Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-001:

Please supply copies of the following documents for the Company and, if applicable, its parent:

a. Most recent Annual Report to shareholders (including any statistical supplements);
b. Most recent SEC Form 10K;
c. All SEC Form 10Q reports issued within last year.

Response:

a. See Attachment A to Exhibit No. 403 for a copy of the December 31, 2016 NiSource Inc. Annual Message to Stockholders.

b. See Attachment B to Exhibit No. 403 for a copy of the December 31, 2016 10Q.

c. See GAS-ROR-001, Attachments A through C for the NiSource Inc. June 30, 2017 SEC Form 10Q (Attachment A), March 31, 2017 SEC Form 10Q (Attachment B) and September 30, 2016 SEC Form 10Q (Attachment C).

   See Exhibit No. 402 for a copy of the September 30, 2017 NiSource Inc. 10Q.

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NISOURCE INC/DE

FORM 10-Q
(Quarterly Report)

Filed 08/02/17 for the Period Ending 06/30/17

Address	801 EAST 86TH AVE
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Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2017

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 001-16189

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware	35-2108964
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
801 East 86th Avenue Merrillville, Indiana	46410
(Address of principal executive offices)	(Zip Code)

(877) 647-5990
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.)

Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer" "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑ Accelerated filer ☐ Emerging growth company ☐

Non-accelerated filer ☐ Smaller reporting company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☑

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Common Stock, $0.01 Par Value: 325,870,354 shares outstanding at July 24, 2017 .

NISOURCE INC.
FORM 10-Q QUARTERLY REPORT
FOR THE QUARTER ENDED JUNE 30, 2017

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DEFINED TERMS

The following is a list of frequently used abbreviations or acronyms that are found in this report:

NiSource Subsidiaries, Affiliates and Former Subsidiaries

Capital Markets	NiSource Capital Markets, Inc.
Columbia of Kentucky	Columbia Gas of Kentucky, Inc.
Columbia of Maryland	Columbia Gas of Maryland, Inc.
Columbia of Massachusetts	Bay State Gas Company
Columbia of Ohio	Columbia Gas of Ohio, Inc.
Columbia of Pennsylvania	Columbia Gas of Pennsylvania, Inc.
Columbia of Virginia	Columbia Gas of Virginia, Inc.
NIPSCO	Northern Indiana Public Service Company
NiSource or the Company	NiSource Inc.
NiSource Finance	NiSource Finance Corp.

Abbreviations and Other

AFUDC	Allowance for funds used during construction
AOCI	Accumulated Other Comprehensive Income (Loss)
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
ATM	At-the-market
CAA	Clean Air Act
CCRs	Coal Combustion Residuals
CERCLA	Comprehensive Environmental Response Compensation and Liability Act (also known as Superfund)
CIAC	Contributions In Aid of Construction
CO_2	Carbon Dioxide
CPP	Clean Power Plan
DPU	Department of Public Utilities
DSM	Demand Side Management
ECR	Environmental Cost Recovery
ECT	Environmental Cost Tracker
EFV	Excess flow valve
EGUs	Electric Utility Generating Units
ELG	Effluent limitations guidelines
EPA	United States Environmental Protection Agency
EPS	Earnings per share
FAC	Fuel adjustment clause
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
GAAP	Generally Accepted Accounting Principles
GCA	Gas cost adjustment
GCR	Gas cost recovery
GHG	Greenhouse gases
GSEP	Gas System Enhancement Program
gwh	Gigawatt hours
IBM	International Business Machines Corporation

DEFINED TERMS

IRP	Infrastructure Replacement Program
IURC	Indiana Utility Regulatory Commission
LDCs	Local distribution companies
LIFO	Last in, first out
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator
MMDth	Million dekatherms
MPSC	Maryland Public Service Commission
NAAQS	National Ambient Air Quality Standards
NOL	Net operating loss
NYMEX	New York Mercantile Exchange
OPEB	Other Postretirement Benefits
OUCC	Office of Utility Consumer Counselor
PHMSA	U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration
Pure Air	Pure Air on the Lake LP
RCRA	Resource Conservation and Recovery Act
ppb	Parts per billion
PUCO	Public Utilities Commission of Ohio
SEC	Securities and Exchange Commission
TDSIC	Transmission, Distribution and Storage System Improvement Charge
TUAs	Transmission Upgrade Agreements
VIE	Variable Interest Entities
VSCC	Virginia State Corporation Commission

Note regarding forward-looking statements

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. These forward-looking statements include, but are not limited to, statements concerning NiSource's plans, strategies, objectives, expected performance, expenditures, recovery of expenditures through rates, stated on either a consolidated or segment basis, and any and all underlying assumptions and other statements that are other than statements of historical fact. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially.

Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in this Quarterly Report on Form 10-Q include, among other things, NiSource's debt obligations; any changes in NiSource's credit rating; NiSource's ability to execute its growth strategy; changes in general economic, capital and commodity market conditions; pension funding obligations; economic regulation and the impact of regulatory rate reviews; NiSource's ability to obtain expected financial or regulatory outcomes; any damage to NiSource's reputation; compliance with environmental laws and the costs of associated liabilities; fluctuations in demand from residential and commercial customers; economic conditions of certain industries; the success of NIPSCO's electric generation strategy; the price of energy commodities and related transportation costs; the reliability of customers and suppliers to fulfill their payment and contractual obligations; potential impairments of goodwill or definite-lived intangible assets; changes in taxation and accounting principles; potential incidents and other operating risks associated with our business; the impact of an aging infrastructure; the impact of climate change; potential cyber-attacks; construction risks and natural gas costs and supply risks; extreme weather conditions; the attraction and retention of a qualified workforce; advances in technology; the ability of NiSource's subsidiaries to generate cash; tax liabilities associated with the separation of Columbia Pipeline Group, Inc. on July 1, 2015, and other matters set forth in the "Risk Factors" section of NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, many of which risks are beyond the control of NiSource. In addition, the relative contributions to profitability by each business segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time.

All forward-looking statements are expressly qualified in their entirety by the foregoing cautionary statements. NiSource undertakes no obligation to, and expressly disclaims any such obligation to, update or revise any forward-looking statements to reflect changed assumptions, the occurrence of anticipated or unanticipated events or changes to the future results over time or otherwise, except as required by law.

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PART I

ITEM 1. FINANCIAL STATEMENTS

NiSource Inc.
Condensed Statements of Consolidated Income (Loss) (unaudited)

(in millions, except per share amounts)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Net Revenues				
Gas Distribution	**$ 327.1**	$ 294.2	**$ 1,163.6**	$ 1,032.0
Gas Transportation	**204.9**	207.8	**543.5**	509.5
Electric	**458.0**	391.5	**879.7**	783.7
Other	**0.7**	4.1	**2.5**	9.0
Gross Revenues	**990.7**	897.6	**2,589.3**	2,334.2
Cost of Sales (excluding depreciation and amortization)	**276.8**	234.9	**829.1**	731.4
Total Net Revenues	**713.9**	662.7	**1,760.2**	1,602.8
Operating Expenses				
Operation and maintenance	**391.1**	337.6	**801.6**	692.3
Depreciation and amortization	**142.2**	136.9	**285.5**	269.7
Gain on sale of assets and impairments, net	**(0.1)**	(0.2)	**(0.1)**	(0.3)
Other taxes	**56.2**	50.2	**132.2**	121.5
Total Operating Expenses	**589.4**	524.5	**1,219.2**	1,083.2
Operating Income	**124.5**	138.2	**541.0**	519.6
Other Income (Deductions)				
Interest expense, net	**(87.7)**	(86.0)	**(172.9)**	(176.5)
Other, net	**3.8**	(6.1)	**5.0**	(5.4)
Loss on early extinguishment of long-term debt	**(111.5)**	—	**(111.5)**	—
Total Other Deductions, Net	**(195.4)**	(92.1)	**(279.4)**	(181.9)
Income (Loss) from Continuing Operations before Income Taxes	**(70.9)**	46.1	**261.6**	337.7
Income Taxes	**(26.6)**	17.1	**94.6**	122.1
Income (Loss) from Continuing Operations	**(44.3)**	29.0	**167.0**	215.6
Loss from Discontinued Operations - net of taxes	**(0.1)**	(0.1)	**(0.1)**	(0.1)
Net Income (Loss)	**(44.4)**	28.9	**166.9**	215.5
Basic Earnings (Loss) Per Share				
Continuing operations	**$ (0.14)**	$ 0.09	**$ 0.51**	$ 0.67
Discontinued operations	**—**	—	**—**	—
Basic Earnings (Loss) Per Share	**$ (0.14)**	$ 0.09	**$ 0.51**	$ 0.67
Diluted Earnings (Loss) Per Share				
Continuing operations	**$ (0.14)**	$ 0.09	**$ 0.51**	$ 0.67
Discontinued operations	**—**	—	**—**	—
Diluted Earnings (Loss) Per Share	**$ (0.14)**	$ 0.09	**$ 0.51**	$ 0.67
Dividends Declared Per Common Share	**$ 0.175**	$ 0.165	**$ 0.525**	$ 0.475
Basic Average Common Shares Outstanding	**325.1**	321.7	**324.4**	321.0
Diluted Average Common Shares	**325.1**	323.2	**325.8**	322.8

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statements of Consolidated Comprehensive Income (Loss) (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions, net of taxes)	**2017**	2016	**2017**	2016
Net Income (Loss)	**$ (44.4)**	$ 28.9	**$ 166.9**	$ 215.5
Other comprehensive income (loss):				
Net unrealized gain on available-for-sale securities [1]	**0.6**	0.8	**1.0**	2.5
Net unrealized loss on cash flow hedges [2]	**(16.8)**	(53.5)	**(11.9)**	(124.2)
Unrecognized pension and OPEB benefit [3]	**0.2**	0.2	**0.4**	0.5
Total other comprehensive income (loss)	**(16.0)**	(52.5)	**(10.5)**	(121.2)
Comprehensive Income (Loss)	**$ (60.4)**	$ (23.6)	**$ 156.4**	$ 94.3

[1] Net unrealized gain on available-for-sale securities, net of $0.4 million tax expense in the second quarter of 2017 and 2016 , respectively, and $0.6 million and $1.3 million tax expense for the six months ended 2017 and 2016 , respectively.
[2] Net unrealized loss on derivatives on cash flow hedges, net of $10.3 million and $33.0 million tax benefit in the second quarter of 2017 and 2016 , respectively, and $7.3 million and $76.6 million tax benefit for the six months ended 2017 and 2016 , respectively.
[3] Unrecognized pension and OPEB benefit, net of $0.2 million tax expense in the second quarter of 2017 and 2016 , respectively, and $0.3 million tax expense for the six months ended 2017 and 2016 , respectively.

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Consolidated Balance Sheets (unaudited)

(in millions)		June 30, 2017		December 31, 2016
ASSETS				
Property, Plant and Equipment				
Utility plant	$	**20,206.4**	$	19,368.0
Accumulated depreciation and amortization		**(6,833.7)**		(6,613.7)
Net utility plant		**13,372.7**		12,754.3
Other property, at cost, less accumulated depreciation		**296.6**		313.7
Net Property, Plant and Equipment		**13,669.3**		13,068.0
Investments and Other Assets				
Unconsolidated affiliates		**6.0**		6.6
Other investments		**195.1**		193.3
Total Investments and Other Assets		**201.1**		199.9
Current Assets				
Cash and cash equivalents		**17.9**		26.4
Restricted cash		**14.9**		9.6
Accounts receivable (less reserve of $26.0 and $23.3, respectively)		**545.2**		847.0
Gas inventory		**194.3**		279.9
Materials and supplies, at average cost		**96.7**		101.7
Electric production fuel, at average cost		**102.2**		112.8
Exchange gas receivable		**35.1**		5.4
Regulatory assets		**183.2**		248.7
Prepayments and other		**91.3**		130.6
Total Current Assets		**1,280.8**		1,762.1
Other Assets				
Regulatory assets		**1,659.4**		1,636.7
Goodwill		**1,690.7**		1,690.7
Intangible assets		**237.2**		242.7
Deferred charges and other		**84.2**		91.8
Total Other Assets		**3,671.5**		3,661.9
Total Assets	$	**18,822.7**	$	18,691.9

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Consolidated Balance Sheets (unaudited) (continued)

(in millions, except share amounts)	June 30, 2017	December 31, 2016
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common Stockholders' Equity		
Common stock - $0.01 par value, 400,000,000 shares authorized; 325,756,677 and 323,159,672 shares outstanding, respectively	$ **3.3**	$ 3.3
Treasury stock	**(94.6)**	(88.7)
Additional paid-in capital	**5,225.3**	5,153.9
Retained deficit	**(975.6)**	(972.2)
Accumulated other comprehensive loss	**(35.6)**	(25.1)
Total Common Stockholders' Equity	**4,122.8**	4,071.2
Long-term debt, excluding amounts due within one year	**6,777.4**	6,058.2
Total Capitalization	**10,900.2**	10,129.4
Current Liabilities		
Current portion of long-term debt	**561.2**	363.1
Short-term borrowings	**901.3**	1,488.0
Accounts payable	**451.1**	539.4
Dividends payable	**57.0**	—
Customer deposits and credits	**168.6**	264.1
Taxes accrued	**152.2**	195.4
Interest accrued	**104.9**	120.3
Exchange gas payable	**46.6**	83.7
Regulatory liabilities	**83.7**	116.7
Legal and environmental	**29.3**	37.4
Accrued compensation and employee benefits	**143.7**	161.4
Other accruals	**78.7**	82.7
Total Current Liabilities	**2,778.3**	3,452.2
Other Liabilities		
Risk management liabilities	**58.5**	44.5
Deferred income taxes	**2,617.0**	2,528.0
Deferred investment tax credits	**12.9**	13.4
Accrued insurance liabilities	**86.7**	82.8
Accrued liability for postretirement and postemployment benefits	**688.1**	713.4
Regulatory liabilities	**1,224.9**	1,265.1
Asset retirement obligations	**267.2**	262.6
Other noncurrent liabilities	**188.9**	200.5
Total Other Liabilities	**5,144.2**	5,110.3
Commitments and Contingencies (Refer to Note 15, "Other Commitments and Contingencies")	**—**	—
Total Capitalization and Liabilities	$ **18,822.7**	$ 18,691.9

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statements of Consolidated Cash Flows (unaudited)

Six Months Ended June 30, *(in millions)*	2017	2016
Operating Activities		
Net Income	**$ 166.9**	$ 215.5
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Loss on early extinguishment of debt	**111.5**	—
Depreciation and amortization	**285.5**	269.7
Deferred income taxes and investment tax credits	**88.4**	117.1
Other adjustments	**22.4**	18.4
Changes in Assets and Liabilities:		
Components of working capital	**(6.4)**	13.3
Regulatory assets/liabilities	**23.2**	(135.6)
Other noncurrent assets	**(1.1)**	—
Other noncurrent liabilities	**(38.9)**	(10.6)
Net Operating Activities from Continuing Operations	**651.5**	487.8
Net Operating Activities used for Discontinued Operations	**(0.1)**	(0.7)
Net Cash Flows from Operating Activities	**651.4**	487.1
Investing Activities		
Capital expenditures	**(732.2)**	(672.5)
Cost of removal	**(55.6)**	(48.0)
Purchases of available-for-sale securities	**(105.6)**	(16.6)
Sales of available-for-sale securities	**106.6**	18.7
Other investing activities	**(4.4)**	3.4
Net Cash Flows used for Investing Activities	**(791.2)**	(715.0)
Financing Activities		
Issuance of long-term debt	**2,000.0**	—
Repayments of long-term debt and capital lease obligations	**(1,078.4)**	(207.7)
Premiums and other debt related costs	**(130.7)**	(0.3)
Change in short-term borrowings, net	**(586.7)**	533.3
Issuance of common stock	**46.2**	10.0
Acquisition of treasury stock	**(5.9)**	(7.9)
Dividends paid - common stock	**(113.2)**	(99.3)
Net Cash Flows from Financing Activities	**131.3**	228.1
Change in cash and cash equivalents from continuing operations	**(8.4)**	0.9
Change in cash and cash equivalents used for discontinued operations	**(0.1)**	(0.7)
Cash and cash equivalents at beginning of period	**26.4**	15.5
Cash and Cash Equivalents at End of Period	**$ 17.9**	$ 15.7

Supplemental Disclosures of Cash Flow Information

June 30, *(in millions)*	2017	2016
Non-cash transactions:		
Capital expenditures included in current liabilities	**$ 206.9**	$ 139.8
Dividends declared but not paid	**$ 57.0**	$ 53.0

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statements of Consolidated Equity (unaudited)

(in millions)	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Total
Balance as of January 1, 2017	**$ 3.3**	**$ (88.7)**	**$ 5,153.9**	**$ (972.2)**	**$ (25.1)**	**$ 4,071.2**
Comprehensive Income (Loss):						
Net Income	—	—	—	166.9	—	166.9
Other comprehensive income, net of tax	—	—	—	—	(10.5)	(10.5)
Common stock dividends ($0.525 per share)	—	—	—	(170.3)	—	(170.3)
Treasury stock acquired	—	(5.9)	—	—	—	(5.9)
Stock issuances:						
Employee stock purchase plan	—	—	2.4	—	—	2.4
Long-term incentive plan	—	—	6.9	—	—	6.9
401(k) and profit sharing	—	—	23.7	—	—	23.7
Dividend reinvestment plan	—	—	4.6	—	—	4.6
ATM Program	—	—	33.8	—	—	33.8
Balance as of June 30, 2017	**$ 3.3**	**$ (94.6)**	**$ 5,225.3**	**$ (975.6)**	**$ (35.6)**	**$ 4,122.8**

Shares *(in thousands)*	Common Shares	Treasury Shares	Outstanding Shares
Balance as of January 1, 2017	**326,664**	**(3,504)**	**323,160**
Treasury Stock acquired		(237)	(237)
Issued:			
Employee stock purchase plan	103	—	103
Long-term incentive plan	221	—	221
401(k) and profit sharing	996	—	996
Dividend reinvestment plan	196	—	196
ATM Program	1,318	—	1,318
Balance as of June 30, 2017	**329,498**	**(3,741)**	**325,757**

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited)

1. Basis of Accounting Presentation

The accompanying Condensed Consolidated Financial Statements (unaudited) for NiSource Inc. ("NiSource" or the "Company") reflect all normal recurring adjustments that are necessary, in the opinion of management, to present fairly the results of operations in accordance with GAAP in the United States of America. The accompanying financial statements contain the accounts of the Company and its majority-owned or controlled subsidiaries.

The accompanying financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 . Income for interim periods may not be indicative of results for the calendar year due to weather variations and other factors.

The Condensed Consolidated Financial Statements (unaudited) have been prepared pursuant to the rules and regulations of the SEC. Certain information and note disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to those rules and regulations, although NiSource believes that the disclosures made in this quarterly report on Form 10-Q are adequate to make the information herein not misleading.

2. Recent Accounting Pronouncements

Recently Issued Accounting Pronouncements

NiSource is currently evaluating the impact of certain ASUs on its Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited), which are described below:

Standard	Description	Effective Date	Effect on the financial statements or other significant matters
ASU 2017-07, *Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*	The pronouncement changes how defined benefit pension and other postretirement benefit plans present net periodic benefit cost. The service cost component of net periodic benefit cost will be included with other employee compensation costs whereas other components of the net periodic benefit cost will be disclosed separately outside of income from operations in the income statement. Additionally, only the service cost component of net periodic benefit cost will be eligible for capitalization.	Annual periods beginning after December 15, 2017, including interim periods therein. Early adoption is permitted.	NiSource is currently evaluating the impact of adoption on the Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited).

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Standard	Description	Effective Date	Effect on the financial statements or other significant matters
ASU 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*	The pronouncement clarifies implementation guidance in ASU 2014-09 on assessing collectability, noncash consideration and the presentation of sales and other similar taxes collected from customers.	Annual periods beginning after December 15, 2017, including interim periods therein. Early adoption is permitted for annual or interim periods beginning after December 15, 2016.	NiSource has formed an internal stakeholder group to promote information sharing and communication of the new requirements. Additionally, NiSource participates in an informal forum of industry peers where questions can be asked and interpretations of the new standard can be shared. Recently, involvement in this group has resulted in additional clarity on industry-specific issues such as treatment of CIAC, scoping of tariff arrangements and presentation of alternative revenue programs. This clarity will help to further NiSource's adoption efforts. NiSource has separated its various revenue streams into high-level categories, which serve as the basis for accounting analysis and documentation as it relates to the pronouncement's impact on NiSource's revenues. Substantially all of NiSource's revenues are tariff based, which NiSource concluded will be in scope of ASC 606. NiSource has also undertaken efforts to outline mock footnote disclosures intended to satisfy ASC 606's disclosure requirements. NiSource expects to adopt this ASU effective January 1, 2018. As of June 30, 2017, NiSource has not concluded on a method of adoption, nor is NiSource able to estimate the impact the adoption of these standards will have on the financial statements.
ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations*	The pronouncement clarifies the principal versus agent guidance in ASU 2014-09. The amendment clarifies how an entity should identify the unit of accounting for the principal versus agent evaluation, and how it should apply the control principle to certain types of arrangements.		
ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*	The pronouncement outlines a single, comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.		
ASU 2016-02, *Leases (Topic 842)*	The pronouncement introduces a lessee model that brings most leases on the balance sheet. The standard requires that lessees recognize the following for all leases (with the exception of short-term leases, as that term is defined in the standard) at the lease commencement date: (1) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (2) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.	Annual periods beginning after December 15, 2018, including interim periods therein. Early adoption is permitted.	NiSource has formed an internal stakeholder group that meets periodically to share information and gather data related to leasing activity at NiSource. This includes compiling a list of all contracts that could meet the definition of a lease under the new standard and evaluating the accounting for these contracts under the new standard to determine the ultimate impact the new standard will have on NiSource's financial statements. Also, this procedure has identified process improvements to ensure data from newly initiated leases is captured to comply with the new standard. This work included the assistance of a third-party advisory firm. NiSource plans to adopt this standard effective January 1, 2019.

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Recently Adopted Accounting Pronouncements

Standard	Adoption
ASU 2017-09, *Compensation-Stock Compensation (Topic 718): Scope of Modification Accounting*	NiSource elected to adopt this ASU effective July 1, 2017. The adoption of this standard will not have a material impact on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).
ASU 2017-04, *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*	NiSource elected to adopt this ASU effective January 1, 2017. The adoption of this standard did not have a material impact on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).
ASU 2016-09, *Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*	NiSource elected to adopt this pronouncement during the third quarter of 2016. Upon adoption, NiSource elected to begin accounting for forfeitures of share-based awards as they occur. The impact of this change was not material. Additionally, NiSource recorded a $25.3 million credit to beginning retained deficit. This adjustment represents excess tax benefits generated in years prior to 2016 that were previously not recognized in stockholders' equity due to NOLs in those years. Both of these adjustments were adopted on a modified retrospective basis. Lastly, NiSource recorded income tax benefits of $7.2 million related to excess tax benefits generated in 2016. This provision was adopted on a prospective basis. However, because NiSource adopted the standard during an interim period, the standard required this $7.2 million benefit be reflected as though it was adopted as of January 1, 2016. Quarter-to-date March 31, 2016 and June 30, 2016 earnings per share from continuing operations increased by $0.02 and $0.00, respectively, as a result of the adoption. For additional information, see Note 2, "Recent Accounting Pronouncements" in NiSource's Form 10-Q for the quarterly period ended September 30, 2016.

