



# 2015-2016 Winter Preparedness Overview

Jeffrey A. Harrison

President and Chief Executive Officer



# Citizens Energy Group Corporate Officers Present

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## **Jeffrey A. Harrison**

*President and Chief Executive  
Officer*

## **John F. Lucas**

*Vice President, Information  
Technology*

## **Jennett M. Hill**

*Senior Vice President and  
General Counsel*

## **Curtis H. Popp**

*Vice President, Customer  
Operations*

## **Chris H. Braun**

*Vice President, Energy  
Operations*

## **LaTona S. Prentice**

*Vice President, Regulatory and  
External Affairs*

# Agenda

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- Citizens Natural Gas System
- Recap of 2014-15 Winter
- Residential Winter Bill Projections
- Supply Portfolio
- Operational Preparedness
- Customer Service Preparations

# Citizens Natural Gas System

## Customers

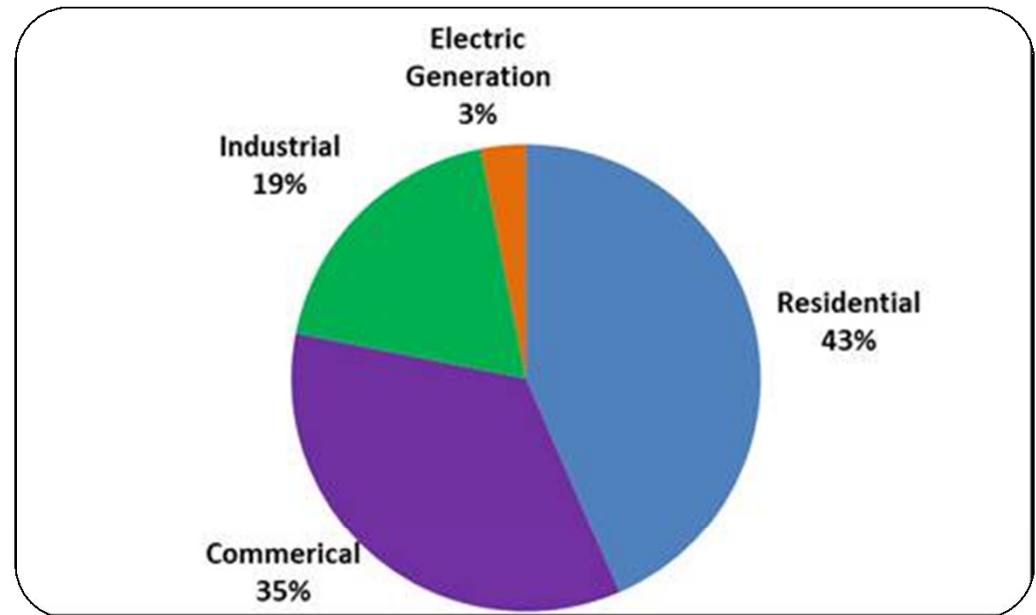
- 270,000 in Marion County
- 3,500 in Westfield

## Transmission System

- 240 miles of main (121 miles in HCA)
- Connected to 4 interstate pipelines
- Looped system providing operational flexibility
- On-system storage and peaking assets

## Distribution System

- 8,000+ miles of distribution mains & services



# Operational Recap of 2014-15 Winter

- 100% system reliability during the winter season. No customer curtailments or interruptions
- Interstate pipeline supplies and on-system storage assets performed without issues
- System improvements and system modernization efforts serving customers well

Seasonal Statistics			Peak Day Day Statistics		
	HDDs	Winter Demand (Bcf)	Peak Day	HDDs	Daily Demand (Dth)
2013-14 Winter	5,314	39.5	January 6, 2014	70	521,371
2014-15 Winter	5,102	39.2	January 7, 2015	62	525,261
Normal Season	4,447	34.8			
Severe Season*	5,438	50.0	Design Peak Day*	82	632,731

\*FY2015 Peak Day (including interruptible electric generation)

# Customer Assistance Provided Last Year

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- Over \$5.3M in assistance to 29,000 customers

## Universal Service Program



\$700,000 provided to  
17,000 customers

## USP Crisis / Hardship Fund



\$401,000 distributed to  
3,000 customers

## Warm Heart Warm Home



\$530,815 distributed to  
7,126 customers

# 2015-16 Winter Overview

- Lower bills expected assuming normal weather and usage
- Operational preparedness ensures system integrity & flexibility
- Low-income assistance programs ready to help customers in need
- Customer Service enhancements improving ease of use

