND BACKGROUND**

2 **Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A1. My name is Craig L. Jackson. My business address is 2020 North Meridian Street  
4 Indianapolis, Indiana.

5 **Q2. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A2. I am employed by the Board of Directors for Utilities of the Department of Public Utilities  
7 of the City of Indianapolis (the "Board of Directors" or "Board"), which does business as  
8 Citizens Energy Group ("Citizens Energy Group" or "Citizens"), as its Senior Vice  
9 President and Chief Financial Officer. Citizens Energy Group manages and controls a  
10 number of regulated utilities, including Citizens Water ("Citizens Water"), Citizens Water  
11 of Westfield, LLC ("Citizens Westfield"), and Citizens Regional Water Resources, LLC  
12 ("CRW") collectively ("Joint Petitioners").

13 **Q3. PLEASE DESCRIBE THE DUTIES AND RESPONSIBILITIES OF YOUR**  
14 **PRESENT POSITION.**

15 A3. As Chief Financial Officer, I have direct responsibility and oversight for the financial  
16 functions of the Joint Petitioners.

17 **Q4. HOW LONG HAVE YOU BEEN EMPLOYED BY CITIZENS ENERGY GROUP?**

18 A4. I have been employed by Citizens since September 2021. I joined as Senior Vice President,  
19 Special Projects and held that position until April 1, 2022. On April 1, 2022, I was named  
20 Senior Vice President and Chief Financial Officer.

21 **Q5. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**  
22 **AFFILIATIONS.**

1 A5. I received a Bachelor of Science degree in Business Administration from Bloomsburg  
2 University in 1996. I also earned a Master of Business Administration degree in Finance  
3 from Wright State University in 2001.

4 **Q6. PLEASE DESCRIBE YOUR PRIOR BUSINESS EXPERIENCE.**

5 A6. My prior business experience has spanned over 25 years, the majority of which has been  
6 in financial and financial leadership roles. Prior to joining Citizens, my business experience  
7 included:

8 a. *United States Air Force* (May 1996 – January 2000) - Finance Technician

9 b. *Dayton Power & Light Company (“DP&L”)* (February 2000 – November 2002) - I  
10 served as a financial analyst responsible for budgeting, forecasting and corporate  
11 modeling.

12 c. *PPL Corporation* (December 2002 – May 2004) - I served as team leader, ISO  
13 Settlements, responsible for managing the settlement processes in the PJM, NYISO and  
14 NEISO regional transmission organization markets.

15 d. *Dayton Power & Light Company* (June 2004 – May 2013) - In June 2004, I returned to  
16 DP&L as Manager, Financial Planning and Analysis, reporting to the Chief Financial  
17 Officer. From June 2004 to May 2012, I was promoted through several positions of  
18 increasing responsibility within the Finance organization, the last of which was as Vice  
19 President and Treasurer. In this position, I led the financial planning, budgeting, debt  
20 and equity capital markets, cash management, risk management, and investor relations  
21 functions. In November 2011, AES Corporation’s (“AES”) acquisition of DP&L closed  
22 and in May 2012, I was promoted to Chief Financial Officer of DP&L.

1 e. *AES U.S. Services, LLC* (May 2013 – December 2018) - In May 2013, I was promoted  
2 to Chief Financial Officer of AES US Services, LLC where I had direct responsibility  
3 and oversight for the financial functions of Indianapolis Power & Light (today d/b/a  
4 AES Indiana), DP&L (today d/b/a AES Ohio) and AES' U.S. portfolio of conventional  
5 and renewable generation. In December 2017, I was promoted to President and CEO  
6 of AES U.S. Utilities and served in that capacity until December 2018.

7 f. *MasTec Corporation* (April 2019 – September 2021) - I joined MasTec Corporation as  
8 Group CFO in April 2019, leading the finance functions for the Company's  
9 Transmission and Substation Group, and served in that capacity until joining Citizens  
10 in September 2021.

11 **Q7. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?**

12 A7. Yes, I have provided written testimony on behalf of Citizens Thermal in Cause No. 45855  
13 and Westfield Gas, LLC, d/b/a Citizens Gas of Westfield in Cause No. 45761.  
14 Additionally, I have provided written testimony for Indianapolis Power & Light in Cause  
15 No. 44339 (Eagle Valley Combined Cycle Gas Turbine and Harding Street Units 5 & 6  
16 Refueling), and testimony in Cause Nos. 44576 and 45029 (IPL Basic Rates Cases). Lastly,  
17 I have provided testimony before the Public Utility Commission of Ohio in DP&L's  
18 Electric Security Plan proceedings (Case No. 12-426EL-SSO et al and Case No. 16-0395-  
19 EL-SSO et al).

20 **Q8. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

21 A8. The purpose of my testimony is to support certain approvals requested by CRW in  
22 connection with its participation in the development by the Indiana Economic  
23 Development Corporation ("IEDC") of a new Innovation Development District known as

1 the Limitless Exploration/Advanced Pace (“LEAP”) Lebanon Innovation District (the  
2 “LEAP District”). Specifically, my testimony (a) supports CRW’s request for authority to  
3 issue and sell in one transaction, which would occur no later than December 31, 2023, up  
4 to \$200,000,000 in aggregate principal amount of long-term debt securities (“Long-term  
5 Debt Securities” or “SRF Loan”) upon the issuance of a final Order in this Cause;  
6 (b) supports CRW’s financial ability to construct and operate the water system used to  
7 provide wholesale water service to the City of Lebanon’s water utility (“Lebanon  
8 Utilities”); (c) describes and provides support for the allocation of Shared Services costs to  
9 CRW; and (d) supports approval of depreciation rates for CRW.

10 **Q9. ARE CITIZENS WATER OR CITIZENS WESTFIELD ISSUING ANY LONG-**  
11 **TERM DEBT IN CONNECTION WITH THE DEVELOPMENT OF THE LEAP**  
12 **DISTRICT?**

13 A9. No. CRW is the only utility among the Joint Petitioners issuing debt in connection with the  
14 LEAP District initiative.

15 **Q10. ARE YOU SPONSORING ANY ATTACHMENTS TO YOUR DIRECT**  
16 **TESTIMONY?**

17 A10. Yes. I am sponsoring the following attachments:

- 18 • Attachment CLJ-1 -- Direct Funding and Guaranty Agreement Among CRW, IEDC  
19 the Indiana Finance Authority (the “IFA”) and the Bank of New York Trust Company,  
20 N.A.;
- 21 • Attachment CLJ-2 – Memorandum of Understanding Among Citizens Water, Lebanon  
22 Utilities and IEDC;
- 23 • Attachment CLJ-3 – 5-Year Pro Forma Income Statement for CRW; and

- 1           • Attachment CLJ-4 – 5-Year Pro Forma Balance Sheet for CRW.

2   **II.   REQUEST FOR FINANCING AUTHORITY**

3   **Q11. PLEASE DESCRIBE CRW'S CURRENT OUTSTANDING LONG-TERM DEBT.**

4   A11. Currently, CRW does not have any long- or short-term debt outstanding.

5   **Q12. PLEASE DESCRIBE CRW'S ANTICIPATED NEW LONG-TERM DEBT**  
6   **SECURITIES.**

7   A12. CRW will enter into a financial assistance agreement ("FAA") with the IFA pursuant to  
8   which the IFA will loan \$200 million in aggregate principal amount to CRW. The SRF  
9   Loan is expected to have (a) an interest rate based on market conditions, but not to exceed  
10   10% at the time of issuance, and (b) a maturity date not exceeding thirty-five years. As is  
11   typical with borrowing for investor-owned utilities, a financing structure with limited or  
12   no amortization is anticipated.

13   **Q13. WILL THERE BE ANY RESTRICTIVE COVENANTS IN THE FAA?**

14   A13. I expect the FAA will contain covenants generally applicable to any SRF Loan. Among  
15   other things, the covenants will likely include CRW agreeing to (a) establish and maintain  
16   just and equitable rates and charges for the use of and the service rendered by CRW,  
17   (b) maintain the system in good condition and operate it in an efficient manner, and (c) be  
18   subject to the jurisdiction of the Commission under I.C. 8-1-2 or any other applicable law,  
19   and that the Commission must have reviewed and approved the project and issuance of the  
20   SRF Loan and no additional approvals or consents will be required to be obtained from the  
21   Commission related to the FAA.

22   **Q14. HOW WILL THE SRF LOAN PROCEEDS BE USED?**

1 A14. The SRF Loan proceeds will be used to fund the costs of constructing the infrastructure  
2 needed to supply wholesale finished water to Lebanon Utilities for the LEAP District, as  
3 further described by Joint Petitioners' Witnesses Harrison, Cooley, and Willman. CRW  
4 will contribute a portion of the SRF Loan proceeds to Citizens Water and Citizens  
5 Westfield for upgrades needed to their respective water infrastructure in order to enable  
6 delivery of the required 10 MGD to Lebanon by January 2027. The contributions are  
7 currently projected to be \$75 million and \$25 million, respectively. The remaining \$100  
8 million of loan proceeds will be used by CRW for its water infrastructure.

