



Winter and Industry Outlook

Citizens Energy Group

IURC Gas Forum Presentation
November 4, 2013



Agenda

- Mike Strohl, Senior Vice President, Customer Relationships and Corporate Affairs
 - Customer Service
 - Winter bill outlook
 - Natural Gas Advantage for Industrials
 - LNG
 - Sustainability
 - Senate Bill 560
- Chris Braun, Vice President Energy Operations
 - Pipeline Locating Trends

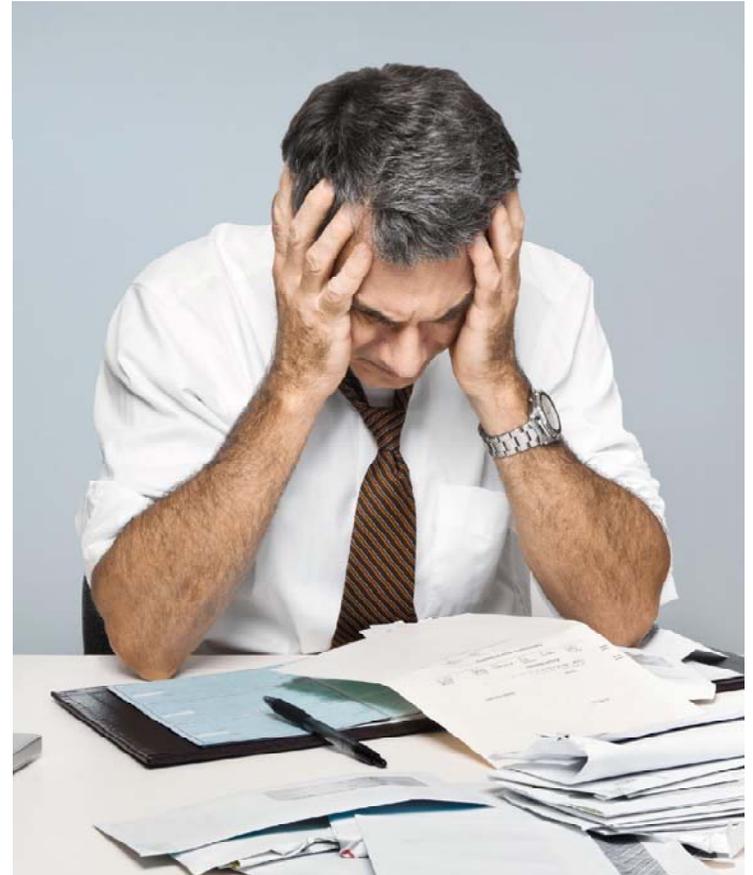
Customer Service Integration

- October 2012 -- One Call, One Bill, One Website
 - Combined Call Center
 - Combined bill
 - Combined meter reading
 - Shared Field Services
 - One website



Integration Hurdles

- **Billing System**
 - Bill combinations
 - Inter-dependencies
- **Meter Reading**
 - Increased Routes/Route Design
 - Staff training/turnover
- **Call Center**
 - Long wait times
 - Increased handle times
 - Staff training/turnover
- **Bill Assistance**
 - Combined assistance



Service Levels Improving

Still not perfect, but improving

- Call times improving
- Monthly meter reading
- Field service excellent
- Improved website
- No. 1 again in J.D. Power



Winter Bill Outlook - Marion County

Residential Winter Bill Projection – Marion County (2013/2014 vs. 2012/2013)						
	Nov	Dec	Jan	Feb	Mar	Total
This Winter	\$80.57	\$120.94	\$147.79	\$121.85	\$98.23	\$569.28
Last Winter	\$81.15	\$121.77	\$141.92	\$120.80	\$94.06	\$559.70
Usage (Therms)	87	138	172	138	108	643

Winter Bill Outlook -- Westfield

Residential Winter Bill Projection – Westfield (2012/2013 vs. 2011/2012)						
	Nov	Dec	Jan	Feb	Mar	Total
This Winter	\$101.59	\$151.91	\$183.04	\$151.91	\$121.59	\$710.04
Last Winter	\$93.11	\$147.31	\$177.31	\$147.31	\$118.32	\$683.36
Usage (Therms)	87	138	172	138	108	643