# Residential Winter Bill Projections

Citizens Gas						
	Nov	Dec	Jan	Feb	Mar	Total
Therms	93	142	178	137	108	658
2014-2015	\$ 88.26	\$ 131.62	\$ 153.59	\$ 117.50	\$ 93.08	\$ 584.05
2015-2016	\$ 72.64	\$ 99.61	\$ 121.98	\$ 99.27	\$ 81.23	\$ 474.73
<i>Difference, dollars</i>						<b>\$ (109.32)</b>
<i>Difference, percent</i>						<b>-18.72%</b>

- 19% lower gas bills assuming normal weather and usage
- Lower commodity cost biggest driver of decrease



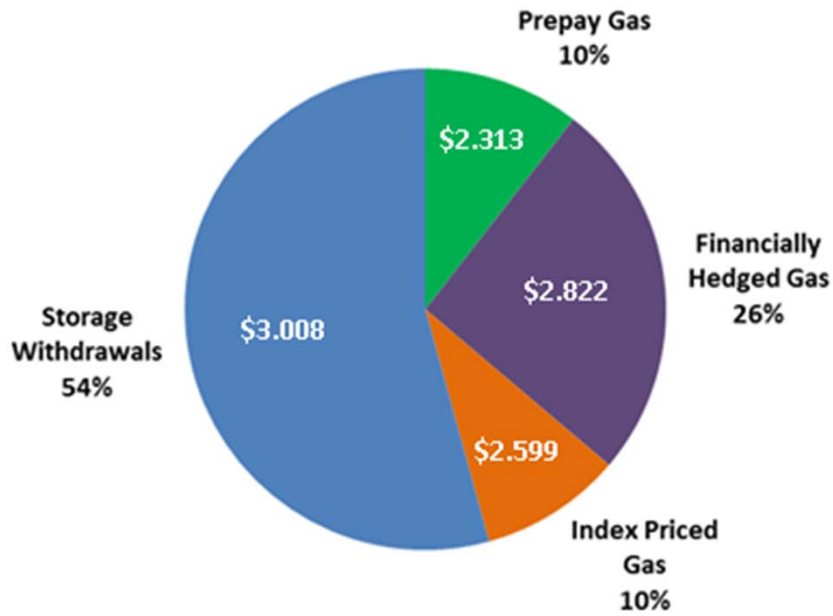
# Providing a Helping Hand to Customers in Need

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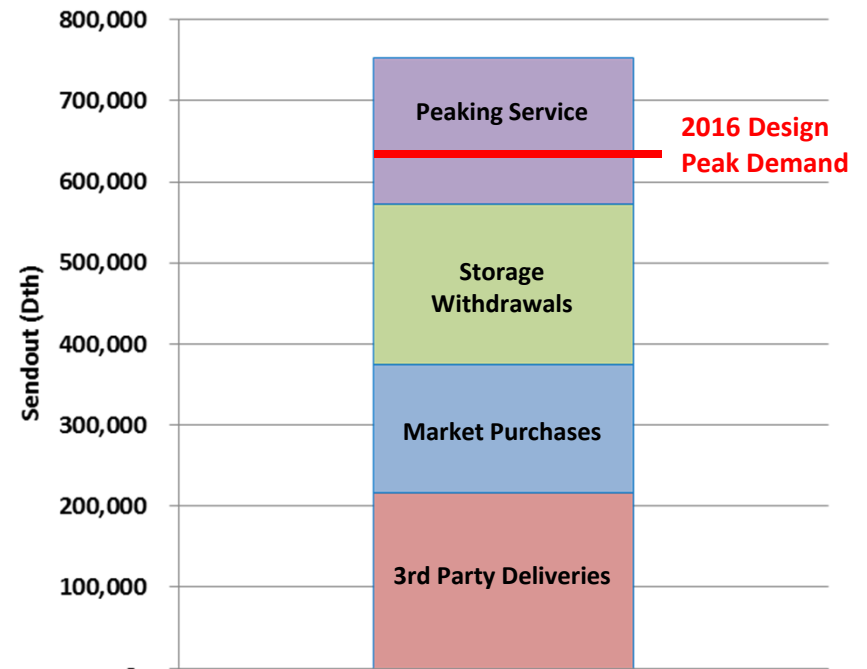
- **State's Energy Assistance Program Customers (EAP/LIHEAP)**
  - Deposits waived for EAP customers
  - Assistance available to fund a portion of the down payment for payment arrangements to avoid disconnection
  - Extended payment arrangements up to nine months to assist with affordability
- **Universal Service Program (USP)**
  - Forecasting \$1.2 MM to 19,500 customers
- **USP Crisis / Hardship Fund** *(at or below 200% of Federal poverty level)*
  - Forecasting \$450,000 in assistance to 3,750 customers
- **Warm Heart Warm Home Foundation**
  - Assistance provided to customers in need
  - Forecasting \$750,000 in assistance to 10,000 customers