9 **Q15. DOES OR WILL CRW HAVE OPERATING REVENUES THAT WILL BE**  
10 **SUFFICIENT TO SECURE THE SRF LOAN?**

11 A15. No. CRW will not generate any revenue until after the infrastructure construction is  
12 completed and placed into service. Furthermore, after the infrastructure is placed into  
13 service and CRW begins to provide wholesale water delivery service, the revenues it  
14 collects from Lebanon Utilities will cover its operating cost and will not be sufficient to  
15 meet the SRF Loan debt service requirements. However, IEDC will back the debt  
16 obligations and provide the necessary funding to CRW to cover all debt service obligations  
17 throughout the term of the loan, including loan payoff. I describe this arrangement in more  
18 detail further below in my direct testimony.

19 **Q16. WILL IEDC BEAR THE BURDEN FOR THE ENTIRE SRF LOAN DEBT**  
20 **SERVICE OBLIGATION?**

21 A16. Yes. IEDC has agreed with CRW and IFA that IEDC will be the primary obligor and sole  
22 guarantor for the payments due on the SRF Loan, as detailed in the Direct Funding and

1 Guaranty Agreement (see Joint Petitioners' Attachment CLJ-1), of which IEDC and CRW  
2 are parties to.

3 **Q17. PLEASE PROVIDE AN OVERVIEW OF THE DIRECT FUNDING AND**  
4 **GUARANTY AGREEMENT, INCLUDING KEY TERMS.**

5 A17. The Direct Funding and Guaranty Agreement was executed by the IEDC on May 10, 2023,  
6 and provides, among other things:

- 7 • The IEDC “absolutely and unconditionally promises and guarantees to CRW and the  
8 Trustee, for the benefit of IFA, the Trustee and the holders of the bonds secured by the  
9 IFA’s SRF Program, which includes the SRF Loan, the full and prompt payment of the  
10 SRF Loan” (See Section 2.1(a));
- 11 • The IEDC “agrees that CRW’s only liability for payment of the SRF Loan is as set  
12 forth in the FAA and with respect to the amounts paid by the IEDC hereunder” (See  
13 Section 2.1(e));
- 14 • “Any failure of payment of the SRF Loan shall not create any liability, claim, or suit  
15 upon CRW, Citizens, CWA Authority, Inc., nor any of the foregoing’s subsidiaries or  
16 affiliates” (See Section 2.1(e)); and
- 17 • “On or prior to the fourth (4<sup>th</sup>) anniversary of the closing date of the SRF Loan (the  
18 “Anniversary Date”), [IEDC] shall provide evidence acceptable to CRW and IFA, each  
19 in their sole discretion, that the Corporation shall have sufficient funds on the  
20 Prepayment Date to pay and discharge or refinance the SRF Loan such that CRW is no  
21 longer the nominal obligor thereunder.” (See Section 2.1(b)(1)).



1 **Q18. DOES THE DIRECT FUNDING AND GUARANTY AGREEMENT INCLUDE**  
2 **ANY OTHER COMMITMENTS FROM IEDC THAT WERE CRITICAL TO**  
3 **CITIZENS?**

4 A18. Yes. The Direct Funding and Guaranty Agreement incorporates the background  
5 information set forth in the Memorandum of Understanding entered into on March 10,  
6 2023, among CRW, IEDC and Lebanon Utilities concerning CRW's provision of water  
7 service to Lebanon Utilities. The background information contained in the Memorandum  
8 of Understanding provides:

9 It is anticipated that financing would be requested in calendar year 2023  
10 (and in subsequent years as shall be required due to Eligible Costs (as  
11 defined below) of the Project) through its SRF program to CRW (the "SRF  
12 Loan") for the Eligible Costs of constructing the infrastructure needed to  
13 supply wholesale finished water to the Utility for the LEAP District (the  
14 "System"), which costs are currently estimated on the date hereof to be  
15 \$200,000,000 for the Project. CRW shall construct or cause to be  
16 constructed the Project with proceeds of the SRF Loan. *The Parties*  
17 *acknowledge that construction and material costs may and will likely be*  
18 *different than projected and/or budgeted and in such event of increased*  
19 *costs (the "Excess Costs"), CRW may request additional borrowings from*  
20 *SRF in order to complete the Project. Any references to IEDC's obligation*  
21 *regarding the SRF Loan (with respect to payment to CRW and/or IFA of the*  
22 *debt service due thereon) shall include additional borrowings by CRW from*  
23 *SRF for the Project.*  
24

25 (emphasis added). A copy of the Memorandum of Understanding is attached hereto as  
26 Attachment CLJ-2.

27 **Q19. WHY WAS THE FOREGOING COMMITMENT IMPORTANT TO CITIZENS?**

28 A19. As discussed in greater detail by Joint Petitioners' witness Cooley, estimates for the project  
29 were created by the engineering team during preliminary modeling in the summer of 2022.  
30 These initial estimates are Class 5 estimates, which defines the project definition at this

1 stage by up to 2% and for which the costs of the project can range from -50% to +100%.  
2 Accordingly, it is possible that additional funding will be required to complete the system  
3 and it was imperative that IEDC agree to pay the debt service on and guarantee any  
4 additional borrowings as set forth in the MOU and incorporated in the Direct Funding and  
5 Guaranty Agreement.

6 **Q20. DOES CITIZENS HAVE A PLAN IN PLACE FOR FUNDING IF ITS CURRENT**  
7 **PROJECT ESTIMATES END UP BEING LESS THAN WHAT IS NEEDED TO**  
8 **COMPLETE THE ENTIRE PROJECT?**

9 A20. Yes. Routine program cost updates will be provided to IEDC periodically as the project  
10 advances. Should additional funding become necessary, Citizens will re-engage IFA for an  
11 additional SRF Loan in accordance with the terms set forth above. Consistent with those  
12 terms, IEDC will be the sole obligor for all additional funds raised through IFA or the  
13 general market and used to meet cost overruns on the project. CRW also would seek  
14 approval from the Commission to incur additional debt beyond that approved in this  
15 proceeding. I anticipate that should the need arise to issue additional debt, CRW will need  
16 to request relief on an expedited basis in order to be able to deliver water to Lebanon in the  
17 timeframe contemplated for Lebanon to provide retail water service in the LEAP District.  
18 Accordingly, to the extent it appears that CRW may be required to issue additional debt,  
19 CRW will file in this proceeding a summary showing the amounts spent to date, the amount  
20 of the SRF Loan proceeds remaining and the anticipated additional funding needs. CRW  
21 will file this summary at least thirty days prior to initiating a new financing proceeding.  
22 The goal of the filing would be to facilitate a dialogue with the OUCC and other interested

1 stakeholders in order expedite the subsequent financing proceeding so that the Commission  
2 will be in position to issue an Order within 120 days.

3 **Q21. WHAT IF THE TOTAL PROJECT COST ENDS UP BEING LESS THAN THE**  
4 **CURRENT \$200,000,000 ESTIMATE?**

5 A21. Unused funds will be applied to the outstanding debt specific to the program.

6 **Q22. PLEASE DESCRIBE THE FLOW OF FUNDS THAT WILL BE IN PLACE TO**  
7 **SERVICE THE SRF LOAN.**

8 A22. At or prior to the closing of the SRF Loan, IEDC will deposit with a Trustee for the SRF  
9 Loan, an amount equal to five years of debt service. As debt service payments become due,  
10 CRW will release the funds to IFA to meet the respective debt service obligation. After  
11 completion of the infrastructure construction, IEDC will deposit with the Trustee, an  
12 amount equal to pay down the remaining principal and interest due on the SRF Loan. CRW  
13 will subsequently release the funds to IFA to pay down the remaining outstanding  
14 principal.

15 **Q23. WILL CRW, CITIZENS WATER, CITIZENS WESTFIELD, OR ANY OTHER**  
16 **CITIZENS AFFILIATE HAVE ANY DEBT SERVICE OBLIGATIONS WITH**  
17 **RESPECT TO THE SRF LOAN?**

18 A23. No. As noted in Section 2.3(b) of the Direct Funding and Guaranty Agreement:

19 This Agreement is an absolute, irrevocable and unconditional obligation  
20 and guaranty of payment and performance, and the Corporation shall be  
21 liable for the payment and performance of the SRF Loan as a primary  
22 obligor. It shall not be necessary for CRW, the IFA or the Trustee, in order  
23 to enforce such payment or performance by the Corporation, first to institute  
24 suit or pursue or exhaust any rights or remedies against the IFA or any other  
25 person liable on such indebtedness or for such performance, or to enforce  
26 any rights against any security given to secure such indebtedness or  
27 performance, or to join the IFA or any other person liable for the payment

1 or performance of the SRF Loan or any part thereof in any action to enforce  
2 this Agreement, or to resort to any other means of obtaining payment or  
3 performance of the Guaranteed Obligations; provided, however, that  
4 nothing herein contained shall prevent Trustee from exercising any other  
5 right under the SRF Loan Documents.  
6

7 IEDC is the sole obligor, as noted above, and therefore, the SRF Loan will be non-recourse  
8 to CRW, Citizens, CWA Authority, Inc., and any of the foregoing entities' subsidiaries or  
9 affiliates.

10 **Q24. DO YOU CONSIDER THE SRF LOAN STRUCTURE TO BE A REASONABLE**  
11 **AND PRUDENT MEANS TO FINANCE THE INFRASTRUCTURE**  
12 **INVESTMENTS?**

13 A24. Yes, I consider the SRF Loan structure to be reasonable and prudent for multiple reasons.  
14 First, the mission of the SRF Loan program is to provide eligible entities, such as CRW,  
15 with the lowest interest rate possible, at times below prevailing market, on the financing of  
16 projects that improve drinking water infrastructure. CRW is in a position to benefit from  
17 this program. Second, IEDC's financial backing commitment and guarantee provide the  
18 financial assurances that (a) relieve CRW of the debt burden and (b) ensure all debt  
19 obligations will be met. The financial backing of IEDC is critical because the number of  
20 customers that ultimately locate in the LEAP District cannot be known with certainty.  
21 Nonetheless, it was important to IEDC that water infrastructure be available in the LEAP  
22 District to promote its development.