3. Earnings Per Share

Basic EPS is computed by dividing net income by the weighted-average number of shares of common stock outstanding for the period. The weighted-average shares outstanding for diluted EPS includes the incremental effects of the various long-term incentive compensation plans. The computation of diluted average common shares for the three months ended June 30, 2017 is not presented since NiSource had a loss from continuing operations on the Condensed Statements of Consolidated Income (unaudited) during the period and any incremental shares would have had an antidilutive impact on EPS. The computation of diluted average common shares is as follows:

	Three Months Ended June 30,	Six Months Ended June 30,	
(in thousands)	2016	**2017**	2016
Denominator			
Basic average common shares outstanding	321,725	**324,386**	321,003
Dilutive potential common shares:			
Shares contingently issuable under employee stock plans	163	**452**	104
Shares restricted under employee stock plans	1,316	**975**	1,725
Diluted Average Common Shares	323,204	**325,813**	322,832

4. Common Stock

ATM Program. On May 3, 2017, NiSource entered into four separate equity distribution agreements, pursuant to which NiSource may sell, from time to time, up to an aggregate of $500.0 million of its common stock. The program expires on December 31, 2018. Shares of common stock are offered pursuant to NiSource's shelf registration statement filed with the SEC. During the three and six months ended June 30, 2017 , NiSource issued 1,318,461 shares of common stock under the program at an average price of $25.88 per share, receiving proceeds, net of fees, of $33.8 million . As of June 30, 2017 , approximately $465.9 million of equity remained available for issuance under the ATM Program.

5. Gas in Storage

Both the LIFO inventory methodology and the weighted-average cost methodology are used by NiSource to value natural gas in storage. Gas Distribution Operations prices natural gas storage injections at the average of the costs of natural gas supply purchased during the year. For interim periods, the difference between current projected replacement cost and the LIFO cost for quantities of gas temporarily withdrawn from storage is recorded as a temporary LIFO liquidation credit or debit within the Condensed Consolidated Balance Sheets (unaudited). Due to seasonality requirements, NiSource expects interim variances in LIFO layers to be replenished by year end. NiSource had a temporary LIFO liquidation debit of $7.7 million and zero as of June 30, 2017 and December 31, 2016 , respectively, for certain gas distribution companies recorded within "Prepayments and other," on the Condensed Consolidated Balance Sheets (unaudited).

6. Regulatory Matters

Gas Distribution Operations Regulatory Matters

Cost Recovery and Trackers . Comparability of Gas Distribution Operations line item operating results is impacted by regulatory trackers that allow for the recovery in rates of certain costs such as those described below. Increases in the expenses that are the subject of trackers result in a corresponding increase in net revenues and therefore have essentially no impact on total operating income results.

Certain operating costs of the NiSource distribution companies are significant, recurring in nature, and generally outside the control of the distribution companies. Some states allow the recovery of such costs through cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for the distribution companies to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such mechanisms include GCR adjustment mechanisms, tax riders, and bad debt recovery mechanisms.

A portion of the distribution companies' revenue is related to the recovery of gas costs, the review and recovery of which occurs through standard regulatory proceedings. All states in NiSource's operating area require periodic review of actual gas procurement activity to determine prudence and to permit the recovery of prudently incurred costs related to the supply of gas for customers. NiSource distribution companies have historically been found prudent in the procurement of gas supplies to serve customers.

Certain of the NiSource distribution companies have completed rate proceedings involving infrastructure replacement or are embarking upon regulatory initiatives to replace significant portions of their operating systems that are nearing the end of their useful lives. Each LDC's approach to cost recovery may be unique, given the different laws, regulations and precedent that exist in each jurisdiction.

Columbia of Ohio. On November 28, 2012, the PUCO approved Columbia of Ohio's application to extend its IRP for an additional five years (2013-2017), allowing Columbia of Ohio to continue to invest and recover on its accelerated main replacements. Columbia of Ohio filed its application to adjust rates associated with its IRP and DSM Riders on February 27, 2017, which requested authority to increase revenues by approximately $31.5 million . On March 23, 2017, the PUCO Staff filed comments which recommended approval of the application with only minor revisions. The PUCO issued an order on April 26, 2017, approving Columbia of Ohio's application. New rates went into effect on May 1, 2017.

On February 27, 2017, Columbia of Ohio filed an application requesting authority to extend its IRP for an additional five years (2018-2022). On July 10, 2017, the PUCO Staff recommended approval of Columbia of Ohio's IRP for an additional five years, with modifications to Columbia of Ohio's proposed IRP rates for the five-year period. Objections to the PUCO Staff Report are due August 9, 2017. An order is expected by the end of 2017.

NIPSCO Gas. On April 30, 2013, then Indiana Governor Pence signed Senate Enrolled Act 560, the TDSIC statute, into law. Among other provisions, this legislation provides for cost recovery outside of a base rate proceeding for new or replacement electric and gas transmission, distribution, and storage projects that a public utility undertakes for the purposes of safety, reliability, system modernization, or economic development. Provisions of the TDSIC statute require that, among other things, requests for recovery include a seven-year plan of eligible investments. Once the plan is approved by the IURC, eighty percent of eligible costs can be recovered using a periodic rate adjustment mechanism. The cost recovery mechanism is referred to as a TDSIC mechanism. Recoverable costs include a return on, and of, the investment, including AFUDC, post-in-service carrying charges, operation and maintenance expenses, depreciation and property taxes. The remaining twenty percent of recoverable costs are to be deferred for

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

future recovery in the public utility's next general rate case. The periodic rate adjustment mechanism is capped at an annual increase of no more than two percent of total retail revenues. On February 28, 2017, NIPSCO filed TDSIC-6 requesting approval of $271.3 million of cumulative net capital spend through December 31, 2016. An order approving NIPSCO's filing was received from the IURC on June 28, 2017, and new rates went into effect on July 1, 2017.

Columbia of Massachusetts. On July 7, 2014, the Governor of Massachusetts signed into law Chapter 149 of the Acts of 2014, An Act Relative to Natural Gas Leaks ("the Act"). The Act authorizes natural gas distribution companies to file gas infrastructure replacement plans with the Massachusetts DPU to address the replacement of aging natural gas pipeline infrastructure. In addition, the Act provides that the Massachusetts DPU may, after review of the plans, allow the proposed estimated costs of the plan into rates as of May 1 of the subsequent year. On October 31, 2016, Columbia of Massachusetts filed its GSEP for the 2017 construction year. Columbia of Massachusetts is proposing to recover an incremental $8.4 million for a cumulative revenue requirement of $17.2 million . An order was received from the Massachusetts DPU on April 28, 2017, and rates went into effect on May 1, 2017.

Columbia of Virginia. On April 29, 2016, Columbia of Virginia filed a request with the VSCC, seeking an annual revenue increase of $37.0 million . On September 28, 2016, Columbia of Virginia implemented updated interim base rates subject to refund. On January 17, 2017, Columbia of Virginia presented a stipulation and proposed recommendation, representing a settlement by all parties to the proceeding that included a base revenue increase of $28.5 million . On March 17, 2017, by final order, the VSCC approved the settlement agreement without modification. In accordance with the terms of the final order, Columbia of Virginia completed its refund of the difference between the interim customer rates implemented in 2016 and the rates approved by the final order.

Columbia of Maryland. On April 14, 2017, Columbia of Maryland filed a request with the MPSC to adjust base rates. On July 28, 2017, all parties filed a settlement agreement with the MPSC, under which Columbia of Maryland will receive an annual revenue increase of $2.4 million , effective in late October 2017. The settlement agreement is subject to approval by the MPSC. An order is expected in the fourth quarter of 2017.

Electric Operations Regulatory Matters

Cost Recovery and Trackers . Comparability of Electric Operations line item operating results is impacted by regulatory trackers that allow for the recovery in rates of certain costs such as those described below. Increases in the expenses that are the subject of trackers result in a corresponding increase in net revenues and therefore have essentially no impact on total operating income results.

Certain operating costs of the Electric Operations are significant, recurring in nature, and generally outside the control of NIPSCO. The IURC allows for recovery of such costs through cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for NIPSCO to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such mechanisms include electric energy efficiency programs, MISO non-fuel costs and revenues, resource capacity charges, federally mandated costs and environmental related costs.

A portion of NIPSCO's revenue is related to the recovery of fuel costs to generate power and the fuel costs related to purchased power. These costs are recovered through a FAC, a quarterly regulatory proceeding in Indiana.

NIPSCO has approval from the IURC to recover certain environmental related costs through an ECT. Under the ECT, NIPSCO is permitted to recover (1) AFUDC and a return on the capital investment expended by NIPSCO to implement environmental compliance plan projects and (2) related operation and maintenance and depreciation expenses once the environmental facilities become operational. On January 31, 2017, NIPSCO filed ECR-29 which included $261.1 million of cumulative net capital expenditures through the period ended December 31, 2016. An order was received from the IURC on April 26, 2017, and new rates went into effect the first billing cycle of May 2017.

NIPSCO made a TDSIC-1 rate adjustment mechanism filing on June 30, 2016 seeking recovery and ratemaking relief associated with $ 45.5 million of cumulative net capital expenditures invested through April 30, 2016. An IURC order approving NIPSCO's filing was received on January 25, 2017. New rates went into effect with the first billing cycle of February 2017. On June 30, 2017, NIPSCO filed TDSIC-2 which included $177.3 million of cumulative net capital expenditures through April 30, 2017. An order is expected by the fourth quarter of 2017.

On November 1, 2016, NIPSCO filed a petition with the IURC for relief regarding the construction of additional environmental projects required to comply with the final rules for regulation of CCRs and the ELG. On June 9, 2017, a settlement agreement was filed with the IURC regarding the CCR projects and treatment of associated costs. An evidentiary hearing is scheduled for

August 21, 2017 and an order is expected by the end of 2017. Given the current stay of the ELG rule, NIPSCO has agreed, with the settling parties, that the ELG projects and related costs would be addressed in a later proceeding. Refer to Note 15-C, "Environmental Matters," for more information.

7. Risk Management Activities

NiSource is exposed to certain risks relating to its ongoing business operations; namely commodity price risk and interest rate risk. NiSource recognizes that the prudent and selective use of derivatives may help to lower its cost of debt capital, manage its interest rate exposure and limit volatility in the price of natural gas.

Risk management assets and liabilities on NiSource's derivatives are presented on the Condensed Consolidated Balance Sheets (unaudited) as shown below:

(in millions)	**June 30, 2017**	December 31, 2016
Risk Management Assets - Current [1]		
Interest rate risk programs	$ —	$ 17.0
Commodity price risk programs	**0.7**	7.4
Total	$ **0.7**	$ 24.4
Risk Management Assets - Noncurrent [2]		
Interest rate risk programs	$ **13.7**	$ 17.1
Commodity price risk programs	**3.1**	7.5
Total	$ **16.8**	$ 24.6
Risk Management Liabilities - Current [3]		
Interest rate risk programs	$ —	$ 15.3
Commodity price risk programs	**4.1**	1.5
Total	$ **4.1**	$ 16.8
Risk Management Liabilities - Noncurrent		
Interest rate risk programs	$ **34.3**	$ 24.5
Commodity price risk programs	**24.2**	20.0
Total	$ **58.5**	$ 44.5

[1] Presented in "Prepayments and other" on the Condensed Consolidated Balance Sheets (unaudited).
[2] Presented in "Deferred charges and other" on the Condensed Consolidated Balance Sheets (unaudited).
[3] Presented in "Other accruals" on the Condensed Consolidated Balance Sheets (unaudited).

Commodity Price Risk Management

NiSource and NiSource's utility customers are exposed to variability in cash flows associated with natural gas purchases and volatility in natural gas prices. NiSource purchases natural gas for sale and delivery to its retail, commercial and industrial customers, and for most customers the variability in the market price of gas is passed through in their rates. Some of NiSource's utility subsidiaries offer programs whereby variability in the market price of gas is assumed by the respective utility. The objective of NiSource's commodity price risk programs is to mitigate the gas cost variability, for NiSource or on behalf of its customers, associated with natural gas purchases or sales by economically hedging the various gas cost components using a combination of futures, options, forwards or other derivative contracts.

NIPSCO received IURC approval to lock in a fixed price for its natural gas customers using long-term forward purchase instruments. The term of these instruments may range from five to ten years and is limited to ten percent of NIPSCO's average annual GCA purchase volume. Gains and losses on these derivative contracts are deferred as regulatory liabilities or assets and are remitted to or collected from customers through NIPSCO's quarterly GCA mechanism. These instruments are not designated as accounting hedges.

Interest Rate Risk Management

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

As of June 30, 2017 , NiSource Finance has forward-starting interest rate swaps with an aggregate notional value totaling $750.0 million to hedge the variability in cash flows attributable to changes in the benchmark interest rate during the periods from the effective dates of the swaps to the anticipated dates of forecasted debt issuances, which are expected to take place by the end of 2018. These interest rate swaps are designated as cash flow hedges. The effective portions of the gains and losses related to these swaps are recorded to AOCI and are recognized in earnings concurrently with the recognition of interest expense on the associated debt, once issued. If it becomes probable that a hedged forecasted transaction will no longer occur, the accumulated gains or losses on the derivative will be recognized currently in earnings. Earnings may also be impacted if the anticipated dates of forecasted debt issuances differ from the dates of the interest rate swaps.

On May 11, 2017, NiSource Finance settled $950.0 million of forward-starting interest rate swap agreements contemporaneously with the issuance of $2.0 billion of 3.49% and 4.375% senior notes, maturing in 2027 and 2047, respectively. These derivative contracts were accounted for as cash flow hedges. As part of the transaction, the associated net unrealized loss position of $6.9 million is being amortized from accumulated other comprehensive loss into interest expense over the term of the associated interest payments. Cash associated with this payment is reflected within operating activities within the Condensed Statements of Consolidated Cash Flows (unaudited) for the six months ended June 30, 2017 .

Realized gains and losses from NiSource's interest rate cash flow hedges are presented in "Interest expense, net" on the Condensed Statements of Consolidated Income (unaudited). There was no material income statement recognition of gains or losses relating to an ineffective portion of NiSource's hedges, nor were there amounts excluded from effectiveness testing for derivatives in cash flow hedging relationships at June 30, 2017 and December 31, 2016 .

NiSource's derivative instruments measured at fair value as of June 30, 2017 and December 31, 2016 do not contain any credit-risk-related contingent features.

8 . Fair Value

A. Fair Value Measurements

Recurring Fair Value Measurements. The following tables present financial assets and liabilities measured and recorded at fair value on NiSource's Condensed Consolidated Balance Sheets (unaudited) on a recurring basis and their level within the fair value hierarchy as of June 30, 2017 and December 31, 2016 :

Recurring Fair Value Measurements June 30, 2017 *(in millions)*	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2017
Assets				
Risk management assets	$ 0.3	$ 16.9	$ 0.3	$ 17.5
Available-for-sale securities	—	128.0	—	128.0
Total	**$ 0.3**	**$ 144.9**	**$ 0.3**	**$ 145.5**
Liabilities				
Risk management liabilities	$ 3.2	$ 59.4	$ —	$ 62.6
Total	**$ 3.2**	**$ 59.4**	**$ —**	**$ 62.6**

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Recurring Fair Value Measurements December 31, 2016 *(in millions)*	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2016
Assets				
Risk management assets	$ 5.4	$ 43.6	$ —	$ 49.0
Available-for-sale securities	—	131.5	—	131.5
Total	**$ 5.4**	**$ 175.1**	**$ —**	**$ 180.5**
Liabilities				
Risk management liabilities	$ 1.2	$ 58.9	$ 1.2	$ 61.3
Total	**$ 1.2**	**$ 58.9**	**$ 1.2**	**$ 61.3**

Risk management assets and liabilities include interest rate swaps, exchange-traded NYMEX futures and NYMEX options and non-exchange-based forward purchase contracts. Exchange-traded derivative contracts are based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore, nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards and options. In certain instances, these instruments may utilize models to measure fair value. NiSource uses a similar model to value similar instruments. Valuation models utilize various inputs that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, other observable inputs for the asset or liability and market-corroborated inputs, (i.e., inputs derived principally from or corroborated by observable market data by correlation or other means). Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized within Level 2. Certain derivatives trade in less active markets with a lower availability of pricing information and models may be utilized in the valuation. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized within Level 3. Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements which reduce exposures. As of June 30, 2017 and December 31, 2016 , there were no material transfers between fair value hierarchies. Additionally, there were no changes in the method or significant assumptions used to estimate the fair value of NiSource's financial instruments.

NiSource Finance has entered into forward-starting interest rate swaps to hedge the interest rate risk on coupon payments of forecasted issuances of long-term debt. These swaps are designated as cash flow hedges. Credit risk is considered in the fair value calculation of each interest rate swap. As they are based on observable data and valuations of similar instruments, the interest rate swaps are categorized within Level 2 of the fair value hierarchy. There was no exchange of premium at the initial date of the swaps, and NiSource can settle the swaps at any time. For additional information see Note 7 , "Risk Management Activities."

NIPSCO has entered into long-term forward natural gas purchase instruments that range from five to ten years to lock in a fixed price for its natural gas customers. NiSource values these contracts using a pricing model that incorporates market-based information when available, as these instruments trade less frequently and are classified within Level 2 of the fair value hierarchy. For additional information see Note 7, "Risk Management Activities."

Available-for-sale securities are investments pledged as collateral for trust accounts related to NiSource's wholly-owned insurance company. Available-for-sale securities are included within "Other investments" in the Condensed Consolidated Balance Sheets (unaudited). NiSource values U.S. Treasury, corporate debt and mortgage-backed securities using a matrix pricing model that incorporates market-based information. These securities trade less frequently and are classified within Level 2. Total unrealized gains and losses from available-for-sale securities are included in other comprehensive income (loss).

The amortized cost, gross unrealized gains and losses and fair value of available-for-sale securities at June 30, 2017 and December 31, 2016 were:

June 30, 2017 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities				
U.S. Treasury debt securities	$ 29.9	$ —	$ —	$ 29.9
Corporate/Other debt securities	97.5	1.1	(0.5)	98.1
Total	**$ 127.4**	**$ 1.1**	**$ (0.5)**	**$ 128.0**

December 31, 2016 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities				
U.S. Treasury debt securities	$ 35.0	$ 0.1	$ (0.6)	$ 34.5
Corporate/Other debt securities	98.7	0.3	(2.0)	97.0
Total	**$ 133.7**	**$ 0.4**	**$ (2.6)**	**$ 131.5**

Realized gains and losses on available-for-sale securities were immaterial for the three and six months ended June 30, 2017 and 2016.

The cost of maturities sold is based upon specific identification. At June 30, 2017 , approximately $12.7 million of U.S. Treasury debt securities and approximately $2.3 million of Corporate/Other debt securities have maturities of less than a year.

There are no material items in the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis for the three and six months ended June 30, 2017 and 2016 .

Non-recurring Fair Value Measurements. There were no significant non-recurring fair value measurements recorded during the three and six months ended June 30, 2017 .

B. Other Fair Value Disclosures for Financial Instruments. The carrying amount of cash and cash equivalents, restricted cash, customer deposits and short-term borrowings is a reasonable estimate of fair value due to their liquid or short-term nature. NiSource's long-term borrowings are recorded at historical amounts.

The following method and assumptions were used to estimate the fair value of each class of financial instruments.

Long-term Debt. The fair value of outstanding long-term debt is estimated based on the quoted market prices for the same or similar securities. Certain premium costs associated with the early settlement of long-term debt are not taken into consideration in determining fair value. These fair value measurements are classified within Level 2 of the fair value hierarchy. For the six months ended June 30, 2017 , there was no change in the method or significant assumptions used to estimate the fair value of long-term debt.

The carrying amount and estimated fair values of these financial instruments were as follows:

(in millions)	Carrying Amount as of June 30, 2017	Estimated Fair Value as of June 30, 2017	Carrying Amount as of Dec. 31, 2016	Estimated Fair Value as of Dec. 31, 2016
Long-term debt (including current portion)	**$ 7,338.6**	**$ 8,062.3**	$ 6,421.3	$ 7,064.1

9 . Transfers of Financial Assets

Columbia of Ohio, NIPSCO and Columbia of Pennsylvania each maintain a receivables agreement whereby they transfer their customer accounts receivables to third party financial institutions through wholly-owned and consolidated special purpose entities. The three agreements expire between August 2017 and March 2018 and may be further extended if mutually agreed to by the parties thereto.

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

All receivables transferred to third parties are valued at face value, which approximates fair value due to their short-term nature. The amount of the undivided percentage ownership interest in the accounts receivables transferred is determined in part by required loss reserves under the agreements.

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited). As of June 30, 2017 , the maximum amount of debt that could be recognized related to NiSource's accounts receivable programs is $300.0 million .

The following table reflects the gross receivables balance and net receivables transferred as well as short-term borrowings related to the securitization transactions as of June 30, 2017 and December 31, 2016 :

(in millions)	**June 30, 2017**	December 31, 2016
Gross Receivables	$ **445.9**	$ 618.3
Less: Receivables not transferred	**147.6**	308.3
Net receivables transferred	$ **298.3**	$ 310.0
Short-term debt due to asset securitization	$ **298.3**	$ 310.0

For the six months ended June 30, 2017 and 2016, $11.7 million and $26.8 million was recorded as cash flows used for financing activities related to the change in short-term borrowings due to securitization transactions. Fees associated with the securitization transactions were $0.6 million and $0.1 million for the three months ended June 30, 2017 and 2016, respectively, and $1.3 million and $1.2 million for the six months ended June 30, 2017 and 2016, respectively. NiSource remains responsible for collecting on the receivables securitized and the receivables cannot be transferred to another party.

10 . Goodwill

The following presents NiSource's goodwill balance allocated by segment as of June 30, 2017 :

(in millions)	Gas Distribution Operations	Electric Operations	Corporate and Other	**Total**
Goodwill	$ 1,690.7	$ —	$ —	$ **1,690.7**

NiSource applied the qualitative "step 0" analysis to its reporting units for the annual impairment test performed as of May 1, 2017. For the current year test, NiSource assessed various assumptions, events and circumstances that would have affected the estimated fair value of the reporting units as compared to its base line May 1, 2016 "step 1" fair value measurement. The results of this assessment indicated that it was not more likely than not that its reporting unit fair values were less than the reporting unit carrying values, accordingly, no "step 1" analysis was required.