Gas Supply Resources

2013/2014 Natural Gas Supply Mix – Marion County

Winter Supply Mix	2012	2013
Financially Hedged	25%	20%
Index Price Gas	20%	20%
Storage Withdrawals	55%	60%
	100%	100%

2013/2014 Natural Gas Supply Mix – Westfield

Winter Supply Mix	2012	2013
Physical Hedged	33%	34%
Index Price Gas	20%	20%
Storage Withdrawals	47%	46%
	100%	100%

Helping Customers in Need

- Low Income Assistance
 - Universal Service Program (USP) Crisis
 - 2013 - \$454K vs. \$480K in 2012
 - Warm Heart Warm Home (WHWH)
 - 2013 - \$1.3M vs. \$234K in 2012
 - 11,000 customers assisted
 - Energy Assistance Program (EAP)
 - 2013 -- \$4.5M vs. \$3.3M in 2012
 - 21,855 customers assisted

Natural Gas Advantage for Industrials

- According to IMA survey, manufacturing investment to remain tepid
- Environmental compliance
- Power generation conversion may have a material impact

Liquefied Natural Gas Market Grows

- Launch of Kinetrex Energy
 - LNG 40% cheaper than diesel
 - Targeting trucking, other high horsepower applications
 - Leveraging LNG North and South facilities
 - Strategic location on interstates and pipeline network



Sustainability Initiative

- Sustaining our environment, businesses and community
- Report to Community
- Commitments:
 - Reduce Energy Use
 - Reduce Waste
 - Increase Reuse
 - Employees Commitment
 - Community Leadership



Utility Perspective - Senate Bill 560

- TDSIC
 - Particularly relevant for electric utilities and gas utilities with large rural territories
 - May improve economic development investments in certain areas
 - Seven-year capital plan requires discipline/flexibility
- Hybrid Test Year
 - Aligns with ratemaking goal of establishing rates reflective of ongoing operations during the period rates are in effect
- 300- Day Requirement
 - Requires all parties in a rate case to be efficient
 - Reinforces timeliness with credit rating agencies
 - May be confusing to customers if true-up are material