23 **Q25. WHY IS IEDC NOT IN A POSITION TO ISSUE DEBT INDEPENDENTLY**  
24 **THROUGH THE SRF PROGRAM?**

1 A25. IEDC is not a public drinking water utility and therefore, would not qualify as an eligible  
2 entity under Indiana's state revolving fund water program.

3 **Q26. AFTER ISSUANCE OF THE FOREGOING DEBT, WILL CRW'S**  
4 **OUTSTANDING LONG-TERM DEBT EXCEED THE FAIR VALUE OF ITS**  
5 **PROPERTY?**

6 A26. No. As further discussed below, CRW will have sufficient assets (property and note  
7 receivable) reflected on its balance sheet that will more than offset the debt.

8 **Q27. WILL THE SRF LOAN FINANCING ADVERSELY AFFECT THE ABILITY OF**  
9 **ANY OTHER UTILITIES WITHIN CITIZENS ENERGY GROUP TO SECURE**  
10 **FUTURE FINANCING, AS NECESSARY?**

11 A27. No. The SRF Loan will be non-recourse to CRW and all of the Citizens Energy Group  
12 affiliates, and therefore, will not adversely affect the ability of those entities to secure future  
13 financing.

14 **III. CRW'S FINANCIAL ABILITY TO CONSTRUCT AND OPERATE THE WATER SYSTEM**

15 **Q28. IN THE VERIFIED PETITION, CRW SEEKS APPROVAL OF A MANAGEMENT**  
16 **AND OPERATING AGREEMENT WITH CITIZENS ENERGY GROUP. WILL**  
17 **CITIZENS ENERGY GROUP EMPLOYEES MANAGE THE FINANCIAL**  
18 **AFFAIRS OF CRW?**

19 A28. Yes. Pursuant to the Management and Operating Agreement with Citizens Energy Group,  
20 the finance activities of CRW will be managed by employees of Citizens Energy Group.

1 **Q29. PLEASE PROVIDE AN OVERVIEW OF CITIZENS ENERGY GROUP'S**  
2 **EXPERIENCE WITH RESPECT TO FINANCIAL MANAGEMENT OF**  
3 **UTILITIES.**

4 A29. The employees of Citizens Energy Group have substantial experience with financing  
5 matters, operating financially sound utilities, and operating within Indiana's rate regulated  
6 environment. Over the last twenty years, Citizens Energy Group has successfully acquired  
7 numerous utilities and operated each in a sound financial manner. Most notably, in Cause  
8 No. 43936, the Commission approved Citizens Energy Group's acquisition of the water  
9 and wastewater systems used to serve the City of Indianapolis. Both of those utilities had  
10 significant capital needs at the time of the acquisition, particularly the wastewater system  
11 that was acquired by CWA Authority, Inc., which was required to comply with the Consent  
12 Decree executed by the City of Indianapolis, the United States of America (through the  
13 U.S. Environmental Protection Agency) and the State of Indiana (through the Indiana  
14 Department of Environmental Management).

15 **Q30. DOES CRW HAVE THE FINANCIAL ABILITY TO CONSTRUCT AND**  
16 **OPERATE THE WATER SYSTEM?**

17 A30. Yes. First, as discussed earlier in my testimony, IEDC will make direct payment and  
18 guaranty to CRW, of all required amounts at the times necessary to make SRF Loan  
19 principal and interest payments. Second, the wholesale rates set forth in the wholesale  
20 agreement will be sufficient to allow CRW to cover its operating expenses and maintain  
21 its water utility property in sound financial condition even though CRW will not earn a  
22 return on the contributed property constructed with proceeds from the SRF Loan. Joint

1           Petitioners' Witness Kilpatrick provides further detail in his testimony on CRW's proposed  
2           wholesale rate.

3   **Q31. PLEASE EXPLAIN WHY CRW WILL NOT EARN A RETURN ON THE**  
4   **CONTRIBUTED PROPERTY.**

5   A31. Given IEDC's commitment and guaranty to fund all principal and interest payments  
6           associated with the SRF Loan, the property attributed to the SRF Loan will be recorded as  
7           contributed property and therefore, is not an investment on which CRW will earn a return.

8   **Q32. HAVE YOU PREPARED PRO FORMA FINANCIAL STATEMENTS FOR CRW?**

9   A32. Yes, I am sponsoring 5-year pro forma financial statements (See Joint Petitioners'  
10           Attachment CLJ-3), which show that CRW will be appropriately capitalized and have the  
11           funds needed to successfully construct and operate the water system. The pro forma  
12           financial statements reflect the most likely accounting treatment/scenario, but it may  
13           change pending final agreements and the Order received in this proceeding. The final  
14           accounting will follow Generally Accepted Accounting Principles ("GAAP").

15   **Q33. PLEASE DESCRIBE THE PRO FORMA INCOME STATEMENT REFLECTED**  
16   **ON JOINT PETITIONERS' ATTACHMENT CLJ-3.**

17   A33. The 5-year pro forma income statement is reflected on lines 1 – 8 of Attachment CLJ-3.  
18           The primary assumptions are as follows:

- 19           • Revenues (Line #1) – Assumes the approval of the proposed schedule of wholesale  
20                rates and charges sponsored by Joint Petitioners' Witness Kilpatrick. It is also assumed  
21                6 MGD, at a 50% load factor, will be delivered beginning in year 3, followed by 10  
22                MGD, at a 50% load factor, beginning in year 4.

- 1           • O&M (Line #2) – Includes the estimated fixed, variable and commodity related costs.  
2           The fixed costs include the allocation of administrative support costs as described  
3           further below in my testimony. Consistent with the timing of revenues, the costs are  
4           modeled to begin in year 3.
- 5           • Taxes (Line #3) – Represents the estimated property taxes due on construction work in  
6           progress and plant in service.
- 7           • Depreciation (Line #4) – This is the estimated depreciation on utility plant and fixed  
8           assets, net of amortization of contributions in aid of construction (“CIAC”), both  
9           commencing in year 3. These directly offset one another and therefore, the net  
10          depreciation expense is \$0.
- 11          • Other Income (Expense) (Line #6) – Includes the principal amount contributed to CRW  
12          (via IEDC’s guaranty) in excess of CRW’s construction expenditure requirements, less  
13          the amount CRW contributes to Citizens Water and Westfield Water.
- 14          • Interest Charges (Line #7) – Includes interest expense attributable to the SRF Loan.  
15          This expense is offset by the interest portion of the SRF Loan debt service payment  
16          that CRW will receive from IEDC. These directly offset one another and therefore, the  
17          net interest expense is \$0.

18   **Q34. PLEASE DESCRIBE THE PRO FORMA BALANCE SHEET REFLECTED ON**  
19   **JOINT PETITIONERS’ ATTACHMENT CLJ-4.**

20   A34. Lines 1 through 10 of Attachment CLJ-4 is CRW’s 5-year pro forma balance sheet. The  
21   pro forma balance sheet reflects that the guaranty provided by IEDC will be an asset held  
22   by CRW. CRW will record a note receivable in the amount of the bond guaranty. The other  
23   side of the journal entry to record the receivable on CRW’s books will be to CIAC for the



1 construction amount used by CRW, and Other Income (an increase to equity) for the  
2 construction amounts to be remitted to Citizens Water and Westfield Water, described  
3 further below. The receivable and related long-term debt balances will be reduced as debt  
4 principal payments are made and cash received from IEDC.

5 CRW will make payments to Citizens Water and Westfield Water to fund  
6 infrastructure improvements needed at the respective utilities to fulfill the obligations of  
7 the agreement with CRW. The physical assets resulting from these projects will be  
8 recorded as contributed property on the books of Citizens Water and Westfield Water as  
9 those entities will have control of the assets. The remittance of the construction funds to  
10 Citizens Water and Westfield Water will be recorded as Other Expense (a reduction to  
11 equity) on the books of CRW.

12 **IV. SHARED SERVICES**

13 **Q35. PLEASE EXPLAIN CITIZENS ENERGY GROUP'S SHARED SERVICES**  
14 **FUNCTION.**

15 A35. Shared Services is an organizational framework for the consolidation of resources and  
16 centralization of costs that provides process or knowledge-based and field services to  
17 Citizens' seven regulated utilities and its various other business units. Shared Services is  
18 designed to deliver high-quality services efficiently and effectively by streamlining high-  
19 volume, routine transactions and utilizing resources with specialized skill sets who are  
20 dedicated to providing these services, including executive management, administrative,  
21 customer focused, engineering, meter reading, and field services.

1 **Q36. DO YOU HAVE AN ESTIMATE WITH RESPECT TO THE ALLOCATION OF**  
2 **SHARED SERVICES COSTS TO CRW?**

3 A36. Yes. I currently estimate that approximately 1.0% of total Shared Services costs will be  
4 allocated to CRW, based on the amount of costs that have been allocated to similarly sized  
5 Citizens affiliates. While I believe this estimate to be reasonably representative of the level  
6 of the ongoing allocation percentage, it should be understood that the ultimate allocation  
7 percentages may be different.