11 . Income Taxes

NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2017 and 2016, adjusted for tax expense associated with certain discrete items. The effective tax rates for the three months ended June 30, 2017 and 2016 were 37.5% and 37.1% , respectively. The effective tax rate for the six months ended June 30, 2017 and 2016 was 36.2% . These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility ratemaking, and other permanent book-to-tax differences.

The increase in the three month effective tax rate of 0.4% in 2017 versus the same period in 2016 is primarily related to changes in excess tax benefits on stock compensation. There was no material change in the year-to-date effective tax rate in 2017 versus the same period in 2016.

Additionally, there were no material changes recorded in 2017 to NiSource's uncertain tax positions as of December 31, 2016 .

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

12 . Pension and Other Postretirement Benefits

NiSource provides defined contribution plans and noncontributory defined benefit retirement plans that cover certain of its employees. Benefits under the defined benefit retirement plans reflect the employees' compensation, years of service and age at retirement. Additionally, NiSource provides health care and life insurance benefits for certain retired employees. The majority of employees may become eligible for these benefits if they reach retirement age while working for NiSource. The expected cost of such benefits is accrued during the employees' years of service. For most plans, cash contributions are remitted to grantor trusts.

For the six months ended June 30, 2017 , NiSource contributed $2.5 million to its pension plans and $14.5 million to its other postretirement benefit plans.

The following tables provide the components of the plans' actuarially determined net periodic benefit cost for the three and six months ended June 30, 2017 and 2016 :

	Pension Benefits		Other Postretirement Benefits	
Three Months Ended June 30, *(in millions)*	**2017**	2016	**2017**	2016
Components of Net Periodic Benefit Cost				
Service cost [1]	**$ 7.5**	$ 7.7	**$ 1.2**	$ 1.2
Interest cost [1]	**17.2**	22.4	**4.4**	5.5
Expected return on assets	**(30.2)**	(33.2)	**(3.9)**	(4.3)
Amortization of prior service credit	**(0.2)**	(0.1)	**(1.1)**	(1.2)
Recognized actuarial loss	**13.4**	15.3	**0.7**	0.8
Total Net Periodic Benefit Cost	**$ 7.7**	$ 12.1	**$ 1.3**	$ 2.0

[1] Effective January 1, 2017, NiSource adopted the methodology of using a full yield curve (spot rate) approach to estimate the service and interest components of net periodic benefit cost. This change in accounting estimate resulted in a decrease in these costs for the three months ended June 30, 2017 when compared to the same period in 2016.

	Pension Benefits		Other Postretirement Benefits	
Six Months Ended June 30, *(in millions)*	**2017**	2016	**2017**	2016
Components of Net Periodic Benefit Cost				
Service cost [1]	**$ 15.0**	$ 15.4	**$ 2.4**	$ 2.4
Interest cost [1]	**34.4**	44.8	**8.9**	11.0
Expected return on assets	**(60.5)**	(66.4)	**(7.9)**	(8.6)
Amortization of prior service credit	**(0.4)**	(0.2)	**(2.2)**	(2.4)
Recognized actuarial loss	**26.8**	30.6	**1.5**	1.6
Total Net Periodic Benefit Cost	**$ 15.3**	$ 24.2	**$ 2.7**	$ 4.0

[1] Effective January 1, 2017, NiSource adopted the methodology of using a full yield curve (spot rate) approach to estimate the service and interest components of net periodic benefit cost. This change in accounting estimate resulted in a decrease in these costs for the six months ended June 30, 2017 when compared to the same period in 2016.

13 . Long-Term Debt

NiSource Finance is a wholly-owned, consolidated finance subsidiary of NiSource that engages in financing activities to raise funds for the business operations of NiSource and its subsidiaries. NiSource Finance was incorporated in March 2000 under the laws of the state of Indiana. Prior to 2000, the function of NiSource Finance was performed by Capital Markets. NiSource Finance obligations are fully and unconditionally guaranteed by NiSource. Consequently, no separate financial statements for NiSource Finance are required to be reported. No NiSource subsidiaries guarantee debt.

NiSource announced on April 26, 2017, that it intends to merge NiSource Finance and Capital Markets with and into NiSource during the second half of 2017, pending receipt of applicable approvals. Upon completion of the mergers, NiSource will become the primary obligor of NiSource Finance's and Capital Markets' outstanding obligations. The mergers are not expected to have any impact on NiSource's consolidated financial statements or the credit ratings of outstanding debt securities.

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

On March 27, 2017, Capital Markets redeemed $30.0 million of 7.86% and $2.0 million of 7.85% medium-term notes at maturity.

On April 3, 2017, Capital Markets redeemed $12.0 million of 7.82% , $10.0 million of 7.92% , $2.0 million of 7.93% and $1.0 million of 7.94% medium-term notes at maturity.

On May 11, 2017, NiSource Finance closed its placement of $2.0 billion in aggregate principal amount of its senior notes, comprised of $1.0 billion of 3.49% senior notes due 2027 and $1.0 billion of 4.375% senior notes due 2047. Related to this placement, NiSource settled $950.0 million of aggregate notional value forward-starting interest rate swaps, originally entered into to mitigate interest risk associated with the planned issuance of these notes. Refer to Note 7 , "Risk Management Activities," for additional information.

During the second quarter of 2017, NiSource Finance executed a tender offer for $990.7 million of outstanding notes consisting of a combination of its 6.40% notes due 2018, 6.80% notes due 2019, 5.45% notes due 2020, and 6.125% notes due 2022. In conjunction with the debt retired, NiSource Finance recorded a $111.5 million loss on early extinguishment of long-term debt, primarily attributable to early redemption premiums.

On June 12, 2017, NIPSCO redeemed $22.5 million of 7.59% medium-term notes at maturity.

On July 1, 2017, NIPSCO redeemed $55.0 million of 5.70% medium-term notes at maturity.

14 . Short-Term Borrowings

NiSource generates short-term borrowings from its revolving credit facility, commercial paper program, letter of credit issuances and accounts receivable transfer programs. Each of these borrowing sources is described further below.

NiSource Finance maintains a revolving credit facility to fund ongoing working capital requirements, including the provision of liquidity support for its commercial paper program, provide for issuance of letters of credit and also for general corporate purposes. NiSource Finance's revolving credit facility has a program limit of $1.85 billion and is comprised of a syndicate of banks led by Barclays. At June 30, 2017 and December 31, 2016 , NiSource had no outstanding borrowings under this facility.

NiSource Finance's commercial paper program has a program limit of up to $1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse and Wells Fargo. As of June 30, 2017 and December 31, 2016 , NiSource had commercial paper outstanding of $603.0 million and $1,178.0 million , respectively.

As of June 30, 2017 and December 31, 2016 , NiSource had $13.0 million and $14.7 million of stand-by letters of credit, respectively. All stand-by letters of credit were under the revolving credit facility.

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited) in the amount of $298.3 million and $310.0 million as of June 30, 2017 and December 31, 2016 , respectively. Refer to Note 9 , "Transfers of Financial Assets," for additional information.

Short-term borrowings were as follows:

(in millions)	**June 30, 2017**	December 31, 2016
Commercial Paper weighted-average interest rate of 1.51% and 1.24% at June 30, 2017 and December 31, 2016, respectively	**$ 603.0**	$ 1,178.0
Accounts receivable securitization facility borrowings	**298.3**	310.0
Total Short-Term Borrowings	**$ 901.3**	$ 1,488.0

Given their maturities are less than 90 days, cash flows related to the borrowings and repayments of the items listed above are presented net in the Condensed Statements of Consolidated Cash Flows (unaudited).

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

15 . Other Commitments and Contingencies

A. Guarantees and Indemnities. As a part of normal business, NiSource and certain subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to a subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the subsidiaries' intended commercial purposes. As of June 30, 2017 and December 31, 2016, NiSource had issued stand-by letters of credit of $13.0 million and $14.7 million , respectively.

B. Legal Proceedings. The Company is party to certain claims and legal proceedings arising in the ordinary course of business, none of which is deemed to be individually material at this time. Due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on the Company's results of operations, financial position or liquidity. If one or more of such matters were decided against the Company, the effects could be material to the Company's results of operations in the period in which the Company would be required to record or adjust the related liability and could also be material to the Company's cash flows in the periods the Company would be required to pay such liability.

C. Environmental Matters. NiSource operations are subject to environmental statutes and regulations related to air quality, water quality, hazardous waste and solid waste. NiSource believes that it is in substantial compliance with the environmental regulations currently applicable to its operations.

It is management's continued intent to address environmental issues in cooperation with regulatory authorities in such a manner as to achieve mutually acceptable compliance plans. However, there can be no assurance that fines and penalties will not be incurred. Management expects a significant portion of environmental assessment and remediation costs to be recoverable through rates for certain NiSource companies.

As of June 30, 2017 and December 31, 2016 , NiSource had recorded a liability of approximately $115.7 million and $111.4 million , respectively, to cover environmental remediation at various sites. The current portion of this liability is included in "Legal and environmental" in the Condensed Consolidated Balance Sheets (unaudited). The noncurrent portion is included in "Other noncurrent liabilities" in the Condensed Consolidated Balance Sheets (unaudited). NiSource recognizes costs associated with environmental remediation obligations when the incurrence of such costs is probable and the amounts can be reasonably estimated. The original estimates for remediation activities may differ materially from the amount ultimately expended. The actual future expenditures depend on many factors, including currently enacted laws and regulations, the nature and extent of impact, the method of remediation and the availability of cost recovery. These expenditures are not currently estimable at some sites. NiSource periodically adjusts its liability as information is collected and estimates become more refined.

Electric Operations' compliance estimates disclosed below are reflective of NIPSCO's Integrated Resource Plan submitted to the IURC on November 1, 2016. See section D , "Other Matters," below for additional information.

Air
The actions listed below could require further reductions in emissions from various emission sources. NiSource will continue to closely monitor developments in these matters.

Future legislative and regulatory programs, including implementation of the EPA CPP, could significantly limit allowed GHG emissions or impose a cost or tax on GHG emissions. Additionally, rules that increase methane leak detection, require emission reductions or impose additional requirements for natural gas facilities could restrict GHG emissions and impose additional costs. The CPP and other federally enacted or proposed GHG reduction measures are subject to numerous legal challenges that could change the way the programs are implemented, and NiSource will carefully monitor all GHG reduction proposals and regulations.

National Ambient Air Quality Standards. The CAA requires the EPA to set NAAQS for six "criteria" air pollutants considered harmful to public health and the environment. Periodically, the EPA imposes new, or modifies existing, NAAQS. States containing areas that do not meet the new or revised standards, or contribute significantly to nonattainment of downwind states, may be required to take steps to achieve and maintain compliance with the standards. These steps could include additional pollution controls on boilers, engines, turbines and other facilities owned by electric generation and gas distribution operations.

Ozone: On October 26, 2015, the EPA issued a final rule to lower the 8-hour ozone standard from 75 ppb to 70 ppb . After the EPA proceeds with designations, areas where NiSource operates that are currently designated in attainment with the standards may be reclassified as nonattainment. NiSource will continue to monitor this matter and cannot estimate its impact at this time.

Clean Power Plan. On October 23, 2015, the EPA issued a final rule to regulate CO_2 emissions from existing fossil-fuel EGUs under section 111(d) of the CAA. The final rule establishes national CO_2 emission-rate standards that are applied to each state's mix of affected EGUs to establish state-specific emission-rate and mass-emission limits. The final rule requires each state to submit a plan indicating how the state will meet the EPA's emission-rate or mass-emission limit, including possibly imposing reduction obligations on specific units. If a state does not submit a satisfactory plan, the EPA will impose a federal plan on that state. On February 9, 2016, the U.S. Supreme Court stayed implementation of the CPP until litigation is decided on its merits. The cost to comply with this rule will depend on a number of factors, including the outcome of CPP litigation, the requirements of the state plan or final federal plan, and the level of NIPSCO's required CO_2 emission reductions. It is possible that this new rule, comprehensive federal or state GHG legislation or other GHG regulation could result in additional expense or compliance costs that could materially impact NiSource's financial results. NIPSCO will continue to monitor this matter and cannot estimate its impact at this time. Should costs be incurred to comply with the CPP, NIPSCO believes such costs will be eligible for recovery through customer rates.

Waste

CERCLA. NiSource subsidiaries are potentially responsible parties at waste disposal sites under the CERCLA (commonly known as Superfund) and similar state laws. Additionally, NiSource affiliates have retained environmental liabilities, including remediation liabilities, associated with certain former operations.

MGP. A program has been instituted to identify and investigate former MGP sites where Gas Distribution Operations subsidiaries or predecessors may have liability. The program has identified 64 such sites where liability is probable. Remedial actions at many of these sites are being overseen by state or federal environmental agencies through consent agreements or voluntary remediation agreements.

NiSource utilizes a probabilistic model to estimate its future remediation costs related to its MGP sites. The model was prepared with the assistance of a third party and incorporates NiSource and general industry experience with remediating MGP sites. NiSource completes an annual refresh of the model in the second quarter of each fiscal year. No material changes to the estimated future remediation costs were noted as a result of the refresh completed as of June 30, 2017. The total estimated liability at NiSource related to the facilities subject to remediation was $108.9 million and $105.5 million at June 30, 2017 and December 31, 2016 , respectively. The liability represents NiSource's best estimate of the probable cost to remediate the facilities. NiSource believes that it is reasonably possible that remediation costs could vary by as much as $25 million in addition to the costs noted above. Remediation costs are estimated based on the best available information, applicable remediation standards at the balance sheet date, and experience with similar facilities.

CCRs. On April 17, 2015, the EPA issued a final rule for regulation of CCRs. The rule regulates CCRs under the RCRA Subtitle D, which determines them to be nonhazardous. The rule is implemented in phases and requires increased groundwater monitoring, reporting, recordkeeping and posting of related information to the Internet. The rule also establishes requirements related to CCR management and disposal. The rule will allow NIPSCO to continue its byproduct beneficial use program.

The publication of the CCR rule resulted in revisions to previously recorded legal obligations associated with the retirement of certain NIPSCO facilities. The actual asset retirement costs related to the CCR rule may vary substantially from the estimates used to record the increased asset retirement obligation due to the uncertainty about the compliance strategies that will be used and the preliminary nature of available data used to estimate costs. In addition, to comply with the rule, NIPSCO will be required to incur future capital expenditures to modify its infrastructure and manage CCRs. Capital compliance costs are currently expected to total approximately $193 million . As allowed by the EPA, NIPSCO will continue to collect data over time to determine the specific compliance solutions and associated costs and, as a result, the actual costs may vary.

NIPSCO filed a petition on November 1, 2016 with the IURC seeking approval of the projects and recovery of the costs associated with CCR compliance. On June 9, 2017, NIPSCO filed with the IURC a settlement reached with certain parties regarding the CCR projects and treatment of associated costs. An evidentiary hearing is scheduled for August 21, 2017 and an order is expected by the end of 2017.

Water

ELG. On November 3, 2015, the EPA issued a final rule to amend the ELG and standards for the Steam Electric Power Generating category. The final rule became effective January 4, 2016. The rule imposes new water treatment and discharge requirements on NIPSCO's electric generating facilities to be applied between 2018 and 2023. On April 24, 2017, the Fifth Circuit Court of Appeals granted the EPA's motion to hold in abeyance the litigation challenging the ELG, while the EPA proceeds with review and reconsideration of the ELG. On April 25, 2017, the EPA published notice in the Federal Register that the EPA is reconsidering the ELG in response to two petitions for reconsideration and that the EPA administratively stays all future ELG compliance deadlines

during its review. NIPSCO is unable to estimate the impact of the EPA stay and reconsideration at this time. Based upon a preliminary engineering study, capital compliance costs are currently expected to cost approximately $170 million . On November 1, 2016, NIPSCO filed a petition with the IURC seeking approval of the projects and recovery of the costs associated with ELG compliance. Given the current stay of the ELG rule, NIPSCO has agreed with the settling parties as part of the settlement agreement discussed in the "CCRs" subsection above, that these ELG projects and related costs would be addressed in a later proceeding.

D . Other Matters.

Transmission Upgrade Agreements. On February 11, 2014, NIPSCO entered into TUAs with upgrade sponsors to complete upgrades on NIPSCO's transmission system on behalf of those sponsors. The upgrade sponsors agreed to reimburse NIPSCO for the total cost to construct transmission upgrades and place them into service, multiplied by a rate of 1.71 ("the multiplier").

On June 10, 2014, certain upgrade sponsors for both TUAs filed a complaint at the FERC against NIPSCO regarding the multiplier stated in the TUAs. On June 30, 2014, NIPSCO filed an answer defending the terms of the TUAs and the just and reasonable nature of the multiplier charged therein and moved for dismissal of the complaint. On December 8, 2014, the FERC issued an order in response to the complaint finding that it is appropriate for NIPSCO to recover, through the multiplier, substantiated costs of ownership related to the TUAs. On August 10, 2016, NIPSCO reached settlement with all remaining parties to the complaint and filed with the FERC for approval. An order from the FERC approving the settlement was received on January 31, 2017. Receipt of the FERC order did not result in a material impact to the Consolidated Financial Statements.

At the time the TUAs were executed, it was assumed the proceeds received from the upgrade sponsors would be taxable to NIPSCO. Accordingly, the multiplier included a provision for such taxes. On June 10, 2016, the U.S. Treasury Department issued a notice regarding transfers of property to regulated utilities by electric generators, stating that transfers within the scope of the notice will not be treated as taxable. In response to this notice, NIPSCO recorded a liability of $8.6 million to reflect the estimated amount owed to the upgrade sponsors for the portion of the multiplier previously collected for taxes. This activity was recorded during the second quarter of 2016, and is included within "Other, net" in the Condensed Statement of Consolidated Income (unaudited). On April 4, 2017, the U.S. Internal Revenue Service issued a private letter ruling to NIPSCO. The ruling provides that the deemed contribution of the intertie and all sums paid for construction meet the safe harbor requirements of Notice 2016-36 and, upon filing a change in accounting method, are excludable from gross income as a non-shareholder contribution to capital. The receipt of the private letter ruling will not have a material impact to the Condensed Consolidated Financial Statements (unaudited). During the second quarter of 2017, NIPSCO settled the aforementioned liability via payment to the upgrade sponsors.

PHMSA EFV. On October 14, 2016, PHMSA issued a final rule that expands safety requirements for EFVs. Among the rule's provisions is a requirement for utilities to notify customers whose service lines are not currently equipped with an EFV of their right to request installation of an EFV. The rule took effect April 14, 2017. During 2017, NiSource's operating companies posted notifications on their websites in compliance with the rule and received regulatory authority for their proposed cost recovery plans with their respective state regulatory commissions in every state except for Massachusetts, where the method of cost recovery is under consideration by the DPU. Though not expected to be material, costs incurred by NiSource to comply with the rule are expected to be fully recoverable.

NIPSCO 2016 Integrated Resource Plan. Environmental, regulatory and economic factors, including low natural gas prices and aging coal-fired units, have led NIPSCO to consider modifying its current electric generation supply mix to include less coal-fired generation. Due to enacted CCR and ELG legislation, NIPSCO would expect to incur over $1 billion in operating, maintenance, environmental and other costs over the next seven years if the current fleet of coal-fired generating units remain operational.

On November 1, 2016, NIPSCO submitted its 2016 Integrated Resource Plan with the IURC. The plan evaluated demand-side and supply-side resource alternatives to reliably and cost effectively meet NIPSCO customers' future energy requirements over the ensuing twenty years. The 2016 Integrated Resource Plan indicates that the most viable option for customers and NIPSCO involves the retirement of Bailly Generating Station (Units 7 and 8) as soon as mid-2018 and two units (Units 17 and 18) at the R.M. Schahfer Generating Station by the end of 2023. It is projected over the long term that the cost to customers to retire these units at these dates will be lower than maintaining and upgrading them for continuing generation.

NiSource and NIPSCO committed to the retirement of the Bailly Generating Station units in connection with the filing of the 2016 Integrated Resource Plan, pending approval by the MISO. In the fourth quarter of 2016, the MISO approved NIPSCO's plan to retire the Bailly Generating Station units by May 31, 2018. In accordance with ASC 980-360, the remaining net book value of the Bailly Generating Station units was reclassified from "Net utility plant" to "Other property, at cost, less accumulated depreciation" on the Condensed Consolidated Balance Sheets (unaudited).

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

In connection with the MISO's approval of NIPSCO's planned retirement of the Bailly Generating Station units, NiSource recorded $ 22.1 million of plant retirement-related charges in the fourth quarter of 2016. These charges were comprised of contract termination charges related to NIPSCO's capital lease with Pure Air (discussed further below), voluntary employee severance benefits, and write downs of certain materials and supplies inventory balances.

NIPSCO Pure Air. NIPSCO has a service agreement with Pure Air, a general partnership between Air Products and Chemicals, Inc. and First Air Partners LP, under which Pure Air provides scrubber services to reduce sulfur dioxide emissions for Units 7 and 8 at the Bailly Generating Station. Services under this contract commenced on July 1, 1992 and expired on June 30, 2012. The agreement was renewed effective July 1, 2012 for ten years requiring NIPSCO to pay for the services under a combination of fixed and variable charges. NiSource has made an exhaustive effort to obtain information needed from Pure Air to determine the status of Pure Air as a VIE. However, NIPSCO has not been able to obtain this information and, as a result, it is unclear whether Pure Air is a VIE and if NIPSCO is the primary beneficiary. NIPSCO will continue to request the information required to determine whether Pure Air is a VIE. NIPSCO has no exposure to loss related to the service agreement with Pure Air and payments under this agreement were $ 10.4 million and $ 9.5 million for the six months ended June 30, 2017 and 2016 , respectively. In accordance with GAAP, the renewed agreement was evaluated to determine whether the arrangement qualifies as a lease. Based on the terms of the agreement, the arrangement qualified for capital lease accounting. As the effective date of the new agreement was July 1, 2012, NiSource capitalized this lease beginning in the third quarter of 2012.

As further discussed above in this Note 15 under the heading "NIPSCO 2016 Integrated Resource Plan," NIPSCO plans to retire the generation station units serviced by Pure Air by May 31, 2018. In December 2016, as allowed by the provisions of the service agreement, NIPSCO provided Pure Air formal notice of intent to terminate the service agreement, effective May 31, 2018. Providing this notice to Pure Air triggered a contract termination liability of $16 million which was recorded in fourth quarter of 2016. This expense was included as part of the plant retirement-related charges discussed above. Payment of this liability is not due until NIPSCO ceases use of the scrubber services. The liability is presented in "Other accruals" on the Condensed Consolidated Balance Sheets (unaudited). In addition, NIPSCO remeasured the remaining capital lease asset and obligation to reflect the change in estimated remaining minimum lease payments. This remeasurement was a non-cash transaction that had no impact on the Statements of Consolidated Income.