Pipeline Locating Trends

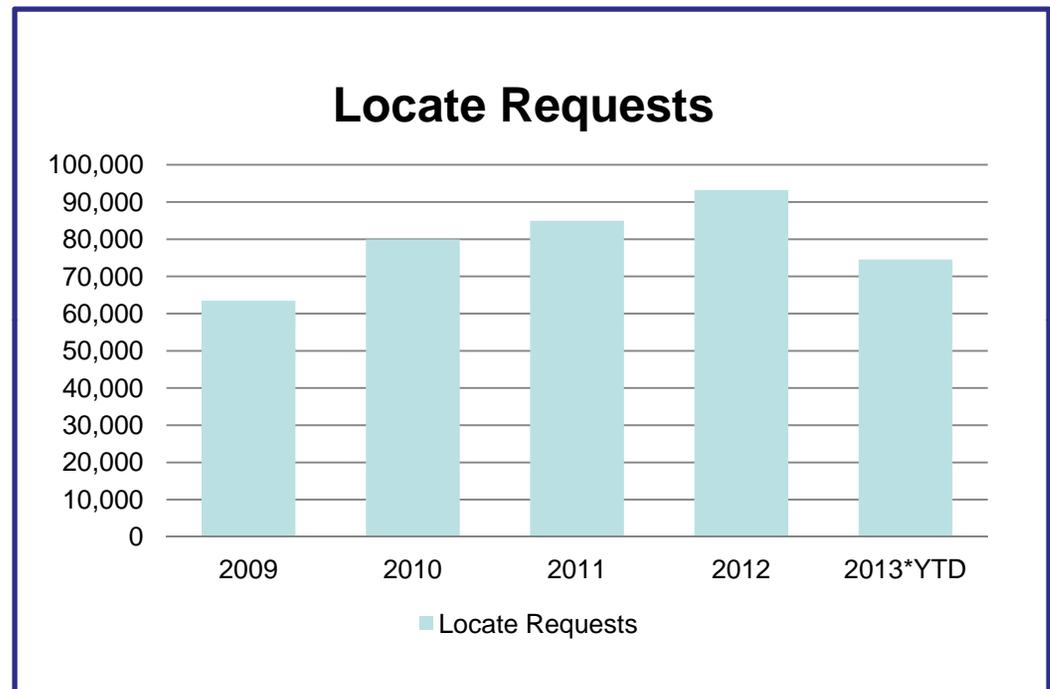
Chris Braun

Vice President, Energy Operations



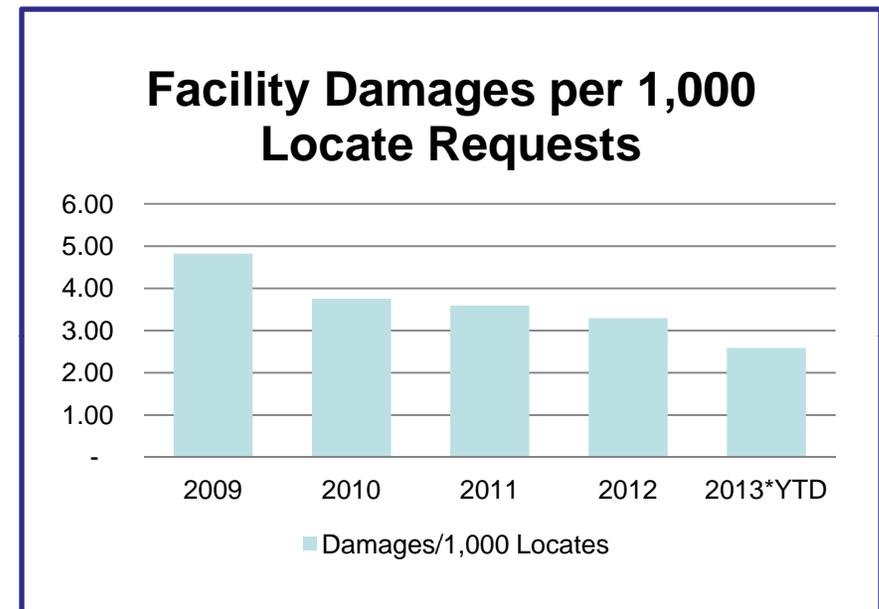
Locating Activity

- Locate requests increasing
 - Public awareness efforts
 - Universal 811
 - Increased economic activity



Damage to Facilities Decreasing

- Initiatives are showing results:
 - Updates to the Damage Prevention Law
 - Implementation of the Advisory Committee
 - Public Awareness through INPAA
 - Damage Prevention activities via IN 811 and Citizens
 - Specific Contractor education via Citizens



Operator Qualification for All Locators is Required

- Contractors have documented training procedures
- Citizens Contractors use same computer-based modules as Citizens for training and assessment
- Contractor uses on-the-job training and evaluation
- Contractor performs field audits of work
- Citizens provides 8-hour classes on map reading; terminology; service and main tickets; and executing challenging locates during our transition



Operator Qualifications

- Locators are qualified for the following activities:
 - Locating Pipelines
 - Recognition of isolated circuits for accurate locates
 - Characteristics and Hazards of Natural Gas
 - Reaction to Abnormal Operating Conditions
 - Prevention of Accidental Ignition



Process Improvement Initiatives

- In Process
 - Root cause analysis of all damages and implementation of lessons learned
 - Root cause analysis of incorrect locates resulting in damage and implementation of lessons learned
 - Sharing of Best Practices between Utility and Locate Contractor
 - Dedicated routes/areas for individual locators
- Coming Soon
 - As-built GPS locations for facilities
 - Contractors use of GPS technology for locates



Questions