8 **Q37. IS YOUR PROPOSED ALLOCATION METHODOLOGY REFLECTED IN THE**  
9 **FINANCIAL PROJECTIONS PRESENTED IN JOINT PETITIONERS'**  
10 **ATTACHMENT CLJ-3?**

11 A37. Yes. However, the allocations to CRW are reflected beginning in year 3, when it is  
12 anticipated the delivery of wholesale water will begin. During years 1 and 2, Shared  
13 Services costs were not specifically allocated to CRW, but such costs will be allocated to  
14 and paid by the parent entity Citizens Resources and are currently anticipated to be  
15 immaterial.

16 **Q38. HAS THE PROPOSED ALLOCATION METHODOLOGY BEEN APPROVED BY**  
17 **THE COMMISSION IN PRIOR PROCEEDINGS INVOLVING CITIZENS**  
18 **REGULATED UTILITIES?**

19 A38. Yes. The proposed cost allocation methodology is the same allocation methodology in use  
20 by all of Citizens other regulated utilities and has been used in multiple rate cases filed by  
21 Citizens utilities. For instance, the methodology was used without issue in *Re Petition of*  
22 *Citizens Wastewater of Westfield*, IURC Cause No. 44835 (approved May 31, 2017), *Re*  
23 *Petition of CWA Authority, Inc.*, IURC Cause No. 45151 (approved July 29, 2019) and *Re*

1           *Petition of Citizens Thermal Energy*, IURC Cause No. 44781 (approved Nov. 22, 2016).

2           The Commission approved the methodology in one case where it was challenged on the  
3           basis that the general ledger transactions did not exactly match the shared services costs  
4           allocated to the utility. *Re Petition of Citizens Water*, IURC Cause No. 44306 at 56  
5           (approved March 19, 2014).

6   **V.    DEPRECIATION EXPENSE**

7   **Q39.  WHAT IS YOUR PROPOSAL RELATED TO THE APPROVAL OF**  
8           **DEPRECIATION RATES FOR THE WATER SYSTEM TO BE OPERATED BY**  
9           **CRW?**

10   A39.  I suggest that CRW be authorized to use 1.7%, which is consistent with the Commission's  
11           guidance for depreciation rates for a water utility that does not own a complete system.

12   **VI.   CONCLUSION**

13   **Q40.  WHAT DO YOU RECOMMEND TO THE COMMISSION?**

14   A40.  I recommend that the Commission find that CRW has the legal authority and technical,  
15           financial and managerial ability to enter into the Lebanon Supply Agreement and operate  
16           as a public utility. I also recommend the Commission approve CRW's request for authority  
17           to issue the SRF Loan under the terms described herein. Finally, I recommend the  
18           Commission approve the allocation of Shared Services costs to CRW and authorize the use  
19           of a 1.7% composite depreciation accrual rate for CRW's property.

20   **Q41.  DOES THAT CONCLUDE YOUR DIRECT TESTIMONY?**

21   A41.  Yes.

**VERIFICATION**

The undersigned affirms under penalties for perjury that the foregoing testimony is true to the best of his or her knowledge, information and belief.



---

Craig L. Jackson

## DIRECT FUNDING AND GUARANTY AGREEMENT

THIS **DIRECT FUNDING AND GUARANTY AGREEMENT** dated as of \_\_\_\_\_, 2023 (this "Agreement") is entered into by **INDIANA ECONOMIC DEVELOPMENT CORPORATION** (the "Corporation") for the benefit of **CITIZENS REGIONAL WATER RESOURCES, LLC**, an Indiana limited liability company ("CRW"), **INDIANA FINANCE AUTHORITY**, a body corporate and politic (the "IFA"), and **THE BANK OF NEW YORK TRUST COMPANY, N.A.**, as trustee for the IFA's State Revolving Fund Program (the "Trustee").

### Recitals

WHEREAS, the Corporation has requested that CRW construct and operate or cause to be constructed and operated infrastructure and improvements directly and/or through one or more of its affiliated water utilities, in order for the City of Lebanon Utilities (the "Utility") to provide water utility service within the City of Lebanon (the "City") and to the Limitless Exploration/Advance Pace Lebanon and Research District (the "LEAP District") as part of a regional water supply plan;

WHEREAS, the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis d/b/a Citizens Energy Group, acting as trustee of a public charitable trust for the provision of water services d/b/a Citizens Water ("Citizens"), the Utility and the Corporation entered into a Memorandum of Understanding dated March 10, 2023, concerning CRW's provision of water service to the Utility in order for the Utility to provide water utility service within the City and to the LEAP District (the "Transaction") and the background information set forth therein is hereby incorporated by reference into this Agreement;

WHEREAS, in order to finance the costs of constructing the infrastructure needed to supply wholesale finished water to the Utility for the LEAP District, CRW has entered into a Financial Assistance Agreement with the Indiana Finance Authority (the "IFA") dated as of \_\_\_\_\_, 2023 (the "FAA") pursuant to which the IFA has loaned \$\_\_\_\_\_ in aggregate principal amount to CRW (the "SRF Loan");

WHEREAS, CRW is undertaking the Transaction and IFA is making the SRF Loan in reliance upon the Corporation providing its funds for payment of the SRF Loan;

WHEREAS, the Corporation has agreed to payment to or on behalf of CRW, of the required amounts at the times necessary for payments of principal and interest on the SRF Loan;

WHEREAS, the Board of Directors of the Corporation has approved the Corporation's execution of this Agreement and has found the Corporation may do so pursuant to the Corporation's enabling legislation;

WHEREAS, prior to or on the date of execution of this Agreement, the Corporation has deposited with the Trustee, as trustee for the SRF Loan, an amount equal to five years of debt service (excluding the principal portion payable on \_\_\_\_\_, 2028) to be due on the SRF Loan (the "Interest Deposit");

WHEREAS, the Corporation has agreed with CRW that it shall be the primary obligor and sole guarantor for the payments due on the SRF Loan; and

WHEREAS, the Corporation and CRW have agreed that as between them, CRW shall have no obligation or liability for the payments due or to become due to the IFA or the Trustee under the SRF Loan, or to the Corporation by reason of contribution, and therefore the parties hereto desire to enter into this Agreement.

**NOW, THEREFORE**, for and in consideration of the premises and the consummation by the IFA and CRW of the transactions contemplated by the FAA and any other loan documents related to the SRF Loan (the "SRF Loan Documents"), the Corporation does hereby covenant, agree and bind itself as follows:

## ARTICLE 1

### **Definitions and Other Provisions of General Application**

#### **SECTION 1.1 Definitions**

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, capitalized terms not otherwise defined herein shall have the meaning assigned in the FAA.

#### **SECTION 1.2 General Rules of Construction**

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) Defined terms in the singular shall include the plural as well as the singular, and vice versa.

(b) The definitions in the recitals to this instrument are for convenience only and shall not affect the construction of this instrument.

(c) All accounting terms not otherwise defined herein have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles in the United States of America. All references herein to "generally accepted accounting principles" refer to such principles as they exist at the date of application thereof.

(d) All references in this instrument to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(e) The terms "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision.

(f) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(g) The term "person" shall include any individual, corporation, partnership, joint venture, association, trust, unincorporated organization and any government or any agency or political subdivision thereof.

### **SECTION 1.3 Effect of Headings**

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

### **SECTION 1.4 Date of Agreement**

The date of this Agreement is intended as and for a date for the convenient identification of this Agreement and is not intended to indicate that this Agreement was executed and delivered on said date.

### **SECTION 1.5 Separability Clause**

If any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

### **SECTION 1.6 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the State of Indiana.

### **SECTION 1.7 Counterparts**

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

### **SECTION 1.8 Recitals**

The recitals set forth above are incorporated by reference into this Agreement.

## **ARTICLE 2**

### **Direct Funding and Guaranty**

#### **SECTION 2.1 Direct Funding and Guaranty of Payment**

(a) The Corporation hereby absolutely and unconditionally promises and guarantees to CRW and the Trustee, for the benefit of IFA, the Trustee and the holders of the bonds secured

by the IFA's SRF Program, which program includes the SRF Loan, the full and prompt payment of the following (collectively, the "Guaranteed Obligations"):

(1) the principal of the SRF Loan, as and when the same shall become due, whether at the stated maturity thereof, by acceleration, call for redemption or otherwise; and

(2) the interest on the SRF Loan, as and when the same shall become due, which amounts shall be paid first from the Interest Deposit until or unless such amounts are insufficient for payment of interest then due; and

(3) regardless of the final maturity date of the SRF Loan, no later than the fifth anniversary of the issuance of the SRF Loan (the "Prepayment Date"), prepayment of the SRF Loan.

(b) (1) On or prior to the fourth (4<sup>th</sup>) anniversary of the closing date of the SRF Loan (the "Anniversary Date"), the Corporation shall provide evidence acceptable to CRW and IFA, each in their sole discretion, that the Corporation shall have sufficient funds on the Prepayment Date to pay and discharge or refinance the SRF Loan such that CRW is no longer the nominal obligor thereunder.

(2) If by the Anniversary Date the Corporation shall fail to produce evidence satisfactory to CRW and IFA, each in their sole discretion, of sufficient funds for repayment or refinance of the SRF Loan as provided in section 2.1(b)(1) above, on the Prepayment Date, the Corporation shall request the Indiana General Assembly to appropriate funds no later than the Prepayment Date in an amount necessary to repay the SRF Loan.