Technology Services. On December 31, 2013, NiSource Corporate Services Company signed a seven-year agreement with IBM to continue to provide business process and support functions to NiSource under a combination of fixed and variable charges, with the variable charges fluctuating based on the actual need for such services. The agreement was effective January 1, 2014 with a commencement date of April 1, 2014.

In April 2017, NiSource initiated a process to terminate its agreement with IBM and began negotiating contracts with IT service providers other than IBM. The terminated agreement calls for NiSource to pay certain charges in the event of a termination by NiSource for any reason other than material breach by IBM. NiSource and IBM are in discussions with respect to the charges owed IBM, if any. No amounts have been recorded for termination charges as of June 30, 2017.

In May and June 2017, NiSource executed agreements with new IT service providers. The new agreements have terms ending at various dates throughout 2022. Knowledge sharing and transition of responsibilities from IBM to the new service providers is currently underway and is expected to be substantially complete by the end of 2017. Costs associated with transition activities, including legal and consulting fees, are expensed as incurred. Annual payments for services received under the new agreements are not expected to result in a material change to NiSource's aggregate contractual obligations.

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

16 . Accumulated Other Comprehensive Loss

The following tables display the components of Accumulated Other Comprehensive Loss:

Three Months Ended June 30, 2017 *(in millions)*	Gains and Losses on Securities [1]	Gains and Losses on Cash Flow Hedges [1]	Pension and OPEB Items [1]	Accumulated Other Comprehensive Loss [1]
Balance as of April 1, 2017	$ (0.2)	$ (2.0)	$ (17.4)	$ (19.6)
Other comprehensive income (loss) before reclassifications	0.8	(18.2)	0.1	(17.3)
Amounts reclassified from accumulated other comprehensive loss	(0.2)	1.4	0.1	1.3
Net current-period other comprehensive income (loss)	0.6	(16.8)	0.2	(16.0)
Balance as of June 30, 2017	**$ 0.4**	**$ (18.8)**	**$ (17.2)**	**$ (35.6)**

Six Months Ended June 30, 2017 *(in millions)*	Gains and Losses on Securities [1]	Gains and Losses on Cash Flow Hedges [1]	Pension and OPEB Items [1]	Accumulated Other Comprehensive Loss [1]
Balance as of January 1, 2017	$ (0.6)	$ (6.9)	$ (17.6)	$ (25.1)
Other comprehensive income (loss) before reclassifications	1.0	(13.6)	0.2	(12.4)
Amounts reclassified from accumulated other comprehensive loss	—	1.7	0.2	1.9
Net current-period other comprehensive income (loss)	1.0	(11.9)	0.4	(10.5)
Balance as of June 30, 2017	**$ 0.4**	**$ (18.8)**	**$ (17.2)**	**$ (35.6)**

Three Months Ended June 30, 2016 *(in millions)*	Gains and Losses on Securities [1]	Gains and Losses on Cash Flow Hedges [1]	Pension and OPEB Items [1]	Accumulated Other Comprehensive Loss [1]
Balance as of April 1, 2016	$ 1.2	$ (86.2)	$ (18.8)	$ (103.8)
Other comprehensive income (loss) before reclassifications	0.9	(53.9)	(0.1)	(53.1)
Amounts reclassified from accumulated other comprehensive loss	(0.1)	0.4	0.3	0.6
Net current-period other comprehensive income (loss)	0.8	(53.5)	0.2	(52.5)
Balance as of June 30, 2016	**$ 2.0**	**$ (139.7)**	**$ (18.6)**	**$ (156.3)**

Six Months Ended June 30, 2016 *(in millions)*	Gains and Losses on Securities [1]	Gains and Losses on Cash Flow Hedges [1]	Pension and OPEB Items [1]	Accumulated Other Comprehensive Loss [1]
Balance as of January 1, 2016	$ (0.5)	$ (15.5)	$ (19.1)	$ (35.1)
Other comprehensive income (loss) before reclassifications	2.6	(125.1)	—	(122.5)
Amounts reclassified from accumulated other comprehensive loss	(0.1)	0.9	0.5	1.3
Net current-period other comprehensive income (loss)	2.5	(124.2)	0.5	(121.2)
Balance as of June 30, 2016	**$ 2.0**	**$ (139.7)**	**$ (18.6)**	**$ (156.3)**

[1] All amounts are net of tax. Amounts in parentheses indicate debits.

17 . Business Segment Information

At June 30, 2017 , NiSource's operations are divided into two primary reportable segments. The Gas Distribution Operations segment provides natural gas service and transportation for residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland, Indiana and Massachusetts. The Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

The following table provides information about business segments. NiSource uses operating income as its primary measurement for each of the reported segments and makes decisions on finance, dividends and taxes at the corporate level on a consolidated basis. Segment revenues include intersegment sales to affiliated subsidiaries, which are eliminated in consolidation. Affiliated sales are recognized on the basis of prevailing market, regulated prices or at levels provided for under contractual agreements. Operating income is derived from revenues and expenses directly associated with each segment.

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**2017**	2016	**2017**	2016
Gross Revenues				
Gas Distribution Operations				
Unaffiliated	**$ 532.5**	$ 502.4	**$ 1,708.8**	$ 1,543.2
Intersegment	**3.6**	3.3	**7.1**	6.5
Total	**536.1**	505.7	**1,715.9**	1,549.7
Electric Operations				
Unaffiliated	**458.0**	391.7	**879.7**	783.8
Intersegment	**0.2**	—	**0.4**	0.2
Total	**458.2**	391.7	**880.1**	784.0
Corporate and Other				
Unaffiliated	**0.2**	3.5	**0.8**	7.2
Intersegment	**121.7**	98.8	**241.3**	197.6
Total	**121.9**	102.3	**242.1**	204.8
Eliminations	**(125.5)**	(102.1)	**(248.8)**	(204.3)
Consolidated Gross Revenues	**$ 990.7**	$ 897.6	**$ 2,589.3**	$ 2,334.2
Operating Income (Loss)				
Gas Distribution Operations	**$ 45.1**	$ 73.5	**$ 385.8**	$ 388.4
Electric Operations	**84.9**	68.4	**161.9**	138.7
Corporate and Other	**(5.5)**	(3.7)	**(6.7)**	(7.5)
Consolidated Operating Income	**$ 124.5**	$ 138.2	**$ 541.0**	$ 519.6

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NiSource Inc.

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CONSOLIDATED REVIEW

This Management's Discussion and Analysis of Financial Condition and Results of Operations (Management's Discussion) analyzes the financial condition, results of operations and cash flows of NiSource and its subsidiaries. It also includes management's analysis of past financial results and certain potential factors that may affect future results, potential future risks and approaches that may be used to manage those risks.

Management's Discussion is designed to provide an understanding of NiSource's operations and financial performance and should be read in conjunction with NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 .

Executive Summary

NiSource is an energy holding company under the Public Utility Holding Company Act of 2005 whose subsidiaries are fully regulated natural gas and electric utility companies serving customers in seven states. NiSource generates substantially all of its operating income through these rate-regulated businesses which are summarized for financial reporting purposes into two primary reportable segments: Gas Distribution Operations and Electric Operations.

Refer to the "Business" section of NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 for further discussion of its regulated utility business segments.

NiSource's goal is to develop strategies that benefit all stakeholders as it addresses changing customer conservation patterns, develops more contemporary pricing structures and embarks on long-term investment programs. These strategies are intended to improve reliability and safety, enhance customer services and reduce emissions while generating sustainable returns. Additionally, NiSource continues to pursue regulatory and legislative initiatives that will allow residential customers not currently on NiSource's system to obtain gas service in a cost effective manner.

Summary of Consolidated Financial Results

On a consolidated basis, NiSource reported a net loss of $44.4 million , or a $0.14 loss per basic share for the three months ended June 30, 2017 , compared to net income of $28.9 million , or $0.09 per basic share for the same period in 2016 . The decrease in net income during 2017 was due primarily to a loss on early extinguishment of long-term debt and decreased operating income, as discussed below.

For the three months ended June 30, 2017 , NiSource reported operating income of $124.5 million compared to $138.2 million for the same period in 2016 . The lower operating income was primarily due to increased operating expenses, including higher employee and administrative expenses, increased outside service costs, higher environmental costs, increased depreciation expense and higher gross receipts taxes. The increases to operating expense were partially offset by increased net revenues from new rates from base-rate proceedings and infrastructure replacement programs and increased rates from incremental capital spend on electric transmission projects at NIPSCO.

For the six months ended June 30, 2017 , NiSource reported consolidated net income of $166.9 million , or $0.51 per basic share compared to $215.5 million , or $0.67 per basic share for the same period in 2016 . The decrease in net income during 2017 was due primarily to the aforementioned loss on early extinguishment of long-term debt, partially offset by increased operating income, as discussed below.

NiSource's operating income for the six months ended June 30, 2017 was $541.0 million compared to $519.6 million for the same period in 2016 . The higher operating income was primarily due to increased net revenues from new rates from base-rate proceedings and infrastructure replacement programs, along with increased rates from incremental capital spend on electric transmission projects at NIPSCO. Operating expenses increased due to higher employee and administrative costs, increased outside services, higher material and supplies expenses and increased environmental costs. Additionally, depreciation expense, gross receipts taxes and property taxes increased relative to 2016. These increases in operating expenses were partially offset by decreased amortization expense.

These factors and other impacts to the financial results are discussed in more detail within the following discussions of "Results of Operations," "Results and Discussion of Segment Operations" and "Liquidity and Capital Resources."

Capital Investment. In the six months ended June 30, 2017 , NiSource invested $732.2 million in capital expenditures across its gas and electric utilities. These expenditures were primarily aimed at furthering the safety and reliability of NiSource's gas

distribution system, construction of new electric transmission assets and maintaining NiSource's existing electric generation fleet. NiSource continues to execute on an estimated $30 billion in total projected long-term regulated utility infrastructure investments and expects to invest approximately $1.6 billion to $1.7 billion in capital during 2017 to continue to modernize and improve its system across all seven states.

Liquidity. NiSource believes that through income generated from operating activities, amounts available under its short-term revolving credit facility, commercial paper program, accounts receivable securitization facilities, long-term debt agreements and NiSource's ability to access the capital markets, there is adequate capital available to fund its operating activities and capital expenditures in 2017 and beyond. At June 30, 2017 and December 31, 2016 , NiSource had $1,251.9 million and $683.7 million , respectively, of net liquidity available, consisting of cash and available capacity under credit facilities. Additionally, NiSource has approximately $466 million of available remaining capacity under its recently launched ATM Program.

Regulatory Developments

During the six months ended June 30, 2017 , NiSource continued to move forward on core infrastructure and environmental investment programs supported by complementary regulatory and customer initiatives across all seven states of its operating area. The discussion below summarizes significant regulatory developments that transpired during the second quarter of 2017 :

Gas Distribution Operations

- Columbia of Ohio's application for a five year extension of its IRP remains pending before the PUCO. This well-established pipeline replacement program, which is currently authorized through December 31, 2017, covers replacement of priority mainline pipe and targeted customer service lines. A PUCO order is expected by the end of the year.
- Columbia of Maryland's base rate case remains pending before the MPSC. The request, filed April 14, 2017, seeks to adjust the company's base rates so it can continue to expedite the replacement of aging pipe as well as adopt additional pipeline safety upgrades. On July 28, 2017, all parties filed a settlement agreement with the MPSC which, if approved as filed, would result in an annual revenue increase of $2.4 million , effective in late October 2017.
- NIPSCO continues to execute on its seven-year, $845 million gas infrastructure modernization program to further improve system reliability and safety. On June 28, 2017, the IURC approved NIPSCO's latest semi-annual tracker update covering approximately $61 million of investments that were made in the second half of 2016.

Electric Operations

- NIPSCO's request, filed in November 2016, to invest in environmental upgrades at its Michigan City Unit 12 and R.M. Schahfer Units 14 and 15 generating facilities remains pending before the IURC. On June 9, 2017, NIPSCO, along with the Indiana OUCC, the Citizens Action Coalition and a group of NIPSCO industrial customers, submitted a settlement agreement seeking, among other things, approval and cost recovery for the CCR projects and moving ELG-related investments to a later proceeding. An IURC order is expected before the end of 2017.
- NIPSCO continues to execute on its seven-year electric infrastructure modernization program, which includes enhancements to its electric transmission and distribution system designed to further improve system safety and reliability. The IURC-approved program represents approximately $1.25 billion of electric infrastructure investments expected to be made through 2022. In February 2017, NIPSCO began recovering on $ 45.5 million of these investments. On June 30, 2017, NIPSCO filed with the IURC its latest tracker update request, covering $177.3 million of cumulative net capital expenditures through April 30, 2017. An order is expected by the fourth quarter of 2017.

Refer to Note 6 , "Regulatory Matters," as well as to Note 15 , "Other Commitments and Contingencies," in the Notes to Condensed Consolidated Financial Statements (unaudited) for a complete discussion of key regulatory matters.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.

Results of Operations

	Three Months Ended June 30,			Six Months Ended June 30,		
(in millions, except per share amounts)	**2017**	2016	2017 vs. 2016	**2017**	2016	2017 vs. 2016
Total Net Revenues	**$ 713.9**	$ 662.7	$ 51.2	**$ 1,760.2**	$ 1,602.8	$ 157.4
Total Operating Expenses	**589.4**	524.5	64.9	**1,219.2**	1,083.2	136.0
Operating Income	**124.5**	138.2	(13.7)	**541.0**	519.6	21.4
Total Other Deductions, net	**(195.4)**	(92.1)	(103.3)	**(279.4)**	(181.9)	(97.5)
Income Taxes	**(26.6)**	17.1	(43.7)	**94.6**	122.1	(27.5)
Loss from Discontinued Operations - net of taxes	**(0.1)**	(0.1)	—	**(0.1)**	(0.1)	—
Net Income (Loss)	**(44.4)**	28.9	(73.3)	**166.9**	215.5	(48.6)
Basic Earnings (Loss) Per Share from Continuing Operations	**$ (0.14)**	$ 0.09	$ (0.23)	**$ 0.51**	$ 0.67	$ (0.16)
Basic Average Common Shares Outstanding	**325.1**	321.7	3.4	**324.4**	321.0	3.4

Operating Income

Substantially all of NiSource's operating income is generated by the Gas Distribution Operations and Electric Operations segments, the results of which are discussed in further detail within "Results and Discussion of Segment Operations."

Other Income (Deductions), net

Other income (deductions), net reduced income by $195.4 million in the second quarter of 2017 compared to a reduction in income of $92.1 million in the prior year. This change is due primarily to a loss on early extinguishment of long-term debt of $111.5 million. Refer to Note 13 , "Long-Term Debt," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on the early extinguishment of long-term debt.

Other income (deductions), net reduced income by $279.4 million in the six months ended June 30, 2017 compared to a reduction in income of $181.9 million in the prior year. This change is due primarily to the aforementioned loss on early extinguishment of long-term debt of $111.5 million.

Income Taxes

Refer to Note 11 , "Income Taxes," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on income taxes.

RESULTS AND DISCUSSION OF SEGMENT OPERATIONS

Presentation of Segment Information

NiSource's operations are divided into two primary reportable segments: Gas Distribution Operations and Electric Operations.

NiSource Inc.
Gas Distribution Operations

	Three Months Ended June 30,			Six Months Ended June 30,		
(in millions)	**2017**	2016	2017 vs. 2016	**2017**	2016	2017 vs. 2016
Net Revenues						
Sales revenues	$ **536.1**	$ 505.7	$ 30.4	$ **1,715.9**	$ 1,549.7	$ 166.2
Less: Cost of gas sold (excluding depreciation and amortization)	**131.2**	116.1	15.1	**567.4**	493.5	73.9
Net Revenues	**404.9**	389.6	15.3	**1,148.5**	1,056.2	92.3
Operating Expenses						
Operation and maintenance	**251.8**	216.5	35.3	**534.4**	454.9	79.5
Depreciation and amortization	**66.3**	63.3	3.0	**131.6**	124.5	7.1
Other taxes	**41.7**	36.3	5.4	**96.7**	88.4	8.3
Total Operating Expenses	**359.8**	316.1	43.7	**762.7**	667.8	94.9
Operating Income	$ **45.1**	$ 73.5	$ (28.4)	$ **385.8**	$ 388.4	$ (2.6)
Revenues						
Residential	$ **338.4**	$ 325.4	$ 13.0	$ **1,140.2**	$ 1,007.2	$ 133.0
Commercial	**105.3**	98.6	6.7	**375.1**	331.1	44.0
Industrial	**45.3**	42.0	3.3	**116.8**	103.5	13.3
Off-System	**35.8**	16.4	19.4	**66.7**	39.5	27.2
Other	**11.3**	23.3	(12.0)	**17.1**	68.4	(51.3)
Total	$ **536.1**	$ 505.7	$ 30.4	$ **1,715.9**	$ 1,549.7	$ 166.2
Sales and Transportation (MMDth)						
Residential	**29.2**	35.0	(5.8)	**142.7**	155.8	(13.1)
Commercial	**24.6**	26.8	(2.2)	**94.0**	98.4	(4.4)
Industrial	**121.6**	123.1	(1.5)	**254.4**	263.3	(8.9)
Off-System	**11.9**	7.8	4.1	**22.7**	19.9	2.8
Other	**—**	0.1	(0.1)	**(0.1)**	—	(0.1)
Total	**187.3**	192.8	(5.5)	**513.7**	537.4	(23.7)
Heating Degree Days	**457**	652	(195)	**2,836**	3,264	(428)
Normal Heating Degree Days	**599**	599	—	**3,491**	3,523	(32)
% (Warmer) Colder than Normal	**(24)%**	9%		**(19)%**	(7)%	
Gas Distribution Customers						
Residential				**3,122,349**	3,100,503	21,846
Commercial				**277,187**	275,873	1,314
Industrial				**6,203**	6,416	(213)
Total				**3,405,739**	3,382,792	22,947

Net revenues are calculated as gross revenues less the associated cost of sales (excluding depreciation and amortization). Cost of sales at the Gas Distribution Operations segment is principally comprised of the cost of natural gas used while providing transportation and distribution services to its customers. The majority of the cost of sales are tracked costs that are passed through directly to the customer resulting in an equal and offsetting amount reflected in gross revenues.

Comparability of line item operating results may also be impacted by regulatory, tax and depreciation trackers (other than those for cost of sales) that allow for the recovery in rates of certain costs such as bad debt expense. Therefore, increases in these tracked operating expenses are offset by increases in net revenues and have essentially no impact on income from continuing operations.

Three months ended June 30, 2017 vs. June 30, 2016 Operating Income
For the second quarter of 2017 , Gas Distribution Operations reported operating income of $45.1 million , a decrease of $28.4 million from the comparable 2016 period.

Net revenues for second quarter of 2017 were $404.9 million , an increase of $15.3 million from the same period in 2016 . The change in net revenues was primarily driven by:

- New rates from base-rate proceedings and infrastructure replacement programs of $19.7 million.
- The effects of increased residential customer growth of $1.4 million.
- Increased regulatory, tax and depreciation trackers, which are offset in expense, of $1.4 million.

Partially offset by:

- The effects of warmer weather of $7.0 million.

Operating expenses were $43.7 million higher for the second quarter of 2017 compared to the same period in 2016 . This change was primarily driven by:

- Increased employee and administrative expenses of $17.6 million.
- Higher outside service costs of $10.8 million.
- Increased property taxes of $5.7 due to higher capital expenditures placed in service and an accrual adjustment recorded in 2016.
- Higher environmental costs of $4.4 million.
- Increased depreciation of $2.6 million due to higher capital expenditures placed in service.
- Higher regulatory, tax and depreciation trackers, which are offset in net revenues, of $1.4 million.

Six months ended June 30, 2017 vs. June 30, 2016 Operating Income

For the six months ended June 30, 2017 , Gas Distribution Operations reported operating income of $385.8 million , a decrease of $2.6 million from the comparable 2016 period.

Net revenues for the six months ended June 30, 2017 were $1,148.5 million , an increase of $92.3 million from the same period in 2016 . The change in net revenues was primarily driven by:

- New rates from base-rate proceedings and infrastructure replacement programs of $81.0 million.
- Higher regulatory, tax and depreciation trackers, which are offset in expense, of $23.7 million.
- The effects of increased residential customer growth of $4.4 million.

Partially offset by:

- The effects of warmer weather of $14.8 million.

Operating expenses were $94.9 million higher for the six months ended June 30, 2017 compared to the same period in 2016 . This change was primarily driven by:

- Increased employee and administrative expenses of $27.8 million.
- Higher regulatory, tax and depreciation trackers, which are offset in net revenues, of $23.7 million.
- Higher outside service costs of $20.1 million.
- Increased property taxes of $7.3 million due to higher capital expenditures placed in service and an accrual adjustment recorded in 2016.
- Increased depreciation of $6.1 million due to higher capital expenditures placed in service.
- Higher environmental costs of $4.4 million.
- Higher material and supplies expense of $1.7 million.

Weather

In general, NiSource calculates the weather-related revenue variance based on changing customer demand driven by weather variance from normal heating degree days. NiSource's composite heating degree days reported do not directly correlate to the weather-related dollar impact on the results of Gas Distribution Operations. Heating degree days experienced during different times of the year or in different operating locations may have more or less impact on volume and dollars depending on when and where they occur. When the detailed results are combined for reporting, there may be weather-related dollar impacts on operations when there is not an apparent or significant change in the aggregated NiSource composite heating degree day comparison.

Weather in the Gas Distribution Operations service territories for the second quarter of 2017 was about 24% warmer than normal and about 30% warmer than 2016 , decreasing net revenues $7.0 million for the quarter ended June 30, 2017 compared to 2016 .

Weather in the Gas Distribution Operations service territories for the six months ended June 30, 2017 was about 19% warmer than normal and about 13% warmer than 2016 , decreasing net revenues $14.8 million for the six months ended June 30, 2017 compared to 2016 .

Throughput
Total volumes sold and transported for the second quarter of 2017 were 187.3 MMDth, compared to 192.8 MMDth for 2016 . This 3% decrease is primarily attributable to the effects of warmer weather in the current year.

Total volumes sold and transported for the six months ended June 30, 2017 were 513.7 MMDth, compared to 537.4 MMDth for 2016 . This 4% decrease is also mostly attributable to the effects of warmer weather in 2017.

Economic Conditions
All NiSource Gas Distribution Operations companies have state-approved recovery mechanisms that provide a means for full recovery of prudently incurred gas costs. Gas costs are treated as pass-through costs and have no impact on the net revenues recorded in the period. The gas costs included in revenues are matched with the gas cost expense recorded in the period and the difference is recorded on the Condensed Consolidated Balance Sheets (unaudited) as under-recovered or over-recovered gas cost to be included in future customer billings.