# System Acquisition for Winter 2015-16

## Citizens Gas Supply Portfolio Mix



## Citizens Winter 2015-16 Peak Day



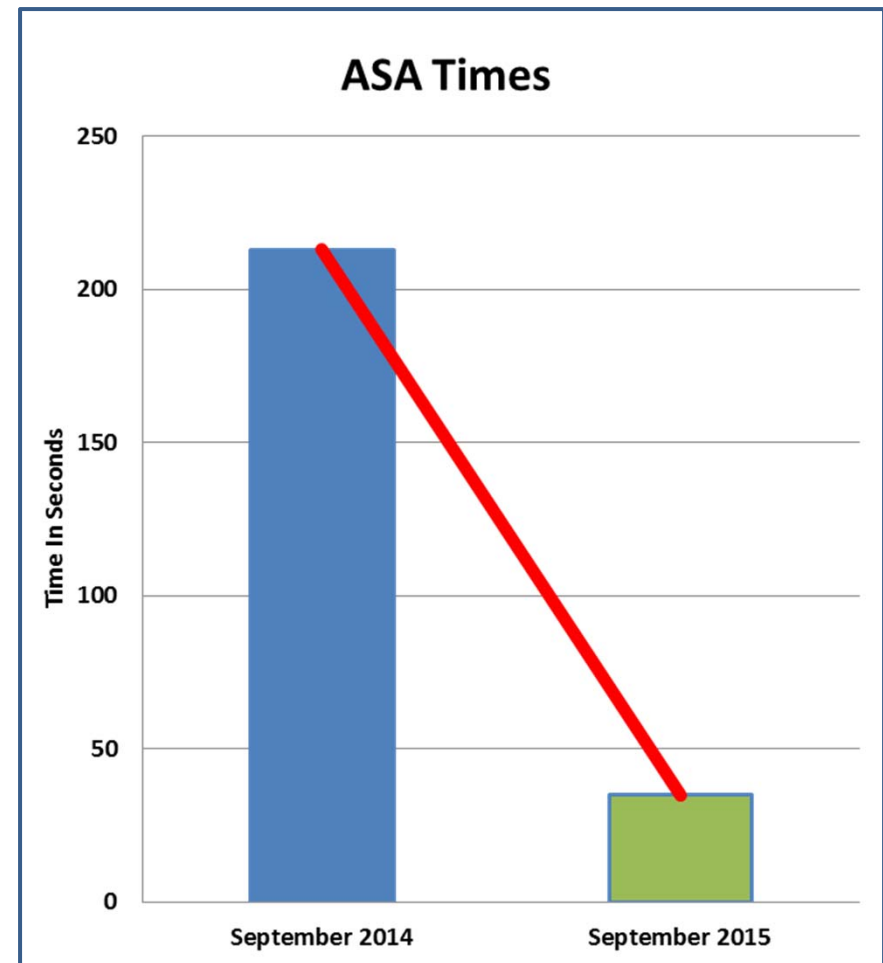
# Operational Preparedness

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- System modelling performed and validated by polar vortex winters experienced
- System improvements completed to allow greater flexibility across the transmission system
- Critical maintenance performed
- Enhanced security protocols for both cyber and physical infrastructures
- Enhanced SCADA to allow additional control and monitoring
- Increased Damage Prevention efforts
- New line locating provider increasing timeliness and accuracy of locates
- Additional facility investments made in LNG North peaking facility

# Customer Service Preparations

- Adding full-time call center associates
- Speed of answer times down 83%
- Voice of the Customer
  - New self-service options via revamped website
  - Online chat and digital alerts
  - More contacts on website lessens load on call center



# Preparing Customers for Winter

- Home heating safety partnership with Indianapolis Fire Department and churches
- Raising awareness about conservation and energy assistance



# In Conclusion

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- Gas bills likely to be down
- Assistance needs will continue to rise
- System integrity and reliability very high
- Customer service enhancements improving ease of use