(c) All payments by the Corporation under this Agreement shall be made in lawful money of the United States of America.

(d) The obligations of the Corporation hereunder shall attach absolutely and unconditionally when the SRF Loan is consummated.

(e) The Corporation agrees that CRW's only liability for payment of the SRF Loan is as set forth in the FAA and with respect to the amounts paid by the Corporation hereunder. Any failure of payment of the SRF Loan shall not create any liability, claim or suit upon CRW, Citizens, CWA Authority, Inc., nor any of the foregoing's subsidiaries or affiliates.

## **SECTION 2.2 Absolute and Unconditional Nature of Direct Funding and Guaranty**

The obligation of payment and guaranty of the Corporation herein contained is an absolute, unconditional, irrevocable and continuing obligation and guaranty of payment, and not of collectability, and, except as otherwise provided by any mandatory provision of law that may not be waived by a guarantor, shall not be discharged, impaired, modified or otherwise affected upon the happening from time to time of any event, including without limitation any of the following, whether or not with notice to, or the consent of, the Corporation:



- (a) the extension of the time for payment of debt service on the SRF Loan or any part thereof or of the time for performance of any other obligations, agreements or covenants of CRW under the FAA or SRF Loan Documents;
- (b) the modification or amendment (whether material or otherwise) of any obligation, agreement or covenant contained in the FAA or SRF Loan Documents, including without limitation modifications or amendments respecting timing or amount of payments;
- (c) the bankruptcy, insolvency, reorganization, appointment of a receiver for, or dissolution of the Corporation, or the entering by any or all of them into an agreement of composition with creditors, or the making by any or all of them of an assignment for the benefit of creditors;
- (d) the default or failure of CRW to perform fully any obligation, covenant or agreement contained in any of the SRF Loan Documents;
- (e) the release or discharge of CRW by operation of law, to the extent that such release or discharge may be lawfully avoided, from the performance or observance of any agreement or covenant contained in any of the SRF Loan Documents; and
- (f) the invalidity or unenforceability of any of the SRF Loan Documents or of any provision of such instruments.

The sources of payment of the Corporation for the Guaranteed Obligations have not been previously pledged, assigned or had a security interest granted in the same, nor does any prior or superior lien, claim or right exist with respect to such sources of payment. The Corporation is solvent and able to pay its obligations as the same become due.

### **SECTION 2.3 Waivers**

- (a) The Corporation hereby expressly waives notice in writing or otherwise from the Trustee, the IFA, or CRW of their, or any of their, acceptance and reliance on this Agreement. The Corporation further waives, as to the enforcement of this Agreement, (i) all rights of exemption that it may have under the constitution and laws of the State of Indiana or any other state as to any levy on and sale of property and (ii) presentation and demand for payment (or protest of nonpayment) of debt service on the SRF Loan or any part thereof.
- (b) This Agreement is an absolute, irrevocable and unconditional obligation and guaranty of payment and performance, and the Corporation shall be liable for the payment and performance of the SRF Loan as a primary obligor. It shall not be necessary for CRW, the IFA or the Trustee, in order to enforce such payment or performance by the Corporation, first to institute suit or pursue or exhaust any rights or remedies against the IFA or any other person liable on such indebtedness or for such performance, or to enforce any rights against any security given to secure such indebtedness or performance, or to join the IFA or any other person liable for the payment or performance of the SRF Loan or any part thereof in any action to enforce this Agreement, or to resort to any other means of obtaining payment or performance of the Guaranteed Obligations; provided, however, that nothing herein contained shall prevent Trustee from exercising any other right under the SRF Loan Documents.

(c) The Corporation hereby expressly waives any and all rights or claims to payment from CRW arising by reason of the SRF Loan Documents, this Agreement, or by law, including without limitation any rights or claims of contribution.

#### **SECTION 2.4 Termination of Agreement**

This Agreement shall terminate when the SRF Loan has been fully and indefeasibly paid and is no longer Outstanding.

### **ARTICLE 3**

#### **Representations and Covenants**

##### **SECTION 3.1 Corporation Existence; Authority**

(a) The Corporation will do or cause to be done all things necessary to preserve and keep in full force and effect its existence, rights (certificate, statutory or otherwise) and franchises.

(b) The Corporation may not consolidate with or merge into any other entity or transfer its property substantially as an entirety to any person.

(c) The Corporation has been duly created and is a validly existing public body corporate and politic under, and by virtue of, the laws of the State of Indiana, as supplemented and amended, and it has the power and authority to enter into this Agreement and to carry out and consummate all of the transactions contemplated by this Agreement, the FAA and the SRF Loan Documents.

(d) This Agreement been duly authorized, executed and delivered by the Corporation, and constitutes the valid and binding agreements of the Corporation enforceable in accordance with their respective terms.

(e) All authorizations, consents, approvals and review of governmental bodies or regulatory authorities required for the Corporation's execution, delivery or performance of this Agreement have been obtained or effected.

(f) All resolutions and actions of the Corporation relating to the above-mentioned documents and all related proceedings comply with all laws relating to the Corporation, and all actions were taken at meetings of members of the Corporation which were called and held pursuant to law, and all applicable public notice requirements and at which meetings a quorum was present and participating throughout.

(g) None of the proceedings had or actions taken with regard to any of the above-mentioned documents has or have been repealed, rescinded or revoked by the Corporation.

(h) (i) the execution and delivery of this Agreement by the Corporation and the performance by the Corporation of its covenants thereunder do not violate any existing law,

administrative regulation, agreement, instrument, order of any court or regulatory body or consent decree by which the Issuer or any of its properties may be bound;

(ii) the execution and delivery of this Agreement by the Corporation and the performance by the Corporation of its covenants thereunder do not violate any existing law, administrative regulation, agreement, instrument, order of any court or regulatory body or consent decree by which the Corporation or any of its properties may be bound; and

(iii) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, threatened against or affecting the Corporation: (i) seeking to restrain or enjoin the execution or delivery of this Agreement; (ii) in any way contesting or affecting any authority for this Agreement or the validity of this Agreement, or the transactions contemplated hereby, the FAA or the SRF Loan Documents, or the pledge or application of any moneys or security provided for the payment under this Agreement or the use of the monies of the IEDC pledged hereunder; or (iii) in any way contesting the existence or the powers of the Corporation.

(i) The Corporation has caused its counsel, Dentons Bingham Greenebaum to deliver on the date hereof its opinion in a form satisfactory to CRW and IFA.

### **SECTION 3.2 LEAP District**

Pursuant to IC 36-7-32.5, the Corporation has either (i) notified and collaborated with the executive of the City or (ii) entered into an agreement with the City establishing the terms and conditions of the LEAP District, such that the LEAP District has been designated an “innovation development district” under IC 36-7-32.5. The Corporation and the City have reasonably estimated and provided to CRW prior to the date hereof calculations that evidence the “costs and benefits” of the LEAP District. The Corporation and the City certify that the LEAP District has not been created in an existing allocation area as enumerated in IC 36-7-32.5-10.

## **ARTICLE 4**

### **Remedies**

#### **SECTION 4.1 Events of Default**

Any one or more of the following shall constitute an event of default (a “Guaranty Default”) under this Agreement (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) failure to make any payment required under *Section 2.1* herein as and when the same shall become due and payable; or

(b) default in the performance, or breach, of any covenant or warranty of the Corporation in this Agreement (other than a covenant or warranty, a default in the performance or breach of which is elsewhere in this Section specifically dealt with), and the continuance of such default or breach for a period of [5] days; or

(c) the occurrence of an event of default, as therein defined, under the FAA or any SRF Loan Documents, and the expiration of the applicable grace period, if any, specified therein.

#### **SECTION 4.2 Remedies**

If a Guaranty Default exists, CRW or the Trustee, at the direction of CRW or IFA, may proceed to protect their rights and the rights by suit in equity, action at law or other appropriate proceedings, whether for the specific performance of any covenant or agreement of the Corporation herein contained or in aid of the exercise of any power or remedy granted to the Trustee or CRW under the FAA or under the SRF Loan Documents. The Trustee may proceed directly against the Corporation hereunder without resorting to any other remedies which it may have and without proceeding against any other security held by the Trustee.

#### **SECTION 4.3 Unconditional Right of Trustee to Receive Principal, Premium and Interest**

Notwithstanding any other provision in this Agreement, the Trustee, for and on behalf of the IFA, or the IFA itself, shall have the right, which is absolute and unconditional, to receive payment of the principal of (and premium, if any) and interest on such SRF Loan on the respective stated maturities expressed in the SRF Loan and/or the FAA (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the written consent of IFA.

#### **SECTION 4.4 Application of Money Collected**

Any money collected by the Trustee or CRW pursuant to this Agreement shall be applied to the payment of the whole amount then due and unpaid upon the SRF Loan for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected; and in case such money shall be insufficient to pay in full the whole amount so due and unpaid upon such SRF Loan, then to the payment of such principal (and premium, if any) and interest, without any preference or priority, ratably according to the aggregate amount so due.