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased gas costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustments to other gross revenues for the quarter ended June 30, 2017 and 2016 were a revenue decrease of $14.4 million and a revenue increase of $1.7 million, respectively. The adjustments to other gross revenues for the six months ended June 30, 2017 and 2016 were a revenue decrease of $29.0 million and a revenue increase of $10.8 million, respectively.

Certain Gas Distribution Operations companies continue to offer choice opportunities, where customers can choose to purchase gas from a third-party supplier, through regulatory initiatives in their respective jurisdictions. These programs serve to further reduce NiSource's exposure to gas prices.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.
Electric Operations

	Three Months Ended June 30,			Six Months Ended June 30,		
(in millions)	**2017**	2016	2017 vs. 2016	**2017**	2016	2017 vs. 2016
Net Revenues						
Sales revenues	**$ 458.2**	$ 391.7	$ 66.5	**$ 880.1**	$ 784.0	$ 96.1
Less: Cost of sales (excluding depreciation and amortization)	**145.7**	118.9	26.8	**261.9**	238.0	23.9
Net Revenues	**312.5**	272.8	39.7	**618.2**	546.0	72.2
Operating Expenses						
Operation and maintenance	**146.0**	124.6	21.4	**285.4**	244.5	40.9
Depreciation and amortization	**70.2**	68.9	1.3	**142.2**	135.9	6.3
Other taxes	**11.4**	10.9	0.5	**28.7**	26.9	1.8
Total Operating Expenses	**227.6**	204.4	23.2	**456.3**	407.3	49.0
Operating Income	**$ 84.9**	$ 68.4	$ 16.5	**$ 161.9**	$ 138.7	$ 23.2
Revenues						
Residential	**$ 110.0**	$ 98.4	$ 11.6	**$ 225.7**	$ 201.0	$ 24.7
Commercial	**123.7**	105.6	18.1	**244.4**	209.1	35.3
Industrial	**180.8**	151.8	29.0	**359.9**	313.6	46.3
Wholesale	**2.5**	2.6	(0.1)	**5.3**	5.1	0.2
Other	**41.2**	33.3	7.9	**44.8**	55.2	(10.4)
Total	**$ 458.2**	$ 391.7	$ 66.5	**$ 880.1**	$ 784.0	$ 96.1
Sales (Gigawatt Hours)						
Residential	**769.0**	793.8	(24.8)	**1,521.6**	1,597.4	(75.8)
Commercial	**930.4**	940.1	(9.7)	**1,825.4**	1,852.0	(26.6)
Industrial	**2,438.5**	2,295.2	143.3	**4,801.8**	4,715.9	85.9
Wholesale	**1.7**	1.3	0.4	**21.9**	1.3	20.6
Other	**31.7**	30.6	1.1	**65.1**	65.1	—
Total	**4,171.3**	4,061.0	110.3	**8,235.8**	8,231.7	4.1
Cooling Degree Days	**264**	285	(21)	**264**	285	(21)
Normal Cooling Degree Days	**229**	229		**229**	229	
% Warmer than Normal	**15%**	24%		**15%**	24%	
Electric Customers						
Residential				**407,406**	405,443	1,963
Commercial				**55,804**	55,270	534
Industrial				**2,309**	2,343	(34)
Wholesale				**743**	742	1
Other				**2**	2	—
Total				**466,264**	463,800	2,464

Net revenues are calculated as gross revenues less the associated cost of sales (excluding depreciation and amortization). Cost of sales at the Electric Operations segment is principally comprised of the cost of coal, related handling costs, natural gas purchased for the internal generation of electricity at NIPSCO and the cost of power purchased from third-party generators of electricity. The majority of the cost of sales are tracked costs that are passed through directly to the customer resulting in an equal and offsetting amount reflected in gross revenues.

Comparability of line item operating results may also be impacted by regulatory and depreciation trackers (other than those for cost of sales) that allow for the recovery in rates of certain costs such as bad debt expense. Therefore, increases in these tracked

operating expenses are offset by increases in net revenues and have essentially no impact on income from continuing operations.

Three months ended June 30, 2017 vs. June 30, 2016 Operating Income
For the second quarter of 2017 , Electric Operations reported operating income of $84.9 million, an increase of $16.5 million from the comparable 2016 period.

Net revenues for the second quarter of 2017 were $312.5 million, an increase of $39.7 million from the same period in 2016 . The change in net revenues was primarily driven by:

- New rates from base-rate proceedings of $21.2 million.
- Higher regulatory and depreciation trackers, which are offset in expense, of $8.3 million.
- Increased rates from incremental capital spend on electric transmission projects of $5.0 million.
- Greater industrial and commercial usage of $3.5 million.

Operating expenses were $23.2 million higher for the second quarter of 2017 compared to the same period in 2016. This change was primarily driven by:

- Increased outside service costs of $8.4 million, primarily due to generation-related maintenance and vegetation management activities.
- Higher regulatory and depreciation trackers, which are offset in net revenues, of $8.3 million.
- Increased employee and administrative expenses of $3.9 million.
- Higher gross receipts taxes of $3.4 million driven by higher revenues.

Partially offset by:

- Decreased amortization expense of $3.6 million.

Six months ended June 30, 2017 vs. June 30, 2016 Operating Income
For the six months ended June 30, 2017 , Electric Operations reported operating income of $161.9 million, an increase of $23.2 million from the comparable 2016 period.

Net revenues for the six months ended June 30, 2017 were $618.2 million, an increase of $72.2 million from the same period in 2016 . The change in net revenues was primarily driven by:

- New rates from base-rate proceedings of $42.1 million.
- Higher regulatory and depreciation trackers, which are offset in expense, of $20.4 million.
- Increased rates from incremental capital spend on electric transmission projects of $10.8 million.

Operating expenses were $49.0 million higher for the six months ended June 30, 2017 compared to the same period in 2016. This change was primarily driven by:

- Higher regulatory and depreciation trackers, which are offset in net revenues, of $20.4 million.
- Increased outside service costs of $12.9 million, primarily due to generation-related maintenance and vegetation management activities.
- Higher materials and supplies expenses of $7.9 million driven by generation-related maintenance and increased chemical usage.
- Increased employee and administrative expenses of $9.3 million.
- Higher gross receipts taxes of $4.7 million driven by higher revenues.

Partially offset by:

- Decreased amortization expense of $7.2 million.

Weather
In general, NiSource calculates the weather-related revenue variance based on changing customer demand driven by weather variance from normal heating or cooling degree days. NiSource's composite heating or cooling degree days reported do not directly

correlate to the weather-related dollar impact on the results of Electric Operations. Heating or cooling degree days experienced during different times of the year may have more or less impact on volume and dollars depending on when they occur. When the detailed results are combined for reporting, there may be weather-related dollar impacts on operations when there is not an apparent or significant change in the aggregated NiSource composite cooling degree day comparison.

Weather in the Electric Operations' territories for the second quarter of 2017 was about 15% warmer than normal and about 7% cooler than 2016 , decreasing net revenues $2.5 million for the quarter ended June 30, 2017 compared to 2016 .

Weather in the Electric Operations' territories for the six months ended June 30, 2017 was about 15% warmer than normal and about 7% cooler than 2016 , decreasing net revenues $6.5 million for the quarter ended June 30, 2017 compared to 2016 .

Sales
Electric Operations sales for the second quarter of 2017 were 4,171.3 gwh, a increase of 110.3 gwh compared to the same period in 2016 . The 3% increase is primarily attributable to increased industrial usage, partially offset by decreased residential sales from the cooler weather in the current year.

Electric Operations sales for the six months ended June 30, 2017 were 8,235.8 gwh, an increase of 4.1 gwh compared to the same period in 2016 .

Economic Conditions
NIPSCO has a state-approved recovery mechanism that provides a means for full recovery of prudently incurred fuel costs. Fuel costs are treated as pass-through costs and have no impact on the net revenues recorded in the period. The fuel costs included in revenues are matched with the fuel cost expense recorded in the period and the difference is recorded on the Condensed Consolidated Balance Sheets (unaudited) as under-recovered or over-recovered fuel cost to be included in future customer billings.

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased fuel costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustments to other gross revenues for the quarter ended June 30, 2017 and 2016 were a revenue increase of $18.1 million and $15.8 million, respectively. The adjustments to other gross revenues for the six months ended June 30, 2017 and 2016 were a revenue decrease of $0.9 million and a revenue increase of $18.4 million, respectively.

Electric Supply
NIPSCO 2016 Integrated Resource Plan. Environmental, regulatory and economic factors, including low natural gas prices and aging coal-fired units, have led NIPSCO to consider modifying its current electric generation supply mix to include less coal-fired generation. Due to enacted CCR and ELG legislation, NIPSCO would expect to incur over $1 billion in operating, maintenance, environmental and other costs over the next seven years if the current fleet of coal-fired generating units remain operational.

On November 1, 2016, NIPSCO submitted its 2016 Integrated Resource Plan with the IURC. The plan evaluated demand-side and supply-side resource alternatives to reliably and cost effectively meet NIPSCO customers' future energy requirements over the ensuing twenty years. The 2016 Integrated Resource Plan indicates that the most viable option for customers and NIPSCO involves the retirement of Bailly Generating Station (Units 7 and 8) as soon as mid-2018 and two units (Units 17 and 18) at the R.M. Schahfer Generating Station by the end of 2023. It is projected over the long term that the cost to customers to retire these units at these dates will be lower than maintaining and upgrading them for continuing generation.

NiSource and NIPSCO committed to the retirement of the Bailly Generating Station units in connection with the filing of the 2016 Integrated Resource Plan, pending approval by the MISO. In the fourth quarter of 2016, the MISO approved NIPSCO's plan to retire the Bailly Generating Station units by May 31, 2018.

In connection with the MISO's approval of NIPSCO's planned retirement of the Bailly Generating Station units, NiSource recorded $22.1 million of plant retirement-related charges in the fourth quarter of 2016. These charges were comprised of contract termination charges related to NIPSCO's capital lease with Pure Air, voluntary employee severance benefits and write downs of certain materials and supplies inventory balances. Refer to Note 15-D, "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information.

Liquidity and Capital Resources

Operating Activities
Net cash from operating activities for the six months ended June 30, 2017 was $651.4 million , an increase of $164.3 million compared to the six months ended June 30, 2016 . This increase was driven by a combination of changes in weather, gas prices and the related approved rates for recovery, which significantly impacted regulatory assets and regulatory liabilities between the two periods.

Regulatory Assets and Liabilities. During the six months ended June 30, 2016, over-collected gas costs from 2015 were returned to customers resulting in a use of cash. For the six months ended June 30, 2017 , the source of cash is primarily attributable to the collection of under-recovered gas costs from 2016 which resulted from increasing gas prices toward the end of the year.

Pension and Other Postretirement Plan Funding. For the six months ended June 30, 2017 , NiSource contributed $2.5 million to its pension plans and $14.5 million to its other postretirement benefit plans. In 2017 , NiSource expects to make contributions of approximately $8.9 million to its pension plans and approximately $25.3 million to its other postretirement medical and life plans.

Income Taxes. As of June 30, 2017 , NiSource has a recorded deferred tax asset of $663.9 million related to a Federal NOL carryforward. As a result of being in an NOL position, NiSource was not required to make any cash payments for Federal income tax purposes during the six months ended June 30, 2017 or 2016 . This NOL carryforward expires in 2030; however, NiSource expects to fully utilize the carryforward benefit prior to its expiration.

Investing Activities
Net cash used for investing activities for the six months ended June 30, 2017 was $791.2 million , an increase of $76.2 million compared to the six months ended June 30, 2016 . This increase was mostly attributable to increased capital expenditures in 2017 and, to a lesser extent, increased spend on non-ARO cost of removal activities at NIPSCO.

NiSource's capital expenditures for the six months ended June 30, 2017 were $732.2 million compared to $672.5 million for the comparable period in 2016 . The increase in capital spend was driven by favorable weather conditions in 2017 which allowed for extended periods of construction as well as an increase in planned capital expenditures in the current year. NiSource projects 2017 capital expenditures to be approximately $1.6 billion to $1.7 billion .

Financing Activities
Long-term Debt. Refer to Note 13 , "Long-term Debt," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on long-term debt activity, including cash paid for debt extinguishment premiums and other issuance costs.

Short-term Debt. Refer to Note 14 , "Short-Term Borrowings," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on short-term debt activity.

Net Available Liquidity. As of June 30, 2017 , an aggregate of $1,251.9 million of net liquidity was available, including cash and credit available under the revolving credit facility and accounts receivable securitization programs.

The following table displays NiSource's liquidity position as of June 30, 2017 and December 31, 2016:

(in millions)	**June 30, 2017**	December 31, 2016
Current Liquidity		
Revolving Credit Facility	**$ 1,850.0**	$ 1,850.0
Accounts Receivable Program [1]	**298.3**	310.0
Less:		
Drawn on Revolving Credit Facility	**—**	—
Commercial Paper	**603.0**	1,178.0
Accounts Receivable Program Utilized	**298.3**	310.0
Letters of Credit Outstanding Under Credit Facility	**13.0**	14.7
Add:		
Cash and Cash Equivalents	**17.9**	26.4
Net Available Liquidity	**$ 1,251.9**	$ 683.7

[1] Represents the lesser of the seasonal limit or maximum borrowings supportable by the underlying receivables.

Debt Covenants . NiSource is subject to financial covenants under its revolving credit facility and term loan agreement, which require NiSource to maintain a debt to capitalization ratio that does not exceed 70%. A similar covenant in a 2005 private placement note purchase agreement requires NiSource to maintain a debt to capitalization ratio that does not exceed 75%. As of June 30, 2017 , the ratio was 66.7% .

Sale of Trade Accounts Receivables. Refer to Note 9 , "Transfers of Financial Assets," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on the sale of trade accounts receivable.

Credit Ratings. The credit rating agencies periodically review the Company's ratings, taking into account factors such as its capital structure and earnings profile. The following table includes NiSource's and certain subsidiaries' credit ratings and ratings outlook as of June 30, 2017 . Aside from those disclosed below, there were no changes to credit ratings or outlooks since December 31, 2016.

	S&P		Moody's		Fitch	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
NiSource [1]	BBB+	Stable	Baa2	Stable	BBB	Stable
NiSource Finance	BBB+	Stable	Baa2	Stable	BBB	Stable
Capital Markets	BBB+	Stable	Baa2	Stable	BBB	Stable
NIPSCO	BBB+	Stable	Baa1	Stable	BBB	Stable
Columbia of Massachusetts	BBB+	Stable	Baa2	Stable	Not rated	Not rated
Commercial Paper	A-2	Stable	P-2	Stable	F3	Stable

[1] In April 2017, Moody's assigned a Baa2 senior unsecured rating to NiSource, with a stable outlook.

Certain NiSource subsidiaries have agreements that contain "ratings triggers" that require increased collateral if the credit ratings of NiSource or certain of its subsidiaries are below investment grade. These agreements are primarily for insurance purposes and for the physical purchase or sale of power. As of June 30, 2017 , the collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately $42.2 million . In addition to agreements with ratings triggers, there are other agreements that contain "adequate assurance" or "material adverse change" provisions that could necessitate additional credit support such as letters of credit and cash collateral to transact business.

Equity. NiSource has a shelf registration statement on file with the SEC that authorizes NiSource to issue an indeterminate amount of common stock and preferred stock, as well as other securities. The authorized capital stock of NiSource consists of 420,000,000 shares, $0.01 par value, of which 400,000,000 are common stock and 20,000,000 are preferred stock. As of June 30, 2017 , 325,756,677 shares of common stock were outstanding. NiSource has no preferred stock outstanding as of June 30, 2017 .

Contractual Obligations. Aside from the previously referenced issuance and repayment of long-term debt, there were no material changes recorded during the six months ended June 30, 2017 to NiSource's contractual obligations as of December 31, 2016 .

Off Balance Sheet Arrangements

As a part of normal business, NiSource and certain subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit.

Refer to Note 15 , "Other Commitments and Contingencies," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about such arrangements.

Market Risk Disclosures

Risk is an inherent part of NiSource's businesses. The extent to which NiSource properly and effectively identifies, assesses, monitors and manages each of the various types of risk involved in its businesses is critical to its profitability. NiSource seeks to identify, assess, monitor and manage, in accordance with defined policies and procedures, the following principal market risks that are involved in NiSource's businesses: commodity price risk, interest rate risk and credit risk. Risk management at NiSource is a multi-faceted process with oversight by the Risk Management Committee that requires constant communication, judgment and knowledge of specialized products and markets. NiSource's senior management takes an active role in the risk management process and has developed policies and procedures that require specific administrative and business functions to assist in the identification, assessment and control of various risks. These may include but are not limited to market, operational, financial, compliance and strategic risk types. In recognition of the increasingly varied and complex nature of the energy business, NiSource's risk management process, policies and procedures continue to evolve and are subject to ongoing review and modification.

Commodity Price Risk

NiSource is exposed to commodity price risk as a result of its subsidiaries' operations involving natural gas and power. To manage this market risk, NiSource's subsidiaries use derivatives, including commodity futures contracts, swaps, forwards and options. NiSource does not participate in speculative energy trading activity.

Commodity price risk resulting from derivative activities at NiSource's rate-regulated subsidiaries is limited, since regulations allow recovery of prudently incurred purchased power, fuel and gas costs through the ratemaking process, including gains or losses on these derivative instruments. If states should explore additional regulatory reform, these subsidiaries may begin providing services without the benefit of the traditional ratemaking process and may be more exposed to commodity price risk.

NiSource subsidiaries are required to make cash margin deposits with their brokers to cover actual and potential losses in the value of outstanding exchange traded derivative contracts. The amount of these deposits, which are reflected in NiSource's restricted cash balance, may fluctuate significantly during periods of high volatility in the energy commodity markets.

Refer to Note 7 , "Risk Management Activities," in the Condensed Consolidated Financial Statements (unaudited) for further information on NiSource's commodity price risk assets and liabilities as of June 30, 2017 or December 31, 2016 .

Interest Rate Risk

NiSource is exposed to interest rate risk as a result of changes in interest rates on borrowings under its revolving credit agreement, commercial paper program, accounts receivable programs and term loan, which have interest rates that are indexed to short-term market interest rates. Based upon average borrowings and debt obligations subject to fluctuations in short-term market interest rates, an increase (or decrease) in short-term interest rates of 100 basis points (1%) would have increased (or decreased) interest expense by $4.1 million and $8.9 million for the three and six months ended June 30, 2017 and $2.3 million and $3.8 million for the three and six months ended June 30, 2016 , respectively. NiSource is also exposed to interest rate risk as a result of changes in benchmark rates that can influence the interest rates of future debt issuances.

Refer to Note 7 , "Risk Management Activities," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further information on NiSource's interest rate risk assets and liabilities as of June 30, 2017 and December 31, 2016 .

Credit Risk

Due to the nature of the industry, credit risk is embedded in many of NiSource's business activities. NiSource's extension of credit is governed by a Corporate Credit Risk Policy. In addition, Risk Management Committee guidelines are in place which document management approval levels for credit limits, evaluation of creditworthiness, and credit risk mitigation efforts. Exposures to credit risks are monitored by the risk management function which is independent of commercial operations. Credit risk arises due to the possibility that a customer, supplier or counterparty will not be able or willing to fulfill its obligations on a transaction on or before the settlement date. For derivative-related contracts, credit risk arises when counterparties are obligated to deliver or purchase defined commodity units of gas or power to NiSource at a future date per execution of contractual terms and conditions. Exposure to credit risk is measured in terms of both current obligations and the market value of forward positions net of any posted collateral such as cash and letters of credit.

NiSource closely monitors the financial status of its banking credit providers. NiSource evaluates the financial status of its banking partners through the use of market-based metrics such as credit default swap pricing levels, and also through traditional credit ratings provided by major credit rating agencies.

Other Information

Critical Accounting Policies

Pension and Other Postretirement Benefits. On January 1, 2017, NiSource changed the method used to estimate the service and interest components of net periodic benefit cost for pension and other postretirement benefits. This change, compared to the previous method, resulted in a decrease in the actuarially-determined service and interest cost components. Historically, NiSource estimated service and interest costs utilizing a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation at the beginning of the period. NiSource now utilizes a full yield curve approach to estimate these components by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. NiSource believes the new approach provides a more precise measurement of service and interest costs by aligning the timing of the plan's liability cash flows to the corresponding spot rates on the yield curve. The benefit obligations measured under this approach are unchanged. NiSource accounted for this change as a prospective change in accounting estimate. For further information on NiSource's pension and other postretirement benefits, see Note 12 , "Pension and Other Postretirement Benefits," in the Notes to Condensed Consolidated Financial Statements (unaudited).

There were no additional significant changes to critical accounting policies for the period ended June 30, 2017 .

Recently Issued Accounting Pronouncements

Refer to Note 2 , "Recent Accounting Pronouncements," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about recently issued accounting pronouncements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

NiSource Inc.

For a discussion regarding quantitative and qualitative disclosures about market risk see "Management's Discussion and Analysis of Financial Condition and Results of Operations - Market Risk Disclosures."

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

NiSource's chief executive officer and its chief financial officer are responsible for evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). NiSource's disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including NiSource's chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon that evaluation, NiSource's chief executive officer and chief financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to provide reasonable assurance that financial information was processed, recorded and reported accurately.

Changes in Internal Controls

There have been no changes in NiSource's internal control over financial reporting during the fiscal quarter covered by this report that has materially affected, or is reasonably likely to materially affect, NiSource's internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

NiSource Inc.

The Company is party to certain claims and legal proceedings arising in the ordinary course of business, none of which is deemed to be individually material at this time. Due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on the Company's results of operations, financial position or liquidity. If one or more of such matters were decided against the Company, the effects could be material to the Company's results of operations in the period in which the Company would be required to record or adjust the related liability and could also be material to the Company's cash flows in the periods the Company would be required to pay such liability.

ITEM 1A. RISK FACTORS

NiSource's operations and financial results are subject to various risks and uncertainties, including those disclosed in NiSource's most recent Annual Report on Form 10-K for the year ended December 31, 2016. There have been no material changes to such risk factors.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

NiSource Inc.

(10.1)	Form of Change in Control and Termination Agreement. *
(31.1)	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
(31.2)	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
(32.1)	Certification of Chief Executive Officer pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith). *
(32.2)	Certification of Chief Financial Officer pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith). *
(101.INS)	XBRL Instance Document
(101.SCH)	XBRL Schema Document
(101.CAL)	XBRL Calculation Linkbase Document
(101.LAB)	XBRL Labels Linkbase Document
(101.PRE)	XBRL Presentation Linkbase Document
(101.DEF)	XBRL Definition Linkbase Document

* Exhibit filed herewith.

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SIGNATURE

NiSource Inc.