#### **SECTION 4.5 Agreement to Pay Attorneys' Fees**

In the event the Corporation should default under any of the provisions of this Agreement and the Trustee (in its own name or in the name and on behalf of the Registered Owners of the SRF Loan) or CRW should employ attorneys or incur other expenses for the collection of any payments due hereunder or the enforcement of performance or observance of any agreement or covenant on the part of the Corporation herein contained, the Corporation will on demand therefor pay to the Trustee or CRW, as applicable, the reasonable fees of such attorneys and such other expenses so incurred.

#### **SECTION 4.6 Waiver of Past Defaults**

(a) Before any judgment or decree for payment of money due has been obtained by the Trustee, CRW may, by act of CRW delivered to the Trustee and the Corporation, waive any past default hereunder and its consequences, except for a default in the payment of any sums due pursuant to *Section 2.1* herein.

(b) Upon any such waiver, such default shall cease to exist, and any Guaranty Default arising therefrom shall be deemed to have been cured, for every purpose of this Agreement; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

#### **SECTION 4.7 No Additional Waiver Implied by One Waiver**

If any agreement contained in this Agreement should be breached by the Corporation and thereafter waived by CRW, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

#### **SECTION 4.8 Remedies Subject to Applicable Law**

All rights, remedies and powers provided by this Article may be exercised only to the extent the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Agreement invalid or unenforceable.

### **ARTICLE 5**

#### **Miscellaneous**

#### **SECTION 5.1 Amendments**

This Agreement shall not be amended except by the written consent of CRW.

#### **SECTION 5.2 Notices**

(a) Any request, demand, authorization, direction, notice, consent, or other document provided or permitted by this Agreement to be made upon, given or furnished to, or filed with, the Corporation or the Trustee must (except as otherwise provided in this Agreement) be in writing and be delivered by one of the following methods: (1) by personal delivery at the hand delivery address specified pursuant to the MOU of the Indenture or (2) by first-class, registered or certified mail, postage prepaid and addressed as specified pursuant to the MOU of the Indenture. Notice to the IFA shall be given at One North Capitol, Suite 900, Indianapolis, Indiana 46204 Attention: Public Finance Director. A party may change the address for receiving any such notice or document by giving notice of the change to the other party as provided in this Section.

(b) Any such notice or other document shall be deemed delivered when actually received by the party to whom directed (or, if such party is not an individual, to an officer, partner or other legal representative of the party) at the address or number specified pursuant to this Section, or, if sent by mail, three days after such notice or document is deposited in the United States mail, addressed as provided above.

**SECTION 5.3 Successors and Assigns**

All covenants and agreements in this Agreement by the Corporation shall bind its successors and assigns, whether so expressed or not.

**SECTION 5.4 Benefits of Agreement**

Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, CRW, and the IFA, any benefit or any legal or equitable right, remedy or claim under this Agreement.

**SECTION 5.5 No Personal Liability.**

None of the covenants, stipulations, promises, agreements and obligations of the Corporation contained herein shall be deemed to be covenants, stipulations, promises, agreements or obligations of any official, officer, agent or employee of the Corporation in his or her individual capacity, and no recourse shall be had for the payment of the principal or premium, if any, or interest on the SRF Loan or for any claim based thereon or any claim hereunder against any official, officer, agent or employee of the Corporation or any natural person executing this Agreement.

*[Balance of page intentionally left blank.]*

IN WITNESS WHEREOF, the Corporation has caused this instrument to be duly executed and delivered.

**INDIANA ECONOMIC DEVELOPMENT CORPORATION**

By: David Rosenberg

Name: David Rosenberg

Title: Chief Operating Officer

Executed, Acknowledged and Agreed to as to Section 3.2 above:

CITY OF LEBANON, INDIANA

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Agreed to and Accepted by:

CITIZENS REGIONAL WATER RESOURCES, LLC

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

## MEMORANDUM OF UNDERSTANDING

(CEG – IEDC – Lebanon Utilities: LEAP Water Supply Infrastructure)

This Memorandum of Understanding ("MOU") is entered into by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis d/b/a Citizens Energy Group ("CEG"), acting as trustee of a public charitable trust for the provision of water services d/b/a as Citizens Water ("Citizens"), the City of Lebanon Utilities (the "Utility") and the Indiana Economic Development Corporation (the "IEDC") (Citizens, the Utility and the IEDC are collectively referred to herein as the "Parties") to memorialize our mutual understanding concerning the developing, financing and supply of water (the "Transactions") for a project known as the Limitless Exploration/Advance Pace Lebanon and Research District (the "LEAP District") consisting of approximately 11,000 acres within and proximate to the City of Lebanon (the "City") which shall be described in the definitive supply agreement between Citizens Regional Water, LLC ("CRW") and the Utility. Such supply is contemplated to be provided from and to multiple delivery points. **THIS MOU IS NOT INTENDED TO CONTAIN ALL OF THE DETAILED TERMS AND CONDITIONS OF THE DEVELOPMENT, FINANCING AND SUPPLY OF WATER TO THE LEAP DISTRICT AND EXCEPT AS SET FORTH IN PARAGRAPH VII HEREOF, IS NOT LEGALLY BINDING UPON THE PARTIES.** Consummation of the Transactions (the "Long-Term Closing" or the "Closing") is subject to certain approvals, closing conditions and the completion of business, financial, legal and similar due diligence with results satisfactory to the parties in their discretion, portions of which are set forth herein.

Preliminarily, and in an effort to provide a framework for this MOU, important background information relating to the Transactions is summarized below:

1. As of the date hereof, the IEDC is developing the LEAP District and the Parties intend the LEAP District to satisfy multiple aspects of the Indiana General Assembly's intent for economic development in Indiana.
2. The LEAP District requires certain water supply infrastructure and services to be viable.
3. The City owns and operates a municipal water utility that provides retail water utility service in and around Lebanon, including within the LEAP District.
4. The IEDC has approached Citizens to construct and operate water supply infrastructure and improvements directly and/or through one or more of its affiliated water utilities, which when completed will be capable of collectively providing 10 million gallons per day ("mgd") of finished water (the "Project Volume") to the Utility (the "Project"), in order for the Utility to provide water utility service within the City and to the LEAP District. Citizens intends to create a new affiliated entity, CRW, for the purpose of constructing and operating wholesale water supply infrastructure in and around Boone County for the Project, and to secure financing for the Project. With the construction of the herein described infrastructure, CRW will be able to supply wholesale water to the Utility in order for the Utility to distribute finished water to the City and the LEAP District.



5. The Indiana Finance Authority (the "IFA") acting by and on behalf of the Indiana State Revolving Fund Loan Program for Drinking Water Loans ("SRF") has indicated its ability to assist CRW, the Utility and the IEDC in the financing of the Project as long as requested funding satisfies the definition of Eligible Costs (as defined below). It is anticipated that financing would be requested in calendar year 2023 (and in subsequent years as shall be required due to Eligible Costs (as defined below) of the Project) through its SRF program to CRW (the "SRF Loan") for the Eligible Costs of constructing the infrastructure needed to supply wholesale finished water to the Utility for the LEAP District (the "System"), which costs are currently estimated on the date hereof to be \$200,000,000 for the Project. CRW shall construct or cause to be constructed the Project with proceeds of the SRF Loan. The Parties acknowledge that construction and material costs may and will likely be different than projected and/or budgeted and in such event of increased costs (the "Excess Costs"), CRW may request additional borrowings from SRF in order to complete the Project. Any references to IEDC's obligation regarding the SRF Loan (with respect to payment to CRW and/or IFA of the debt service due thereon) shall include additional borrowings by CRW from SRF for the Project.

6. Due to the fact that the Project is undertaken for purposes of economic development, the net operating revenues of the System will be nominal. To incent CRW to construct the Project, the IEDC will provide IEDC Funds (as defined herein) to CRW for the payment of all debt service on the SRF Loan. CRW will negotiate a water rate with the Utility for the LEAP District that does not include any amounts to recover debt service on the SRF Loan or a return on plant purchased with the SRF Loan.

7. CRW will work with diligence to develop and construct the Project, and install infrastructure to deliver 6 MGD by January 1, 2026 and a total of 10 MGD by January 1, 2027 (an additional 4 MGD, of which 1.35MGD as recoupment supply for the Utility) to the Utility for the LEAP District, but it is understood that those are target dates and CRW may not be able to meet those dates despite its reasonable efforts to do so. The Parties have agreed that no penalty or liability shall apply to Citizens or any other affiliated entity for deliveries that are later than dates anticipated by the IEDC and the Utility.

8. The Parties desire to commence development of the Project prior to the date on which the IFA is able to provide funds for the purchase of the SRF Loan and therefore the Parties recognize, acknowledge and agree that CRW, Citizens and/or its subsidiaries and affiliates will initially need to outlay monies to CRW and/or for the Project (the "Short-Term Funding") in order for CRW to provide for: (a) eligible planning and engineering services which includes the production of an SRF-required preliminary engineering report for the Project, (b) eligible design services for the production of plans and specifications for the Project and (c) eligible construction costs, including procurement of needed materials that could affect the schedules, financing, and legal costs of the Project, each in accordance with the customary policies and terms of the SRF Drinking Water Program and shall also include the supply allocation cost required for the System (collectively, the "Eligible Costs"). The Parties have agreed that the Short-Term Funding will arise shortly after the execution of this MOU. The Short-Term Funding related to the Project will be payable solely from the proceeds of the SRF Loan and/or IEDC Funds. The Parties acknowledge that it is contemplated that the proceeds of the Short-Term Funding are

anticipated to be used primarily for those items set forth in clauses (a) and (b) of the definition of "Eligible Costs"; however, CRW may undertake to purchase materials in anticipation of construction of the System and completion of the Project, as set forth in (c). Due to the desire and need to commence work on the Project, the Parties agree that the terms in Paragraph I [Terms and Conditions Related to Incurrence of Short-Term Funding] hereof shall be binding upon execution of this MOU.

9. In any and all events neither Citizens nor any other subsidiary or affiliate *other than CRW* shall be obligated to provide the Project nor, from the date hereof until the maturity date of the SRF Loan, obligated to provide for any payments or other obligations related to the System, including the Short-Term Funding or the SRF Loan.

10. The Parties acknowledge and understand the risks involved in the Transactions and will explore and undertake risk mitigation strategies for the delivery of water to the LEAP District.

Based upon the above and assuming the proposed financing plan that exists as of the date of this MOU, also exists at the time of the Long-Term Closing, the Parties have agreed that there is currently identified an acceptable approach to completing the Transactions that will achieve the objectives of the Parties concerning the LEAP District, the principal terms and provisions of which are summarized below.

I. Terms and Conditions Related to Incurrence of Short-Term Funding. As and to the extent necessary, prior to the incurrence of Short-Term Fundings the Boards of Directors of Citizens Energy Group, CRW and any other applicable affiliates or subsidiaries of Citizens, the Common Council of the City and the Board of Directors of IEDC shall have approved the Transactions which relate to the Short-Term Fundings. The Transactions which relate to the incurrence of the Short-Term Fundings will have the following terms:

A. The IEDC and CRW agree that if for any reason the SRF Loan is not closed, the repayment of the Short-Term Fundings incurred for purposes of the Project (which purposes shall not include upgrades that were planned to occur independent of the Project for infrastructure owned and/or operated by Citizens or any affiliate or other subsidiary or affiliate thereof), will be paid from funds currently and/or putatively available and/or accessible to IEDC ("IEDC Funds") in an amount up to \$1,000,000.

B. IEDC agrees that, following the Long-Term Closing, it shall be unconditionally and absolutely obligated to pay or retire, with IEDC Funds, the SRF Loan within five (5) years of the date of issuance and prepay upon the closing of the SRF Loan, the debt service obligation due on the full principal amount (excluding any balloon payment due on the Prepayment Date) of the SRF Loan for five (5) years in a reserve.

II. General Terms and Conditions to Long-Term Closing. In addition to customary representations, warranties, indemnities, covenants, conditions of closing and other customary matters for similar transactions, the Transactions contemplated by this MOU which are related to the SRF Loan will have the terms set forth below.

A. The Project shall have been approved by SRF for the SRF Loan when the IFA issues its bonds to fund the purchase of the SRF Loan.

B. CRW will enter into a Financial Assistance Agreement with the IFA for the SRF Loan which includes and describes the Eligible Costs and shall qualify as a "Participant" pursuant to I.C. 5-1.2-2-54.

C. The IEDC, CRW and SRF shall agree with respect to the SRF Loan to be made, that the projected revenues from the System after operating expenses of the Project ("Net Revenues") and IEDC Funds (collectively, "Project Revenues") are reasonably satisfactory to IFA ("Projected Coverage"). To provide clarity, while the Short-Term Funding and the SRF Loan are outstanding, "Project Revenues" shall include IEDC Funds.

D. In addition to providing for Eligible Costs, the proceeds of the SRF Loan shall pay or reimburse CRW for Eligible Costs initially paid with the Short-Term Funding.

E. CRW and the Utility will enter into and there shall be in place a mutually acceptable water supply agreement (the "Supply Agreement") which shall be a take-or-pay arrangement for water quality purposes.

F. CRW (and any other applicable affiliate or subsidiary of CEG) and the Utility will work toward a definitive agreement toward establishment of a water service territory (pursuant to IC 8-1.5-6 and the appropriate exceptions thereto) within the relevant portions of Boone County.

G. The IEDC will have agreed to payment to CRW of the IEDC Funds in the amounts and at the times necessary for payments of principal and interest on the SRF Loan. On or prior to the date of the Long-Term Closing, the IEDC shall have deposited with the corporate trustee for the SRF Loan, an amount equal to five years of debt service (excluding the principal portion of any balloon payment to be paid on the below defined Prepayment Date) to be due on the amount of the SRF Loan issued to fund the Project.

H. The IFA Bonds (as defined in this paragraph) shall have been issued and the SRF Loan shall be funded solely from available proceeds of the IFA's State Revolving Fund Program Bonds or other similar obligations of the IFA (the "IFA Bonds") issued as a part of the Drinking Water SRF Program within the meaning of the IFA's Drinking Water SRF Indenture and contained in the SRF's Drinking Water Purchase Account therein or from other sources that the IFA may, in its sole discretion, designate.

I. While the SRF Loan is outstanding, IFA will have a first lien security position (including pledges, UCC interests and mortgage interests) with respect to the Net Revenues of the System.

J. Any payment obligations on the first lien obligations issued by CRW (the "CRW Debt") held by IFA will be prior in security to any payment of any bonds or obligations subordinate to the CRW Debt.

K. Based upon information provided by IFA and IEDC, CRW shall have determined, in its sole discretion, that the Definitive Agreements (as defined herein) do not impose on CRW any unacceptable or burdensome requirements for bidding or federal compliance.

L. The IEDC shall have agreed with CRW that it shall be the sole obligor and guarantor for any failure to make the payments due on the SRF Loan and IEDC and CRW shall agree that CRW shall have no obligation or liability in the event of any non-payment of the SRF Loan. Regardless of the final maturity date of the SRF Loan, no later than the fifth anniversary of the issuance of the SRF Loan (the "Prepayment Date") IEDC shall prepay the SRF Loan solely with IEDC Funds.

M. Pursuant to IC 36-7-32.5, the IEDC shall have either (i) notified and collaborated with the executive of the City or (ii) entered into an agreement with the City establishing the terms and conditions of the LEAP District, such that the LEAP District has been designated an "innovation development district" under IC 36-7-32.5. The IEDC and the City shall have reasonably estimated and provided to CRW calculations that evidence the "costs and benefits" of the LEAP District. The IEDC and the City shall certify that the LEAP District has not been created in an existing allocation area as enumerated in IC 36-7-32.5-10 and shall make certifications as to the businesses to locate and to be located within the LEAP District.

N. The Parties shall have agreed in the Definitive Agreements, that if the IEDC shall request and IFA shall issue bonds pursuant to IC 5-1.2-32.5-19 ("IDD Bonds") to refinance the SRF Loan, IEDC shall subordinate operating expenses of the innovation development district funds from which such IDD Bonds are payable to the debt service due on the SRF Loan.

O. The Boards of Directors of CEG, CRW and any other applicable affiliates or subsidiaries of CEG, the Common Council for the City and IEDC shall have approved the Transactions which relate to the SRF Loan. The IFA shall have received all approvals necessary under I.C. 5-1.2 for the issuance of the SRF Loan.

P. CRW shall have completed its due diligence, in a manner reasonably acceptable to CRW, of its obligations to IFA as a Participant in the SRF including specifically any obligations or additional costs related to federal procurement issues and Davis-Bacon compliance and as it relates to the development and operation of the Project and the terms and performance of the Supply Agreement.

Q. IFA shall have completed its due diligence in a manner acceptable to IFA.

R. IFA shall have obtained EPA concurrence to any aspect of the Transactions that IFA determines is prudent.

S. To the extent CRW in its sole discretion determines necessary, the Indiana Utility Regulatory Commission ("IURC") shall have issued a final nonappealable order that does not contain findings, terms, or conditions that materially adversely impact the terms set forth herein, CRW's ability to consummate the Transactions, or CRW's ability to operate the Project, in all cases as determined by CRW in its reasonable discretion. Such IURC order must, without limitation: (1) approve the Transactions contemplated herein, as necessary, including the Supply Agreement, if necessary; (2) approve rates (separate and apart from the Supply Agreement); (3) grant CRW a certificate of public convenience and necessity to provide water service in all necessary Indiana counties, and (4) approve any indebtedness to which CRW is obligated or for which it shall be obligated; and (5) grant all other regulatory approvals required by CRW to operate the Project.

T. All necessary approvals that CRW in its sole discretion determines necessary shall have been obtained, including without limitation any needed approvals of the Indiana Department of Environmental Management and of CRW's independent auditor with respect to CRW's ownership rights as reflected on its books and records.

U. The Definitive Agreements shall reflect that IEDC is to provide to CRW and IFA on or prior to the fourth anniversary of the issuance date of the SRF Loan, evidence acceptable to CRW and IFA, each in its sole discretion, that the SRF Loan will be fully repaid by IEDC on the Prepayment Date. The Definitive Agreements shall contain covenants, defaults, remedies and enforcement mechanisms acceptable to CRW and IFA in their sole and absolute discretion, as to IEDC with respect to such evidence and payment.

V. The IEDC and the Utility shall have agreed as between them that appropriate mechanisms exist for IEDC to recoup from the Utility its investment or a portion thereof.