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NiSource Inc.
(Registrant)

Date: August 2, 2017

By: /s/ Joseph W. Mulpas
Joseph W. Mulpas
Vice President and Chief Accounting Officer
(Principal Accounting Officer
and Duly Authorized Officer)

Exhibit 10.1

NISOURCE INC.

FORM OF

CHANGE IN CONTROL AND TERMINATION AGREEMENT

NiSource Inc., a Delaware corporation ("Employer"), which as used herein shall mean NiSource Inc. and all of its Affiliates, and [_____] ("Executive") hereby enter into a Change in Control and Termination Agreement as of _____, ____ (the "Effective Date"), which Agreement is hereinafter set forth ("Agreement").

WITNESSETH

WHEREAS, Employer considers the ability to attract and retain talented management to be part of its corporate strategy and necessary in protecting and enhancing the interests of the Employer and its shareholders. As part of this strategy, Employer desires to retain Executive in its employment notwithstanding any actual or threatened Change in Control; and

WHEREAS, Executive and Employer desire to enter into this Agreement pertaining to the terms of Executive's employment in the event of any actual or threatened Change in Control;

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. Term. This Agreement shall begin on the Effective Date and shall continue in effect until the date which is twelve (12) months after the date on which either Employer or Executive has given written notice to the other party of its or his/her election to have this Agreement terminate ("Term").

2. Definitions. For purposes of this Agreement:

(a) "Affiliate" or "Associate" shall have the meaning set forth in Rule 12b-2 under the Securities Exchange Act of 1934.

(b) "Base Salary" shall mean Executive's monthly base salary at the rate in effect on the date of a reduction for purposes of paragraph (g) of this Section, or on the date of a termination of employment under circumstances described in subsections 3(a) or (b) below, whichever is higher; provided, however, that such rate shall in no event be less than the highest rate in effect for Executive at any time during the Term.

(c) "Beneficiary" shall mean the person or entity designated by Executive, by written instrument delivered to Employer, to receive the benefits payable under this Agreement in the event of his/her death. If Executive fails to designate a Beneficiary, or if no Beneficiary survives Executive, such death

benefits shall be paid:

(i) to his/her surviving spouse; or

(ii) if there is no surviving spouse, to his/her living descendants per stirpes ; or

(iii) if there is neither a surviving spouse nor descendants, to his/her duly appointed and qualified executor or personal representative.

(d) "Bonus" shall mean Executive's target annual incentive bonus compensation for the calendar year in which the date of a termination of employment under circumstances described in subsection 3(a) below occurs, under the NiSource Inc. Corporate Incentive Plan or such other incentive bonus compensation plan then maintained by Employer ("Annual Incentive Plan"); provided, however, that such target annual incentive bonus compensation shall in no event be less than the highest target annual incentive bonus compensation of Executive under any such Annual Incentive Plan for any calendar year commencing during the Term.

(e) A "Change in Control" shall be deemed to take place on the occurrence of any of the following events:

(1) The acquisition by an entity, person or group (including all Affiliates or Associates of such entity, person or group) of beneficial ownership, as that term is defined in Rule 13d-3 under the Securities Exchange Act of 1934, of capital stock of NiSource Inc. entitled to exercise more than 30% of the outstanding voting power of all capital stock of NiSource Inc. entitled to vote in elections of directors ("Voting Power");

(2) The effective time of (i) a merger or consolidation of NiSource Inc. with one or more other corporations unless the holders of the outstanding Voting Power of NiSource Inc. immediately prior to such merger or consolidation (other than the surviving or resulting corporation or any Affiliate or Associate thereof) hold at least 50% of the Voting Power of the surviving or resulting corporation (in substantially the same proportion as the Voting Power of NiSource Inc. immediately prior to such merger or consolidation), or (ii) a transfer of a Substantial Portion of the Property, of NiSource Inc. other than to an entity of which NiSource Inc. owns at least 50% of the Voting Power; or

(3) The election to the Board of Directors of NiSource Inc. (the "Board") of candidates who were not recommended for election by the Board, if such candidates constitute a majority of those elected in that particular election (for this purpose, recommended directors will not include any candidate who becomes a member of the Board as a result of an actual or threatened election contest or proxy or consent solicitation on behalf of anyone other than the Board or as a result of any appointment, nomination, or other agreement intended to avoid or settle a contest or solicitation). Notwithstanding the foregoing, a Change in Control shall

not be deemed to take place by virtue of any transaction in which Executive is a participant in a group effecting an acquisition of NiSource Inc. and, after such acquisition, Executive holds an equity interest in the entity that has acquired NiSource Inc.

(f) "Good Cause" shall be deemed to exist if, and only if Employer notifies Executive, in writing, within 60 days of its knowledge that one of the following events occurred:

(1) Executive engages in acts or omissions constituting dishonesty, intentional breach of fiduciary obligation or intentional wrongdoing or malfeasance, in each case that results in substantial harm to Employer; or

(2) Executive is convicted of a criminal violation involving fraud or dishonesty.

(g) "Good Reason" shall be deemed to exist if, and only if;

(1) there is a significant diminution in the nature or the scope of Executive's authorities or duties;

(2) there is a significant reduction in Executive's monthly rate of Base Salary and his/her opportunity to earn a bonus under an incentive bonus compensation plan maintained by Employer or his/her benefits;

(3) Employer changes by 50 miles or more the principal location at which Executive is required to perform services as of the date of a Change in Control; or

(4) Employer or any successor materially breaches this Agreement.

(h) "Pension Plan" shall mean any Retirement Plan that is a defined benefit plan as defined in Section 3(35) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

(i) "Retirement Plan" shall mean any qualified or nonqualified supplemental employee pension benefit plan, as defined in Section 3(2) of ERISA, currently or hereinafter made available by Employer in which Executive is eligible to participate.

(j) "Severance Period" shall mean the period beginning on the date Executive's employment with Employer terminates under circumstances described in subsection 3(a) and ending on the date [24] [36] months thereafter.

(k) "Substantial Portion of the Property of NiSource Inc." shall mean 50% of the aggregate book value of the assets of NiSource Inc. and its Affiliates and Associates as set forth on the most recent balance sheet of NiSource Inc., prepared on a consolidated basis, by its regularly employed, independent, certified public accountants.

(l) "Welfare Plan" shall mean any health and dental plan, disability plan, survivor income plan or life insurance plan, as defined in Section 3(1) of ERISA, currently or hereafter made available by Employer in which Executive is eligible to participate.

3. Benefits Upon Termination of Employment.

(a) The following provisions will apply if a Change in Control occurs during the Term, and at any time during the 24 months after the Change in Control occurs (whether during or after the expiration of the Term), the employment of Executive with Employer is terminated by Employer for any reason other than Good Cause, or Executive terminates his/her employment with Employer for Good Reason. In addition, the following provisions also will apply if (i) a Change in Control occurs during the Term, (ii) Employer has terminated Executive's employment other than for Good Cause during the year prior to the Change in Control but after a third party and/or Employer had taken steps reasonably calculated to effect a Change in Control and (iii) it is reasonably demonstrated by Executive that such termination of employment was in connection with or in anticipation of a Change in Control.

(1) Employer shall pay Executive an amount equal to [24] [36] times the sum of (a) Executive's Base Salary plus (b) one-twelfth of his/her Bonus. Such amount shall be paid to Executive in a lump sum within 60 days following the later of Executive's termination of employment or a Change in Control.

(2) Employer shall pay Executive an amount equal to the pro rata portion of Executive's target annual incentive bonus compensation for the calendar year under the Annual Incentive Plan then maintained by Employer, that is applicable to the period commencing on the first day of such calendar year and ending on the date of termination. Such bonus amount shall be paid to Executive in a lump sum within 30 days after his/her date of termination of employment.

(3) Executive shall receive any and all benefits accrued through the date of termination of employment under any Retirement Plan, Welfare Plan or other plan or program in which he/she participates at the date of termination of employment. The amount, form and time of payment of such benefits will be determined by the terms of such Retirement Plan, Welfare Plan and other plan or program. Further, Executive's employment shall be deemed to have terminated by reason of retirement without regard to vesting limitations in all such plans and other plans or programs not subject to the qualification requirements of Section 401(a) of the Internal Revenue Code of 1986 as amended ("Code"), under circumstances that have the most favorable result for Executive thereunder for all purposes of such Plans and other plans or programs. Any such payments shall be paid to Executive in a lump sum within 30 days after his/her date of termination of employment, or if a payment is not permitted at termination of employment under the terms of the applicable plan or program, within 30 days after the earliest permitted payment date under the plan or program, in accordance with Code

Section 409A.

(4) If upon the date of termination of Executive's employment Executive holds any awards granted under the NiSource Inc. 2010 Omnibus Incentive Plan or any predecessor or successor plan (the "Omnibus Plan"), including options with respect to stock of Employer, restricted stock, restricted stock units, performance shares, performance units, and any other stock-based award, all such awards will become vested, exercisable, and payable in accordance with the terms of the Omnibus Plan and applicable award agreement in effect on the date of such termination.

(5) In lieu of a contribution by Employer to, or a reimbursement to Executive for, any coverage premiums and any other expenses payable by Executive during the Severance Period under all Welfare Plans maintained by Employer in which he/she and his/her spouse and other dependents were participating immediately prior to the date of his/her termination, Employer will pay to Executive an amount equal to 130% of such coverage premiums and expenses otherwise payable during the Severance Period. Such amount shall be paid to Executive in a lump sum within 60 days following Executive's termination of employment.

(6) Executive shall receive outplacement services for a period commencing on the date of termination of employment and continuing until the earlier to occur of the Executive accepting other employment or 12 months after the date of termination, in an amount not to exceed $25,000.

(7) During the Severance Period, Executive shall not be entitled to reimbursement for fringe benefits, including without limitation, dues and expenses related to club memberships, automobile expenses, expenses for professional services and other similar perquisites.

(b) If the employment of Executive with Employer is terminated by Employer or Executive other than under circumstances set forth in subsection 3(a), Executive's Base Salary shall be paid through the date of his/her termination, and Employer shall have no further obligation to Executive or any other person under this Agreement. Such termination shall have no effect upon Executive's other rights, including but not limited to, rights under the Retirement Plans and the Welfare Plans.

(c) Notwithstanding anything herein to the contrary, (1) in the event Employer shall terminate the employment of Executive for Good Cause hereunder, Employer shall give Executive at least thirty (30) days prior written notice specifying in detail the reason or reasons for Executive's termination, and (2) in the event Executive terminates his/her employment for Good Reason hereunder, Executive shall give Employer at least 30 days prior written notice specifying in detail the Good Reason conditions. If

Employer cures such conditions, any subsequent termination of employment by Executive will not be considered to be made for Good Reason.

(d) This Agreement shall have no effect, and Employer shall have no obligations hereunder, if Executive's employment terminates for any reason at any time other than (i) during the 24 months following a Change in Control; or (ii) as otherwise specifically set forth in Subsection 3(a).

(e) Notwithstanding anything to the contrary contained in this Agreement, in the event that a determination is made that any payment or distribution by Employer or its Affiliates to or for the benefit of Executive (1) hereunder, or (2) pursuant to any plan, program or policy of Employer in connection with, on account of, or as a result of, such Change in Control (all such payments and benefits being hereinafter referred to as the "Total Payments") will be subject to the excise tax imposed by Code Section 4999 or any successor section thereof, or any interest or penalties are incurred by Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, collectively referred to as the "Excise Tax"), Executive shall receive from Employer the Total Payments, unless (a) the after-tax amount that would be retained by Executive (after taking into account all federal, state and local income and other taxes payable by Executive and the amount of any Excise Tax payable by Executive) if Executive were to receive the Total Payments has a lesser aggregate value than (b) the after-tax amount (after taking into account all federal, state, and local income and other taxes otherwise payable by Executive) that would be retained by Executive if the payments and distributions that comprise the Total Payments and that otherwise would have been made to Executive instead were reduced in the manner specified below, to the extent necessary so that no portion of the Total Payments is subject to Excise Tax (the "Reduced Amount"), in which case Executive shall be entitled only to the Reduced Amount. For this purpose, Executive shall be deemed to be in the highest marginal rate of federal, state and local taxes. In the event that the Executive is paid the Reduced Amount, the reduction of the Total Payments shall be determined in a manner that has the least economic cost to the Executive. If the economic cost is equivalent, the Total Payments will be reduced in the inverse order of when the Total Payments would have been made to the Executive until the Reduced Amount is achieved.

4. Setoff. No payments or benefits payable to or with respect to Executive pursuant to this Agreement shall be reduced by any amount Executive or his/her spouse or Beneficiary, or any other beneficiary under the Pension Plans, may earn or receive from employment with another employer or from any other source, except as expressly provided in subsection 3(a)(6).

5. Death. If Executive's employment with Employer terminates under circumstances described in subsections 3(a) or (b), then upon Executive's subsequent death, all unpaid amounts payable to Executive under subsections 3(a)(1), (2) or (3) or 3(b), or Section 4, if any, shall be paid to his/her Beneficiary.

6. No Solicitation of Representatives and Employees. Executive agrees that he/she shall not, during the Term or the Severance Period, directly or indirectly, in his/her individual capacity or otherwise,

induce, cause, persuade, or attempt to do any of the foregoing in order to cause, any representative, agent or employee of Employer to terminate such person's employment relationship with Employer, or to violate the terms of any agreement between said representative, agent or employee and Employer.

7. Confidentiality. Executive acknowledges that preservation of a continuing business relationship between Employer and their respective customers, representatives, and employees is of critical importance to the continued business success of Employer and that it is the active policy of Employer to guard as confidential certain information not available to the public and relating to the business affairs of Employer. In view of the foregoing, Executive agrees that he/she shall not during the Term and at any time thereafter, without the prior written consent of Employer, disclose to any person or entity any such confidential information that was obtained by Executive in the course of his/her employment by Employer. This section shall not be applicable if and to the extent Executive is required to testify in a legislative, judicial or regulatory proceeding pursuant to an order of Congress, any state or local legislature, a judge, or an administrative law judge or is otherwise required by law to disclose such information. Nothing in this section precludes Executive from confidentially or otherwise (without informing Employer) communicating or filing a charge or complaint with a governmental or regulatory entity, participating in a governmental or regulatory investigation (including, without limitation, the Securities and Exchange Commission, the Equal Employment Opportunity Commission, or the U.S. Department of Labor) or any other federal, state, or local agency, nor preclude Executive from giving truthful testimony or disclosures in a legislative, judicial or regulatory proceeding pursuant to an order of Congress, any state or local legislature, a judge, or an administrative law judge or is otherwise required by law to disclose such information. Nothing in this section shall limit Executive's ability to (a) disclose in confidence trade secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law or (b) disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this section is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. § 1833(b).

8. Forfeiture. If Executive shall at any time violate any obligation of his/hers under Sections 6 or 7 in a manner that results in significant damage to the Employer or its business, he/she shall immediately forfeit his/her right to any benefits under this Agreement, and Employer shall thereafter have no further obligation hereunder to Executive or his/her spouse, Beneficiary or any other person.

9. Executive Assignment. No interest of Executive, his/her spouse or any Beneficiary, or any other beneficiary under the Pension Plans, under this Agreement, or any right to receive any payment or distribution hereunder, shall be subject in any manner to sale, transfer, assignment, pledge, attachment, garnishment, or other alienation or encumbrance of any kind, nor may such interest or right to receive a payment or distribution be taken, voluntarily or involuntarily, for the satisfaction of the obligations or debts

of, or other claims against, Executive or his/her spouse, Beneficiary or other beneficiary, including claims for alimony, support, separate maintenance, and claims in bankruptcy proceedings.

10. Benefits Unfunded. All rights under this Agreement of Executive and his/her spouse, Beneficiary or other beneficiary under the Pension Plans, shall at all times be entirely unfunded, and no provision shall at any time be made with respect to segregating any assets of Employer for payment of any amounts due hereunder. None of Executive, his/her spouse, Beneficiary or any other beneficiary under the Pension Plans shall have any interest in or rights against any specific assets of Employer, and Executive and his/her spouse, Beneficiary or other beneficiary shall have only the rights of a general unsecured creditor of Employer.

11. Waiver. No waiver by any party at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of any other provisions or conditions at the same time or at any prior or subsequent time.

12. Litigation Expenses. Following the occurrence of Change in Control, Employer shall pay Executive's reasonable attorneys' fees and legal expenses in connection with any judicial proceeding to enforce this Agreement, or to construe or determine the validity of this Agreement or otherwise in the event Executive is successful in one material claim in such litigation. Such reimbursement shall occur by March 15 of the calendar year after the calendar year in which such reimbursement obligation as finally determined.

13. Continuing Indemnification and Advancement of Expenses. Following the occurrence of a Change in Control, to the full extent permitted by law, Employer shall indemnify Executive against any actual or threatened action, suit or proceeding, whether civil, criminal, administrative or investigative, arising by reason of Executive's status as a director, officer, employee and/or agent of Employer. In addition, to the extent permitted by law, Employer shall advance or reimburse any expenses, including reasonable attorney's fees, Executive incurs in investigating and defending any actual or threatened action, suit or proceeding for which Executive may be entitled to indemnification under this Section 13. Executive agrees to repay any expenses paid or reimbursed by Employer if it is ultimately determined that Executive is not legally entitled to be indemnified by Employer.

14. Applicable Law. This Agreement shall be construed and interpreted pursuant to the laws of Indiana.

15. Entire Agreement. This Agreement contains the entire Agreement between the Employer and Executive and supersedes any and all previous agreements; written or oral; between the parties relating to the subject matter hereof. For the avoidance of doubt, if Executive becomes entitled to the benefits under this Agreement, Executive shall not be eligible for any duplicative benefits under any other agreement, offer letter, plan, program or policy. No amendment or modification of the terms of this Agreement shall be binding upon the parties hereto unless reduced to writing and signed by Employer and Executive.

16. No Employment Contract. Nothing contained in this Agreement shall be construed to be an employment contract between Executive and Employer or provide Executive with the right to continued Employment with Employer.

17. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

18. Severability. In the event any provision of this Agreement is held illegal or invalid, the remaining provisions of this Agreement shall not be affected thereby.

19. Successors. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, representatives and successors.

20. Employment with an Affiliate. For purposes of this Agreement, (A) employment or termination of employment of Executive shall mean employment or termination of employment with Employer and all Affiliates, (B) Base Salary and Bonus shall include remuneration received by Executive from Employer and all Affiliates, and (C) the terms Pension Plan, Retirement Plan and Welfare Plan maintained or made available by Employer shall include any such plans of any Affiliate of Employer.

21. Notice. Notices required under this Agreement shall be in writing and sent by registered mail, return receipt requested, to the following addresses or to such other address as the party being notified may have previously furnished to the other party by written notice:

If to Employer: NiSource Inc.
801 E. 86th Avenue
Merrillville, Indiana 46410
Attention: Corporate Secretary

If to Executive:

22. 409A Savings Clause. Employer and Executive intend that this Agreement be interpreted in a manner that is compliant with Code Section 409A so that Executive does not incur additional taxes or penalties under Code Section 409A. If and to the extent that any payment or benefit under this Agreement is determined by Employer to constitute "non-qualified deferred compensation" subject to Code Section 409A and is payable to Executive by reason of Executive's termination of employment, then (a) such payment or benefit shall be made or provided to Executive only upon a "separation from service" as defined for purposes of Code Section 409A under applicable regulations and (b) if Executive is a "specified employee" (within the meaning of Code Section 409A and as determined by Employer), such payment or benefit shall not be made or provided before the date that is six months after the date of Executive's separation from service (or Executive's earlier death). Any amount not paid in respect of the six month period specified in the preceding sentence

will be paid to Executive in a lump sum after the expiration of such six month period. Any such payment or benefit shall be treated as a separate payment for purposes of Code Section 409A to the extent Code Section 409A applies to such payments. Further, to the extent any such payment is to be made because of a termination for Good Reason or Change in Control under this Agreement, such Good Reason or Change in Control event shall be interpreted in a manner consistent with the definition of "good reason" or "change in control" for purposes of Code Section 409A.

IN WITNESS WHEREOF , Executive has hereunto set his/her hand, and Employer has caused these presents to be executed in its name on its behalf, all as of the Effective Date.

NISOURCE INC.

By: _____

Title: Executive Vice President,
Regulatory Policy and Corporate Affairs

EXECUTIVE

_____

Executive

Exhibit 31.1

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Joseph Hamrock, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended June 30, 2017 ;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2017

By: /s/ Joseph Hamrock

Joseph Hamrock

President and Chief Executive Officer

Exhibit 31.2

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Donald E. Brown, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended June 30, 2017 ;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2017

By: /s/ Donald E. Brown

Donald E. Brown

Executive Vice President and Chief Financial Officer

Exhibit 32.1

Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending June 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph Hamrock, Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Joseph Hamrock

Joseph Hamrock
President and Chief Executive Officer

Date: August 2, 2017

Exhibit 32.2

Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending June 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Donald E. Brown, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Donald E. Brown

Donald E. Brown

Executive Vice President and Chief Financial Officer

Date: August 2, 2017

NISOURCE INC/DE

FORM 10-Q
(Quarterly Report)

Filed 05/03/17 for the Period Ending 03/31/17

Address	801 EAST 86TH AVE
	MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2017

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 001-16189

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware	35-2108964
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
801 East 86th Avenue Merrillville, Indiana	46410
(Address of principal executive offices)	(Zip Code)

(877) 647-5990
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.)

Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer" "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑ Accelerated filer ☐ Emerging growth company ☐

Non-accelerated filer ☐ Smaller reporting company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☑

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Common Stock, $0.01 Par Value: 324,667,071 shares outstanding at April 24, 2017 .

NISOURCE INC.
FORM 10-Q QUARTERLY REPORT
FOR THE QUARTER ENDED MARCH 31, 2017

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DEFINED TERMS

The following is a list of frequently used abbreviations or acronyms that are found in this report:

NiSource Subsidiaries, Affiliates and Former Subsidiaries

Capital Markets	NiSource Capital Markets, Inc.
Columbia of Kentucky	Columbia Gas of Kentucky, Inc.
Columbia of Maryland	Columbia Gas of Maryland, Inc.
Columbia of Massachusetts	Bay State Gas Company
Columbia of Ohio	Columbia Gas of Ohio, Inc.
Columbia of Pennsylvania	Columbia Gas of Pennsylvania, Inc.
Columbia of Virginia	Columbia Gas of Virginia, Inc.
NIPSCO	Northern Indiana Public Service Company
NiSource or the Company	NiSource Inc.
NiSource Finance	NiSource Finance Corp.