III. Failure to Achieve Long-Term Closing; Matters Following Long-Term Closing.

A. If a Party reasonably determines that the conditions for the Long-Term Closing to proceed shall not have been fulfilled and the Long-Term Closing therefore will not occur then the Parties shall have no further obligations to one another except as otherwise specifically provided herein. In the event that the conditions to the Long-Term Closing shall not have been fulfilled as set forth above and the Long-Term Closing therefore does not occur, and with reference only to items obtained by that point through the use of proceeds of the Short-Term Funding (the "Short-Term Plans and Materials"), the IEDC shall make a payment in the amount of \$1,000,000 for Short-Term Funding described in Section I.(A) above. CRW shall retain ownership of all Short-Term Plans and Materials procured to such date at no additional cost to CRW (or any Citizens-affiliated entity), regardless of whether the Long-Term Closing takes place. Further, if the conditions to the Long-Term Closing shall not have been fulfilled, the IEDC may discontinue working with Citizens (and any of its affiliates or subsidiaries) and may undertake any transactions with another party or parties necessary to supply the LEAP District with water with no further obligation to Citizens (or any of its affiliates or subsidiaries) except as is set forth herein. In addition, if the conditions to the Long-Term Closing shall not have been fulfilled, and the Long-Term Closing therefore does not occur, CRW may discontinue working with IEDC and may undertake any transactions with another party or parties necessary to complete supply of water service to the City.

B. Upon any subsequent increase of the principal amount of the SRF Loan arising from Excess Costs, the IEDC shall deposit with the corporate trustee for the SRF Loan, IEDC Funds for payment of debt service arising from such Excess Costs that are in addition to the Initial Principal Amount (but excluding the principal portion of any balloon payment to be paid on the Prepayment Date).

IV. Definitive Agreements. Consummation of the Transactions related to the SRF Loan is subject to the preparation, authorization, execution and delivery of a definitive agreement and other related documents by and among the Parties (the "Definitive Agreements") which are acceptable to the Parties (which Definitive Agreements shall include the Supply Agreement). Upon execution of this MOU, the parties will promptly undertake

negotiations of the terms of the Definitive Agreements related to the SRF Loan, with the goal of completing such negotiations no later than the later of (i) 45 days following the issuance of the IFA Bonds or (ii) September 1, 2023. The parties intend to proceed toward consummation of the Transactions in good faith.

- V. Costs and Expense. Each Party shall be responsible for payment of its own legal expenses.
- VI. Governing Law. This MOU will be governed by Indiana law, without regard to principles of conflicts of law
- VII. Binding Effect; Termination. The parties intend to negotiate the terms and conditions of the Definitive Agreements until this MOU is terminated in accordance with this paragraph. Except for costs and expenses, the law governing this MOU, the obligations of the parties set forth regarding provision of the Short-Term Funding, in the event of the failure to satisfy the conditions of the Long-Term Closing, notices to parties, severability of provisions of this MOU, extrinsic evidence and provisions regarding the execution hereof, each as described in numbered Paragraph I, Paragraph III and Paragraph V through XI, as applicable, each of which is intended to be binding, the parties agree that this MOU is not otherwise intended to be a binding agreement between the parties but merely an expression of their intent with regard to the transactions described herein, and each party covenants never to contend to the contrary.
- VIII. Notices. All notices and other communications hereunder shall be in writing and shall be furnished by hand delivery of registered or certified mail to the parties at the addresses set forth below. Any such notice shall be duly given upon the date it is delivered to the addresses shown below, addressed as follows:

If to CRW and Citizens to:

Citizens Regional Water, LLC  
c/o Citizens Energy Group  
2020 N. Meridian Street  
Indianapolis, IN 46202  
Attention: Jeffery A. Harrison, President and Chief Executive Officer  
Email: [JHarrison@citizensenergygroup.com](mailto:JHarrison@citizensenergygroup.com)

With copy to:

Citizens Energy Group  
2020 N. Meridian Street  
Indianapolis, IN 46202  
Attention: Joseph M. Perkins, Jr., Senior Vice President and General Counsel  
Email: [JPerkins@citizensenergygroup.com](mailto:JPerkins@citizensenergygroup.com)

With copy to:

Ice Miller LLP  
One American Square, Suite 2900  
Indianapolis, IN 46282  
Attention: Steven Krohne  
Email: [steve.krohne@icemiller.com](mailto:steve.krohne@icemiller.com)

If to the IEDC:

Indiana Economic Development Corporation  
One North Capitol Avenue  
Indianapolis, IN 46225  
Attention: General Counsel  
Email: [pfowler@iedc.IN.gov](mailto:pfowler@iedc.IN.gov)

With copy to:

David T. McGimpsey  
Dentons Bingham Greenebaum LLP  
212 W. 6<sup>th</sup> Street  
Jasper, IN 47546  
Email: [david.mcgimpsey@dentons.com](mailto:david.mcgimpsey@dentons.com)

If to the Utility:

Ed Basquill, GM  
401 S Meridian St  
Lebanon, IN 46052  
Email: [ebasquill@lebanon-utilities.com](mailto:ebasquill@lebanon-utilities.com)

With copy to:

Jeff Jacob  
Hackman Hulett LLP  
1620 West Oak St.  
Suite 200  
Zionsville, IN 46077  
Email: [jacob@hhlaw-in.com](mailto:jacob@hhlaw-in.com)

- IX. Severability. If any term, provision, covenant or restriction contained in this MOU that is intended to be binding and enforceable is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions contained in this MOU shall remain in full force and effect and shall in no way be affected, impaired or invalidated.
- X. Entire Agreement. This MOU represents the entire agreement among the Parties with respect to the subject matter hereof and it supersedes all prior or contemporaneous written

or oral agreements or understandings of any kind among the parties hereto with respect to the subject matter hereof.


- XI. Counterparts; Signatures. This MOU may be executed in counterparts, each of which shall be considered an original. To further facilitate the execution of this MOU, the Parties agree that they will give legal effect to facsimile, electronic or PDF signatures, including through platforms like DocuSign and Digi-Ink and in a file in PDF or similar format, as if such signatures originally appeared on counterpart copies of this MOU.

[Remainder of Page Intentionally Blank]



IN WITNESS WHEREOF, the parties have hereunto affixed their signatures on the dates indicated below:

CITIZENS ENERGY GROUP

By:   
Jeffrey Harrison (Mar 10, 2023 13:34 EST)

Date: March 10, 2023

Name: Jeffrey Harrison

Title: President and CEO

INDIANA ECONOMIC DEVELOPMENT  
COMMISSION

By: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

CITY OF LEBANON UTILITIES

By: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

IN WITNESS WHEREOF, the parties have hereunto affixed their signatures on the dates indicated below:

CITIZENS ENERGY GROUP

By: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

INDIANA ECONOMIC DEVELOPMENT  
COMMISSION

By: David Rosenberg  
David Rosenberg (Mar 10, 2023 15:47 EST)

Date: March 10, 2023

Name: David Rosenberg

Title: COO

CITY OF LEBANON UTILITIES

By: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

IN WITNESS WHEREOF, the parties have hereunto affixed their signatures on the dates indicated below:

CITIZENS ENERGY GROUP

By: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

INDIANA ECONOMIC DEVELOPMENT  
COMMISSION

By: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

CITY OF LEBANON UTILITIES

By: *Edward Basquill*  
Edward Basquill (Mar 10, 2023 14:53 EST)

Date: March 10, 2023

Name: Edward Basquill

Title: General Manager

**Citizens Regional Water Resources, LLC ("CRW")**  
**5-Year Pro Forma Income Statement**  
(in millions)

Line #		Year 1	Year 2	Year 3	Year 4	Year 5
1	Revenue	\$ -	\$ -	\$ 5.4	\$ 7.3	\$ 8.7
2	O&M	-	-	3.8	5.6	5.6
3	Taxes	-	0.1	0.3	0.9	1.4
4	Depreciation	-	-	-	-	-
5	<b>Operating Income</b>	-	<b>(0.1)</b>	<b>1.3</b>	<b>0.8</b>	<b>1.7</b>
6	Other Income (Expense)	89.5	(30.3)	(35.0)	(25.5)	-
7	Interest Charges	-	-	-	-	-
8	<b>Net Income (Loss)</b>	<b>\$ 89.5</b>	<b>\$ (30.4)</b>	<b>\$ (33.7)</b>	<b>\$ (24.7)</b>	<b>\$ 1.7</b>

**Citizens Regional Water Resources, LLC ("CRW")**  
**5-Year Pro Forma Balance Sheet**  
(in millions)

Line #		Year 1	Year 2	Year 3	Year 4	Year 5
1	Cash	\$ 175.8	\$ 115.6	\$ 50.1	\$ 2.0	\$ 3.7
2	Plant in Service	13.7	43.5	75.3	98.7	98.7
3	Accum. Depr.	-	-	(0.7)	(2.0)	(3.7)
4	Note Receivable	200.0	200.0	200.0	200.0	-
5	<b>Total Assets</b>	<b>\$ 389.5</b>	<b>\$ 359.1</b>	<b>\$ 324.7</b>	<b>\$ 298.7</b>	<b>\$ 98.7</b>
6	Equity	\$ 89.5	\$ 59.1	\$ 25.4	\$ 0.7	\$ 2.4
7	Long-term Debt	200.0	200.0	200.0	200.0	-
8	CIAC	100.0	100.0	100.0	100.0	100.0
9	Accum. Amort.	-	-	(0.7)	(2.0)	(3.7)
10	<b>Total Capitalization &amp; Liabilities</b>	<b>\$ 389.5</b>	<b>\$ 359.1</b>	<b>\$ 324.7</b>	<b>\$ 298.7</b>	<b>\$ 98.7</b>