Abbreviations and Other

AFUDC	Allowance for funds used during construction
AOCI	Accumulated Other Comprehensive Income (Loss)
ASU	Accounting Standards Update
CAA	Clean Air Act
CCRs	Coal Combustion Residuals
CERCLA	Comprehensive Environmental Response Compensation and Liability Act (also known as Superfund)
CIAC	Contributions In Aid of Construction
CO_2	Carbon Dioxide
CPP	Clean Power Plan
DPU	Department of Public Utilities
DSM	Demand Side Management
ECR	Environmental Cost Recovery
ECT	Environmental Cost Tracker
EFV	Excess flow valve
EGUs	Electric Utility Generating Units
ELG	Effluent limitations guidelines
EPA	United States Environmental Protection Agency
EPS	Earnings per share
FAC	Fuel adjustment clause
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
GAAP	Generally Accepted Accounting Principles
GCR	Gas cost recovery
GHG	Greenhouse gases
GSEP	Gas System Enhancement Program
gwh	Gigawatt hours
IBM	International Business Machines Corporation
IRP	Infrastructure Replacement Program
IURC	Indiana Utility Regulatory Commission
LDCs	Local distribution companies

DEFINED TERMS

LIFO	Last in, first out
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator
MMDth	Million dekatherms
MPSC	Maryland Public Service Commission
NAAQS	National Ambient Air Quality Standards
NOL	Net operating loss
NYMEX	New York Mercantile Exchange
OPEB	Other Postretirement Benefits
PHMSA	U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration
Pure Air	Pure Air on the Lake LP
RCRA	Resource Conservation and Recovery Act
ppb	Parts per billion
PUCO	Public Utilities Commission of Ohio
SEC	Securities and Exchange Commission
TDSIC	Transmission, Distribution and Storage System Improvement Charge
TUAs	Transmission Upgrade Agreements
VIE	Variable Interest Entities
VSCC	Virginia State Corporation Commission

Note regarding forward-looking statements

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. These forward-looking statements include, but are not limited to, statements concerning NiSource's plans, strategies, objectives, expected performance, expenditures, recovery of expenditures through rates, stated on either a consolidated or segment basis, and any and all underlying assumptions and other statements that are other than statements of historical fact. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially.

Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in this Quarterly Report on Form 10-Q include, among other things, NiSource's debt obligations; any changes in NiSource's credit rating; NiSource's ability to execute its growth strategy; changes in general economic, capital and commodity market conditions; pension funding obligations; economic regulation and the impact of regulatory rate reviews; NiSource's ability to obtain expected financial or regulatory outcomes; any damage to NiSource's reputation; compliance with environmental laws and the costs of associated liabilities; fluctuations in demand from residential and commercial customers; economic conditions of certain industries; the success of NIPSCO's electric generation strategy; the price of energy commodities and related transportation costs; the reliability of customers and suppliers to fulfill their payment and contractual obligations; potential impairments of goodwill or definite-lived intangible assets; changes in taxation and accounting principles; potential incidents and other operating risks associated with our business; the impact of an aging infrastructure; the impact of climate change; potential cyber-attacks; construction risks and natural gas costs and supply risks; extreme weather conditions; the attraction and retention of a qualified workforce; advances in technology; the ability of NiSource's subsidiaries to generate cash; uncertainties related to the expected benefits of NiSource's separation from Columbia Pipeline Group, Inc. on July 1, 2015, and other matters set forth in the "Risk Factors" section of NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, many of which risks are beyond the control of NiSource. In addition, the relative contributions to profitability by each business segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time.

All forward-looking statements are expressly qualified in their entirety by the foregoing cautionary statements. NiSource undertakes no obligation to, and expressly disclaims any such obligation to, update or revise any forward-looking statements to reflect changed assumptions, the occurrence of anticipated or unanticipated events or changes to the future results over time or otherwise, except as required by law.

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PART I

ITEM 1. FINANCIAL STATEMENTS

NiSource Inc.
Condensed Statements of Consolidated Income (unaudited)

(in millions, except per share amounts)	Three Months Ended March 31, 2017	2016
Net Revenues		
Gas Distribution	**$ 836.5**	$ 737.8
Gas Transportation	**338.6**	301.7
Electric	**421.7**	392.2
Other	**1.8**	4.9
Gross Revenues	**1,598.6**	1,436.6
Cost of Sales (excluding depreciation and amortization)	**552.3**	496.5
Total Net Revenues	**1,046.3**	940.1
Operating Expenses		
Operation and maintenance	**410.5**	354.7
Depreciation and amortization	**143.3**	132.8
Gain on sale of assets and impairments, net	**—**	(0.1)
Other taxes	**76.0**	71.3
Total Operating Expenses	**629.8**	558.7
Operating Income	**416.5**	381.4
Other Income (Deductions)		
Interest expense, net	**(85.2)**	(90.5)
Other, net	**1.2**	0.7
Total Other Deductions, Net	**(84.0)**	(89.8)
Net Income before Income Taxes	**332.5**	291.6
Income Taxes	**121.2**	105.0
Net Income	**211.3**	186.6
Earnings Per Share		
Basic Earnings Per Share	**$ 0.65**	$ 0.58
Diluted Earnings Per Share	**$ 0.65**	$ 0.58
Dividends Declared Per Common Share	**$ 0.35**	$ 0.31
Basic Average Common Shares Outstanding	**323.7**	320.3
Diluted Average Common Shares	**325.3**	322.5

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statements of Consolidated Comprehensive Income (unaudited)

(in millions, net of taxes)	Three Months Ended March 31, 2017	2016
Net Income	**$ 211.3**	$ 186.6
Other comprehensive income (loss):		
Net unrealized gain on available-for-sale securities [1]	**0.4**	1.7
Net unrealized gain (loss) on cash flow hedges [2]	**4.9**	(70.7)
Unrecognized pension and OPEB benefit [3]	**0.2**	0.3
Total other comprehensive income (loss)	**5.5**	(68.7)
Comprehensive Income	**$ 216.8**	$ 117.9

[1] Net unrealized gain on available-for-sale securities, net of $0.2 million and $0.9 million tax expense in the first quarter of 2017 and 2016 , respectively.
[2] Net unrealized gain (loss) on derivatives qualifying as cash flow hedges, net of $3.0 million tax expense and $43.6 million tax benefit in the first quarter of 2017 and 2016 , respectively.
[3] Unrecognized pension and OPEB benefit, net of $0.1 million tax expense in the first quarter of 2017 and 2016 , respectively.

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Consolidated Balance Sheets (unaudited)

(in millions)	March 31, 2017	December 31, 2016
ASSETS		
Property, Plant and Equipment		
Utility plant	$ 19,680.6	$ 19,368.0
Accumulated depreciation and amortization	(6,701.5)	(6,613.7)
Net utility plant	12,979.1	12,754.3
Other property, at cost, less accumulated depreciation	309.8	313.7
Net Property, Plant and Equipment	13,288.9	13,068.0
Investments and Other Assets		
Unconsolidated affiliates	6.5	6.6
Other investments	194.1	193.3
Total Investments and Other Assets	200.6	199.9
Current Assets		
Cash and cash equivalents	28.4	26.4
Restricted cash	10.8	9.6
Accounts receivable (less reserve of $32.3 and $23.3, respectively)	813.8	847.0
Gas inventory	79.5	279.9
Materials and supplies, at average cost	97.5	101.7
Electric production fuel, at average cost	98.5	112.8
Exchange gas receivable	18.8	5.4
Regulatory assets	184.8	248.7
Prepayments and other	139.1	130.6
Total Current Assets	1,471.2	1,762.1
Other Assets		
Regulatory assets	1,657.7	1,636.7
Goodwill	1,690.7	1,690.7
Intangible assets	239.9	242.7
Deferred charges and other	86.9	91.8
Total Other Assets	3,675.2	3,661.9
Total Assets	$ 18,635.9	$ 18,691.9

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Consolidated Balance Sheets (unaudited) (continued)

(in millions, except share amounts)	March 31, 2017	December 31, 2016
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common Stockholders' Equity		
Common stock - $0.01 par value, 400,000,000 shares authorized; 324,474,051 and 323,159,672 shares outstanding, respectively	$ **3.3**	$ 3.3
Treasury stock	**(93.1)**	(88.7)
Additional paid-in capital	**5,174.7**	5,153.9
Retained deficit	**(874.2)**	(972.2)
Accumulated other comprehensive loss	**(19.6)**	(25.1)
Total Common Stockholders' Equity	**4,191.1**	4,071.2
Long-term debt, excluding amounts due within one year	**5,590.7**	6,058.2
Total Capitalization	**9,781.8**	10,129.4
Current Liabilities		
Current portion of long-term debt	**809.3**	363.1
Short-term borrowings	**1,514.2**	1,488.0
Accounts payable	**461.6**	539.4
Dividends payable	**56.7**	—
Customer deposits and credits	**166.3**	264.1
Taxes accrued	**216.6**	195.4
Interest accrued	**67.5**	120.3
Exchange gas payable	**23.3**	83.7
Regulatory liabilities	**131.6**	116.7
Legal and environmental	**33.8**	37.4
Accrued compensation and employee benefits	**107.0**	161.4
Other accruals	**76.2**	82.7
Total Current Liabilities	**3,664.1**	3,452.2
Other Liabilities		
Risk management liabilities	**52.9**	44.5
Deferred income taxes	**2,644.3**	2,528.0
Deferred investment tax credits	**13.1**	13.4
Accrued insurance liabilities	**85.1**	82.8
Accrued liability for postretirement and postemployment benefits	**700.0**	713.4
Regulatory liabilities	**1,234.1**	1,265.1
Asset retirement obligations	**261.3**	262.6
Other noncurrent liabilities	**199.2**	200.5
Total Other Liabilities	**5,190.0**	5,110.3
Commitments and Contingencies (Refer to Note 14, "Other Commitments and Contingencies")	**—**	—
Total Capitalization and Liabilities	$ **18,635.9**	$ 18,691.9

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statements of Consolidated Cash Flows (unaudited)

Three Months Ended March 31, *(in millions)*	2017	2016
Operating Activities		
Net Income	**$ 211.3**	$ 186.6
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Depreciation and amortization	**143.3**	132.8
Deferred income taxes and investment tax credits	**109.4**	95.1
Other adjustments	**11.0**	10.0
Changes in Assets and Liabilities:		
Components of working capital	**(117.5)**	(37.9)
Regulatory assets/liabilities	**69.3**	(81.3)
Other noncurrent assets	**(1.2)**	0.2
Other noncurrent liabilities	**(14.5)**	(2.3)
Net Operating Activities from Continuing Operations	**411.1**	303.2
Net Operating Activities used for Discontinued Operations	**—**	(0.3)
Net Cash Flows from Operating Activities	**411.1**	302.9
Investing Activities		
Capital expenditures	**(312.0)**	(301.0)
Cost of removal	**(31.4)**	(21.6)
Other investing activities	**(0.8)**	7.3
Net Cash Flows used for Investing Activities	**(344.2)**	(315.3)
Financing Activities		
Repayments of long-term debt and capital lease obligations	**(36.6)**	(204.3)
Premiums and other debt related costs	**—**	(0.3)
Change in short-term borrowings, net	**26.2**	277.9
Issuance of common stock	**6.4**	4.3
Acquisition of treasury stock	**(4.4)**	(7.4)
Dividends paid - common stock	**(56.5)**	(49.6)
Net Cash Flows from (used for) Financing Activities	**(64.9)**	20.6
Change in cash and cash equivalents from continuing operations	**2.0**	8.5
Change in cash and cash equivalents used for discontinued operations	**—**	(0.3)
Cash and cash equivalents at beginning of period	**26.4**	15.5
Cash and Cash Equivalents at End of Period	**$ 28.4**	$ 23.7

Supplemental Disclosures of Cash Flow Information

Three Months Ended March 31, *(in millions)*	2017	2016
Non-cash transactions:		
Capital expenditures included in current liabilities	**$ 133.9**	$ 108.9

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statements of Consolidated Equity (unaudited)

(in millions)	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Total
Balance as of January 1, 2017	**$ 3.3**	**$ (88.7)**	**$ 5,153.9**	**$ (972.2)**	**$ (25.1)**	**$ 4,071.2**
Comprehensive Income (Loss):						
Net Income	—	—	—	211.3	—	211.3
Other comprehensive income, net of tax	—	—	—	—	5.5	5.5
Common stock dividends ($0.35 per share)	—	—	—	(113.3)	—	(113.3)
Treasury stock acquired	—	(4.4)	—	—	—	(4.4)
Stock issuances:						
Employee stock purchase plan	—	—	1.1	—	—	1.1
Long-term incentive plan	—	—	3.9	—	—	3.9
401(k) and profit sharing	—	—	13.3	—	—	13.3
Dividend reinvestment plan	—	—	2.5	—	—	2.5
Balance as of March 31, 2017	**$ 3.3**	**$ (93.1)**	**$ 5,174.7**	**$ (874.2)**	**$ (19.6)**	**$ 4,191.1**

Shares *(in thousands)*	Common Shares	Treasury Shares	Outstanding Shares
Balance as of January 1, 2017	**326,664**	**(3,504)**	**323,160**
Treasury Stock acquired		(184)	(184)
Issued:			
Employee stock purchase plan	49	—	49
Long-term incentive plan	763	—	763
401(k) and profit sharing	577	—	577
Dividend reinvestment plan	109	—	109
Balance as of March 31, 2017	**328,162**	**(3,688)**	**324,474**

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited)

1. Basis of Accounting Presentation

The accompanying Condensed Consolidated Financial Statements (unaudited) for NiSource Inc. ("NiSource" or the "Company") reflect all normal recurring adjustments that are necessary, in the opinion of management, to present fairly the results of operations in accordance with GAAP in the United States of America. The accompanying financial statements contain the accounts of the Company and its majority-owned or controlled subsidiaries.

The accompanying financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 . Income for interim periods may not be indicative of results for the calendar year due to weather variations and other factors.

The Condensed Consolidated Financial Statements (unaudited) have been prepared pursuant to the rules and regulations of the SEC. Certain information and note disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to those rules and regulations, although NiSource believes that the disclosures made in this quarterly report on Form 10-Q are adequate to make the information herein not misleading.

2. Recent Accounting Pronouncements

Recently Issued Accounting Pronouncements

NiSource is currently evaluating the impact of certain ASUs on its Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited), which are described below:

Standard	Description	Effective Date	Effect on the financial statements or other significant matters
ASU 2017-07, *Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*	The pronouncement changes how defined benefit pension and other postretirement benefit plans present net periodic benefit cost. The service cost component of net periodic benefit cost will be included with other employee compensation costs whereas other components of the net periodic benefit cost will be disclosed separately outside of income from operations in the income statement. Additionally, only the service cost component of net periodic benefit cost will be eligible for capitalization.	Annual periods beginning after December 15, 2017, including interim periods therein. Early adoption is permitted.	NiSource is currently evaluating the impact of adoption on the Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited).

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Standard	Description	Effective Date	Effect on the financial statements or other significant matters
ASU 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*	The pronouncement clarifies implementation guidance in ASU 2014-09 on assessing collectability, noncash consideration and the presentation of sales and other similar taxes collected from customers.	Annual periods beginning after December 15, 2017, including interim periods therein. Early adoption is permitted for annual or interim periods beginning after December 15, 2016.	NiSource has formed an internal stakeholder group to promote information sharing and communication of the new requirements. Additionally, NiSource participates in an informal forum of industry peers where questions can be asked and interpretations of the new standard can be shared. Recently, involvement in this group has resulted in additional clarity on industry-specific issues such as treatment of CIAC, scoping of tariff arrangements and presentation of alternative revenue programs. This clarity will help to further NiSource's adoption efforts. NiSource has separated its various revenue streams into high-level categories, which serve as the basis for accounting analysis and documentation as it relates to the pronouncement's impact on NiSource's revenues. Substantially all of NiSource's revenues are tariff based, which NiSource concluded will be in scope of ASC 606. NiSource has also undertaken efforts to outline mock footnote disclosures intended to satisfy ASC 606's disclosure requirements. NiSource expects to adopt this ASU effective January 1, 2018. As of March 31, 2017, NiSource has not concluded on a method of adoption.
ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations*	The pronouncement clarifies the principal versus agent guidance in ASU 2014-09. The amendment clarifies how an entity should identify the unit of accounting for the principal versus agent evaluation, and how it should apply the control principle to certain types of arrangements.		
ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*	The pronouncement outlines a single, comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.		
ASU 2016-02, *Leases (Topic 842)*	The pronouncement introduces a lessee model that brings most leases on the balance sheet. The standard requires that lessees recognize the following for all leases (with the exception of short-term leases, as that term is defined in the standard) at the lease commencement date: (1) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (2) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.	Annual periods beginning after December 15, 2018, including interim periods therein. Early adoption is permitted.	NiSource has formed an internal stakeholder group that meets periodically to share information and gather data related to leasing activity at NiSource. This includes compiling a list of all contracts that could meet the definition of a lease under the new standard and evaluating the accounting for these contracts under the new standard to determine the ultimate impact the new standard will have on NiSource's financial statements. Also this procedure has identified process improvements to ensure data from newly initiated leases is captured to comply with the new standard. This work included the assistance of a third-party advisory firm. As of March 31, 2017, no conclusion has been reached as to when NiSource will adopt this standard.

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Recently Adopted Accounting Pronouncements

Standard	Adoption
ASU 2017-04, *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*	NiSource elected to adopt this ASU effective January 1, 2017. The adoption of this standard did not have a material impact on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).
ASU 2016-09, *Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*	NiSource elected to adopt this pronouncement during the third quarter of 2016. Upon adoption, NiSource elected to begin accounting for forfeitures of share-based awards as they occur. The impact of this change was not material. Additionally, NiSource recorded a $25.3 million credit to beginning retained deficit. This adjustment represents excess tax benefits generated in years prior to 2016 that were previously not recognized in stockholders' equity due to NOLs in those years. Both of these adjustments were adopted on a modified retrospective basis. Lastly, NiSource recorded income tax benefits of $7.2 million related to excess tax benefits generated in 2016. This provision was adopted on a prospective basis. However, because NiSource adopted the standard during an interim period, the standard required this $7.2 million benefit be reflected as though it was adopted as of January 1, 2016. Quarter-to-date March 31, 2016 and June 30, 2016 earnings per share from continuing operations increased by $0.02 and $0.00, respectively, as a result of the adoption. For additional information, see Note 2, "Recent Accounting Pronouncements" in NiSource's 10-Q for the quarterly period ended September 30, 2016.

3. Earnings Per Share

Basic EPS is computed by dividing net income by the weighted-average number of shares of common stock outstanding for the period. The weighted-average shares outstanding for diluted EPS includes the incremental effects of the various long-term incentive compensation plans. The computation of diluted average common shares is as follows:

	Three Months Ended March 31,	
(in thousands)	**2017**	2016
Denominator		
Basic average common shares outstanding	**323,681**	320,281
Dilutive potential common shares:		
Shares contingently issuable under employee stock plans	**360**	45
Shares restricted under employee stock plans	**1,265**	2,134
Diluted Average Common Shares	**325,306**	322,460

4. Gas in Storage

Both the LIFO inventory methodology and the weighted-average cost methodology are used by NiSource to value natural gas in storage. Gas Distribution Operations prices natural gas storage injections at the average of the costs of natural gas supply purchased during the year. For interim periods, the difference between current projected replacement cost and the LIFO cost for quantities of gas temporarily withdrawn from storage is recorded as a temporary LIFO liquidation credit or debit within the Condensed Consolidated Balance Sheets (unaudited). Due to seasonality requirements, NiSource expects interim variances in LIFO layers to be replenished by year end. NiSource had a temporary LIFO liquidation debit of $20.6 million and zero as of March 31, 2017 and December 31, 2016 , respectively, for certain gas distribution companies recorded within "Prepayments and other," on the Condensed Consolidated Balance Sheets (unaudited).

5. Regulatory Matters

Gas Distribution Operations Regulatory Matters

Cost Recovery and Trackers . Comparability of Gas Distribution Operations line item operating results is impacted by regulatory trackers that allow for the recovery in rates of certain costs such as those described below. Increases in the expenses that are the

subject of trackers result in a corresponding increase in net revenues and therefore have essentially no impact on total operating income results.

Certain operating costs of the NiSource distribution companies are significant, recurring in nature, and generally outside the control of the distribution companies. Some states allow the recovery of such costs through cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for the distribution companies to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such mechanisms include GCR adjustment mechanisms, tax riders, and bad debt recovery mechanisms.

A portion of the distribution companies' revenue is related to the recovery of gas costs, the review and recovery of which occurs through standard regulatory proceedings. All states in NiSource's operating area require periodic review of actual gas procurement activity to determine prudence and to permit the recovery of prudently incurred costs related to the supply of gas for customers. NiSource distribution companies have historically been found prudent in the procurement of gas supplies to serve customers.

Certain of the NiSource distribution companies have completed rate proceedings involving infrastructure replacement or are embarking upon regulatory initiatives to replace significant portions of their operating systems that are nearing the end of their useful lives. Each LDC's approach to cost recovery may be unique, given the different laws, regulations and precedent that exist in each jurisdiction.

Columbia of Ohio. On November 28, 2012, the PUCO approved Columbia of Ohio's application to extend its IRP for an additional five years (2013-2017), allowing Columbia of Ohio to continue to invest and recover on its accelerated main replacements. Columbia of Ohio filed its application to adjust rates associated with its IRP and DSM Riders on February 27, 2017, which requested authority to increase revenues by approximately $31.5 million . On March 23, 2017, the PUCO Staff filed comments which recommended approval of the application with only minor revisions. The PUCO issued an order on April 26, 2017, approving Columbia of Ohio's application. New rates went into effect on May 1, 2017.

On December 27, 2016, Columbia of Ohio filed its Notice of Intent to file an application that will request authority for Columbia of Ohio to extend its IRP for an additional five years (2018-2022). Columbia of Ohio's application was filed on February 27, 2017. An order is expected by the end of 2017.

NIPSCO Gas. On April 30, 2013, then Indiana Governor Pence signed Senate Enrolled Act 560, the TDSIC statute, into law. Among other provisions, this legislation provides for cost recovery outside of a base rate proceeding for new or replacement electric and gas transmission, distribution, and storage projects that a public utility undertakes for the purposes of safety, reliability, system modernization, or economic development. Provisions of the TDSIC statute require that, among other things, requests for recovery include a seven-year plan of eligible investments. Once the plan is approved by the IURC, eighty percent of eligible costs can be recovered using a periodic rate adjustment mechanism. The cost recovery mechanism is referred to as a TDSIC mechanism. Recoverable costs include a return on, and of, the investment, including AFUDC, post-in-service carrying charges, operation and maintenance expenses, depreciation and property taxes. The remaining twenty percent of recoverable costs are to be deferred for future recovery in the public utility's next general rate case. The periodic rate adjustment mechanism is capped at an annual increase of no more than two percent of total retail revenues. On December 28, 2016, the IURC issued an order on the seven-year plan (2014-2020) within TDSIC-5 approving NIPSCO's updated estimate of TDSIC-eligible investments of $824 million . The order also included approval to begin recovery of $211.6 million of cumulative net capital spend through June 30, 2016. New rates went into effect on January 1, 2017. On February 28, 2017, NIPSCO filed TDSIC-6 requesting approval of $271.3 million of cumulative net capital spend through December 31, 2016. An order is expected in June 2017, with new rates effective July 1, 2017.

Columbia of Massachusetts. On July 7, 2014, the Governor of Massachusetts signed into law Chapter 149 of the Acts of 2014, An Act Relative to Natural Gas Leaks ("the Act"). The Act authorizes natural gas distribution companies to file gas infrastructure replacement plans with the Massachusetts DPU to address the replacement of aging natural gas pipeline infrastructure. In addition, the Act provides that the Massachusetts DPU may, after review of the plans, allow the proposed estimated costs of the plan into rates as of May 1 of the subsequent year. On October 31, 2016, Columbia of Massachusetts filed its GSEP for the 2017 construction year. Columbia of Massachusetts is proposing to recover an incremental $8.4 million for a cumulative revenue requirement of $17.2 million . An order was received from the Massachusetts DPU on April 28, 2017, and rates went into effect on May 1, 2017.

Columbia of Virginia. On April 29, 2016, Columbia of Virginia filed a request with the VSCC, seeking an annual revenue increase of $ 37.0 million . The case was driven by Columbia of Virginia's ongoing capital program to modernize its infrastructure and to expand and upgrade its facilities to meet customer growth, as well as expenditures related to employee training and compliance with pipeline safety regulations. On September 28, 2016, Columbia of Virginia implemented updated interim base rates subject

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

to refund. On January 17, 2017, Columbia of Virginia presented a stipulation and proposed recommendation, representing a settlement by all parties to the proceeding that included a base revenue increase of $ 28.5 million . On February 8, 2017, the hearing examiner in the case filed a report recommending approval of the stipulation and proposed recommendation. On March 17, 2017, by final order, the VSCC approved the settlement agreement without modification. Under terms of the final order, Columbia of Virginia will refund within 90 days the difference between the interim customer rates implemented in 2016 and the rates approved by the final order.

Columbia of Maryland. On April 14, 2017, Columbia of Maryland filed a request with the MPSC to adjust its base rates so it can continue to expedite the replacement of aging pipe as well as adopt pipeline safety upgrades. If approved as filed, the rate adjustment would result in an annual revenue increase of approximately $ 6 million . An order is expected by the end of 2017.

Electric Operations Regulatory Matters

Cost Recovery and Trackers . Comparability of Electric Operations line item operating results is impacted by regulatory trackers that allow for the recovery in rates of certain costs such as those described below. Increases in the expenses that are the subject of trackers result in a corresponding increase in net revenues and therefore have essentially no impact on total operating income results.

Certain operating costs of the Electric Operations are significant, recurring in nature, and generally outside the control of NIPSCO. The IURC allows for recovery of such costs through cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for NIPSCO to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such mechanisms include electric energy efficiency programs, MISO non-fuel costs and revenues, resource capacity charges, federally mandated costs and environmental related costs.

A portion of NIPSCO's revenue is related to the recovery of fuel costs to generate power and the fuel costs related to purchased power. These costs are recovered through a FAC, a quarterly regulatory proceeding in Indiana.

NIPSCO has approval from the IURC to recover certain environmental related costs through an ECT. Under the ECT, NIPSCO is permitted to recover (1) AFUDC and a return on the capital investment expended by NIPSCO to implement environmental compliance plan projects and (2) related operation and maintenance and depreciation expenses once the environmental facilities become operational. On January 31, 2017, NIPSCO filed ECR-29 which included $261.1 million of net capital expenditures for the period ended December 31, 2016. An order was received from the IURC on April 26, 2017.

NIPSCO made a TDSIC rate adjustment mechanism filing on June 30, 2016 seeking recovery and ratemaking relief associated with $ 45.5 million of cumulative net capital expenditures invested through April 30, 2016. An IURC order approving NIPSCO's filing was received on January 25, 2017. New rates went into effect with the first billing cycle of February 2017.

On November 1, 2016, NIPSCO filed a petition with the IURC for relief regarding the construction of additional environmental projects required to comply with the final rules for regulation of CCRs and the ELG. An order is expected by the end of 2017. Refer to Note 14-C, "Environmental Matters," for more information.

6 . Risk Management Activities

NiSource is exposed to certain risks relating to its ongoing business operations; namely commodity price risk and interest rate risk. NiSource recognizes that the prudent and selective use of derivatives may help to lower its cost of debt capital, manage its interest rate exposure and limit volatility in the price of natural gas.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Risk management assets and liabilities on NiSource's derivatives are presented on the Condensed Consolidated Balance Sheets (unaudited) as shown below:

(in millions)	**March 31, 2017**	December 31, 2016
Risk Management Assets - Current [1]		
Interest rate risk programs	**$ 16.9**	$ 17.0
Commodity price risk programs	**3.1**	7.4
Total	**$ 20.0**	$ 24.4
Risk Management Assets - Noncurrent [2]		
Interest rate risk programs	**$ 17.0**	$ 17.1
Commodity price risk programs	**1.9**	7.5
Total	**$ 18.9**	$ 24.6
Risk Management Liabilities - Current [3]		
Interest rate risk programs	**$ 11.5**	$ 15.3
Commodity price risk programs	**0.9**	1.5
Total	**$ 12.4**	$ 16.8
Risk Management Liabilities - Noncurrent		
Interest rate risk programs	**$ 20.6**	$ 24.5
Commodity price risk programs	**32.3**	20.0
Total	**$ 52.9**	$ 44.5

[1] Presented in "Prepayments and other" on the Condensed Consolidated Balance Sheets (unaudited).
[2] Presented in "Deferred charges and other" on the Condensed Consolidated Balance Sheets (unaudited).
[3] Presented in "Other accruals" on the Condensed Consolidated Balance Sheets (unaudited).

Commodity Price Risk Management

NiSource and NiSource's utility customers are exposed to variability in cash flows associated with natural gas purchases and volatility in natural gas prices. NiSource purchases natural gas for sale and delivery to its retail, commercial and industrial customers, and for most customers the variability in the market price of gas is passed through in their rates. Some of NiSource's utility subsidiaries offer programs where variability in the market price of gas is assumed by the respective utility. The objective of NiSource's commodity price risk programs is to mitigate the gas cost variability, for NiSource or on behalf of its customers, associated with natural gas purchases or sales by economically hedging the various gas cost components using a combination of futures, options, forwards or other derivative contracts.

NIPSCO received IURC approval to lock in a fixed price for its natural gas customers using long-term forward purchase instruments. The term of these instruments may range from five to ten years and is limited to ten percent of NIPSCO's average annual GCA purchase volume. Gains and losses on these derivative contracts will be deferred as regulatory liabilities or assets and will be remitted to or collected from customers through NIPSCO's quarterly GCA mechanism. These instruments are not designated as accounting hedges.

Interest Rate Risk Management

As of March 31, 2017 , NiSource Finance has forward-starting interest rate swaps with an aggregate notional value totaling $1.5 billion to hedge the variability in cash flows attributable to changes in the benchmark interest rate during the periods from the effective dates of the swaps to the anticipated dates of forecasted debt issuances, which are expected to take place by the end of 2018. These interest rate swaps are designated as cash flow hedges. The effective portions of the gains and losses related to these swaps are recorded to AOCI and are recognized in earnings concurrent with the recognition of interest expense on the associated debt, once issued. If it becomes probable that a hedged forecasted transaction will no longer occur, the accumulated gains or losses on the derivative will be recognized currently in earnings. Earnings may also be impacted if the anticipated dates of forecasted debt issuances differ from the dates of the interest rate swaps.

Realized gains and losses from NiSource's interest rate cash flow hedges are presented in "Interest expense, net" on the Condensed Statements of Consolidated Income (unaudited). There was no material income statement recognition of gains or losses relating to an ineffective portion of NiSource's hedges, nor were there amounts excluded from effectiveness testing for derivatives in cash flow hedging relationships at March 31, 2017 and December 31, 2016 .

NiSource's derivative instruments measured at fair value as of March 31, 2017 and December 31, 2016 do not contain any credit-risk-related contingent features.

In April 2017, NiSource Finance entered into additional forward-starting interest rate swaps with an aggregate notional amount of $200.0 million with anticipated dates of forecasted debt issuances through the end of 2017.

7. Fair Value

A. Fair Value Measurements

Recurring Fair Value Measurements. The following tables present financial assets and liabilities measured and recorded at fair value on NiSource's Condensed Consolidated Balance Sheets (unaudited) on a recurring basis and their level within the fair value hierarchy as of March 31, 2017 and December 31, 2016 :

Recurring Fair Value Measurements March 31, 2017 *(in millions)*	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of March 31, 2017
Assets				
Risk management assets	$ 1.5	$ 37.0	$ 0.4	$ 38.9
Available-for-sale securities	—	128.2	—	128.2
Total	**$ 1.5**	**$ 165.2**	**$ 0.4**	**$ 167.1**
Liabilities				
Risk management liabilities	$ 1.8	$ 63.5	$ —	$ 65.3
Total	**$ 1.8**	**$ 63.5**	**$ —**	**$ 65.3**

Recurring Fair Value Measurements December 31, 2016 *(in millions)*	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2016
Assets				
Risk management assets	$ 5.4	$ 43.6	$ —	$ 49.0
Available-for-sale securities	—	131.5	—	131.5
Total	**$ 5.4**	**$ 175.1**	**$ —**	**$ 180.5**
Liabilities				
Risk management liabilities	$ 1.2	$ 58.9	$ 1.2	$ 61.3
Total	**$ 1.2**	**$ 58.9**	**$ 1.2**	**$ 61.3**

Risk management assets and liabilities include interest rate swaps, exchange-traded NYMEX futures and NYMEX options and non-exchange-based forward purchase contracts. Exchange-traded derivative contracts are based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore, nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards and options. In certain instances, these instruments may utilize models to measure fair value. NiSource uses a similar model to value similar instruments. Valuation models utilize various inputs that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, other observable inputs for the asset or liability and market-corroborated

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

inputs, (i.e., inputs derived principally from or corroborated by observable market data by correlation or other means). Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized within Level 2. Certain derivatives trade in less active markets with a lower availability of pricing information and models may be utilized in the valuation. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized within Level 3. Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements which reduce exposures. As of March 31, 2017 and December 31, 2016 , there were no material transfers between fair value hierarchies. Additionally, there were no changes in the method or significant assumptions used to estimate the fair value of NiSource's financial instruments.

NiSource Finance has entered into forward-starting interest rate swaps to hedge the interest rate risk on coupon payments of forecasted issuances of long-term debt. These swaps are designated as cash flow hedges. Credit risk is considered in the fair value calculation of each interest rate swap. As they are based on observable data and valuations of similar instruments, the interest rate swaps are categorized within Level 2 of the fair value hierarchy. There was no exchange of premium at the initial date of the swaps, and NiSource can settle the swaps at any time. For additional information see Note 6 , "Risk Management Activities."

Available-for-sale securities are investments pledged as collateral for trust accounts related to NiSource's wholly-owned insurance company. Available-for-sale securities are included within "Other investments" in the Condensed Consolidated Balance Sheets (unaudited). NiSource values U.S. Treasury, corporate debt and mortgage-backed securities using a matrix pricing model that incorporates market-based information. These securities trade less frequently and are classified within Level 2. Total unrealized gains and losses from available-for-sale securities are included in other comprehensive income (loss).

The amortized cost, gross unrealized gains and losses and fair value of available-for-sale securities at March 31, 2017 and December 31, 2016 were:

March 31, 2017 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities				
U.S. Treasury debt securities	$ 33.8	$ —	$ (0.1)	$ 33.7
Corporate/Other debt securities	94.8	0.4	(0.7)	94.5
Total	**$ 128.6**	**$ 0.4**	**$ (0.8)**	**$ 128.2**

December 31, 2016 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities				
U.S. Treasury debt securities	$ 35.0	$ 0.1	$ (0.6)	$ 34.5
Corporate/Other debt securities	98.7	0.3	(2.0)	97.0
Total	**$ 133.7**	**$ 0.4**	**$ (2.6)**	**$ 131.5**

For the three months ended March 31, 2017 , the net realized loss on the sale of available-for-sale U.S. Treasury debt securities was $0.3 million . For the three months ended March 31, 2017 , the net realized gain on the sale of available-for-sale Corporate/Other debt securities was $0.1 million . There were no net realized gains or losses on the sale of available-for-sale securities during the three months ended March 31, 2016.

The cost of maturities sold is based upon specific identification. At March 31, 2017 , approximately $11.6 million of U.S. Treasury securities and approximately $5.5 million of Corporate/Other debt securities have maturities of less than a year.

There are no material items in the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis for the three months ended March 31, 2017 and 2016 .

Non-recurring Fair Value Measurements. There were no significant non-recurring fair value measurements recorded during the three months ended March 31, 2017 .

B. Other Fair Value Disclosures for Financial Instruments. The carrying amount of cash and cash equivalents, restricted cash, customer deposits and short-term borrowings is a reasonable estimate of fair value due to their liquid or short-term nature. NiSource's long-term borrowings are recorded at historical amounts.

The following method and assumptions were used to estimate the fair value of each class of financial instruments.

Long-term Debt. The fair value of outstanding long-term debt is estimated based on the quoted market prices for the same or similar securities. Certain premium costs associated with the early settlement of long-term debt are not taken into consideration in determining fair value. These fair value measurements are classified within Level 2 of the fair value hierarchy. For the three months ended March 31, 2017 there was no change in the method or significant assumptions used to estimate the fair value of long-term debt.

The carrying amount and estimated fair values of these financial instruments were as follows:

(in millions)	**Carrying Amount as of March 31, 2017**	**Estimated Fair Value as of March 31, 2017**	Carrying Amount as of Dec. 31, 2016	Estimated Fair Value as of Dec. 31, 2016
Long-term debt (including current portion)	**$ 6,400.0**	**$ 7,040.8**	$ 6,421.3	$ 7,064.1

8. Transfers of Financial Assets

Columbia of Ohio, NIPSCO and Columbia of Pennsylvania each maintain a receivables agreement whereby they sell their customer accounts receivables to third party financial institutions through wholly-owned and consolidated special purpose entities. The three agreements expire between August 2017 and March 2018 and may be further renewed if mutually agreed to by all parties.

All receivables sold to the purchasers are valued at face value, which approximates fair value due to their short-term nature. The amount of the undivided percentage ownership interest in the accounts receivables sold is determined in part by required loss reserves under the agreements.

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited). As of March 31, 2017 , the maximum amount of debt that could be recognized related to NiSource's accounts receivable programs is $490.0 million .

The following table reflects the gross and net receivables transferred as well as short-term borrowings related to the securitization transactions as of March 31, 2017 and December 31, 2016 :

(in millions)	**March 31, 2017**	December 31, 2016
Gross Receivables	**$ 623.0**	$ 618.3
Less: Receivables not transferred	**184.0**	308.3
Net receivables transferred	**$ 439.0**	$ 310.0
Short-term debt due to asset securitization	**$ 439.0**	$ 310.0

For the three months ended March 31, 2017 and 2016, $129.0 million and $139.3 million was recorded as cash flows from financing activities related to the change in short-term borrowings due to securitization transactions. Fees associated with the securitization transactions were $0.7 million and $1.1 million for the three months ended March 31, 2017 and 2016, respectively. NiSource remains responsible for collecting on the receivables securitized and the receivables cannot be sold to another party.

9. Goodwill

The following presents NiSource's goodwill balance allocated by segment as of March 31, 2017 :

(in millions)	Gas Distribution Operations	Electric Operations	Corporate and Other	**Total**
Goodwill	$ 1,690.7	$ —	$ —	**$ 1,690.7**

NiSource completed a quantitative ("step 1") fair value measurement of its reporting units during the May 1, 2016 goodwill test. The test indicated that the fair value of each of the reporting units that are allocated goodwill exceeded their carrying values, indicating that no impairment was necessary.

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

10. Income Taxes

NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2017 and 2016, adjusted for tax expense associated with certain discrete items. The effective tax rates for the three months ended March 31, 2017 and 2016 were 36.5% and 36.0% , respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility ratemaking, and other permanent book-to-tax differences.

The increase in the three month effective tax rate of 0.5% in 2017 versus the same period in 2016 is primarily due to changes in excess tax benefits on stock compensation.

There were no material changes recorded in the first quarter of 2017 to NiSource's uncertain tax positions as of December 31, 2016 .

11. Pension and Other Postretirement Benefits

NiSource provides defined contribution plans and noncontributory defined benefit retirement plans that cover certain of its employees. Benefits under the defined benefit retirement plans reflect the employees' compensation, years of service and age at retirement. Additionally, NiSource provides health care and life insurance benefits for certain retired employees. The majority of employees may become eligible for these benefits if they reach retirement age while working for NiSource. The expected cost of such benefits is accrued during the employees' years of service. For most plans, cash contributions are remitted to grantor trusts.

For the three months ended March 31, 2017 , NiSource contributed $1.1 million to its pension plans and $7.6 million to its other postretirement benefit plans.

The following tables provide the components of the plans' actuarially determined net periodic benefit cost for the three months ended March 31, 2017 and 2016 :

	Pension Benefits		Other Postretirement Benefits	
Three Months Ended March 31, *(in millions)*	**2017**	2016	**2017**	2016
Components of Net Periodic Benefit Cost				
Service cost [1]	**$ 7.5**	$ 7.7	**$ 1.2**	$ 1.2
Interest cost [1]	**17.2**	22.4	**4.5**	5.5
Expected return on assets	**(30.3)**	(33.2)	**(4.0)**	(4.3)
Amortization of prior service credit	**(0.2)**	(0.1)	**(1.1)**	(1.2)
Recognized actuarial loss	**13.4**	15.3	**0.8**	0.8
Total Net Periodic Benefit Cost	**$ 7.6**	$ 12.1	**$ 1.4**	$ 2.0

[1] Effective January 1, 2017, NiSource adopted the methodology of using a full yield curve (spot rate) approach to estimate the service and interest components of net periodic benefit cost. This change in accounting estimate resulted in a decrease in these costs for the three months ended March 31, 2017 when compared to the same period in 2016.

12. Long-Term Debt

NiSource Finance is a 100% owned, consolidated finance subsidiary of NiSource that engages in financing activities to raise funds for the business operations of NiSource and its subsidiaries. NiSource Finance was incorporated in March 2000 under the laws of the state of Indiana. Prior to 2000, the function of NiSource Finance was performed by Capital Markets. NiSource Finance obligations are fully and unconditionally guaranteed by NiSource. Consequently, no separate financial statements for NiSource Finance are required to be reported. No NiSource subsidiaries guarantee debt.

NiSource announced on April 26, 2017, that it intends to merge NiSource Finance and Capital Markets into NiSource during the second half of 2017, pending receipt of applicable approvals. Upon completion of the mergers, NiSource will become the primary obligor of NiSource Finance's and Capital Markets' outstanding obligations. The mergers are not expected to have any impact on NiSource's consolidated financial statements or the credit ratings of outstanding debt securities.

On March 27, 2017, Capital Markets redeemed $30.0 million of 7.86% and $2.0 million of 7.85% medium term notes at maturity.

On April 3, 2017, Capital Markets redeemed $12.0 million of 7.82% , $10.0 million of 7.92% , $2.0 million of 7.93% and $1.0 million of 7.94% medium term notes at maturity.

13 . Short-Term Borrowings

NiSource generates short-term borrowings from its revolving credit facility, commercial paper program, letter of credit issuances and accounts receivable transfer programs. Each of these borrowing sources is described further below.

NiSource Finance maintains a revolving credit facility to fund ongoing working capital requirements including the provision of liquidity support for its $1.5 billion commercial paper program, provide for issuance of letters of credit and also for general corporate purposes. NiSource Finance's revolving credit facility has a program limit of $1.85 billion and is comprised of a syndicate of banks led by Barclays Bank. At March 31, 2017 and December 31, 2016 , NiSource had no outstanding borrowings under this facility.

NiSource Finance's commercial paper program has a program limit of up to $1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse and Wells Fargo. As of March 31, 2017 and December 31, 2016 , NiSource had commercial paper outstanding of $1,075.2 million and $1,178.0 million , respectively.

As of March 31, 2017 and December 31, 2016 , NiSource had $14.7 million of stand-by letters of credit outstanding, all of which were under the revolving credit facility.

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited) in the amount of $439.0 million and $310.0 million as of March 31, 2017 and December 31, 2016 , respectively. Refer to Note 8 , "Transfers of Financial Assets," for additional information.

Short-term borrowings were as follows:

(in millions)	**March 31, 2017**	December 31, 2016
Commercial Paper weighted-average interest rate of 1.37% and 1.24% at March 31, 2017 and December 31, 2016, respectively	**$ 1,075.2**	$ 1,178.0
Accounts receivable securitization facility borrowings	**439.0**	310.0
Total Short-Term Borrowings	**$ 1,514.2**	$ 1,488.0

Given their maturities are less than 90 days, cash flows related to the borrowings and repayments of the items listed above are presented net in the Condensed Statements of Consolidated Cash Flows (unaudited).

14 . Other Commitments and Contingencies

A. Guarantees and Indemnities. As a part of normal business, NiSource and certain subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to a subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the subsidiaries' intended commercial purposes. At March 31, 2017 , NiSource had issued stand-by letters of credit of $14.7 million for the benefit of third parties.

B. Legal Proceedings. The Company is party to certain claims and legal proceedings arising in the ordinary course of business, none of which is deemed to be individually material at this time. Due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on the Company's results of operations, financial position or liquidity. If one or more of such matters were decided against the Company, the effects could be material to the Company's results of operations in the period in which the Company would be required to record or adjust the related liability and could also be material to the Company's cash flows in the periods the Company would be required to pay such liability.

C. Environmental Matters. NiSource operations are subject to environmental statutes and regulations related to air quality, water quality, hazardous waste and solid waste. NiSource believes that it is in substantial compliance with the environmental regulations currently applicable to its operations.

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

It is management's continued intent to address environmental issues in cooperation with regulatory authorities in such a manner as to achieve mutually acceptable compliance plans. However, there can be no assurance that fines and penalties will not be incurred. Management expects a significant portion of environmental assessment and remediation costs to be recoverable through rates for certain NiSource companies.

As of March 31, 2017 and December 31, 2016 , NiSource had recorded a liability of approximately $109.3 million and $111.4 million , respectively, to cover environmental remediation at various sites. The current portion of this liability is included in "Legal and environmental" in the Condensed Consolidated Balance Sheets (unaudited). The noncurrent portion is included in "Other noncurrent liabilities" in the Condensed Consolidated Balance Sheets (unaudited). NiSource recognizes costs associated with environmental remediation obligations when the incurrence of such costs is probable and the amounts can be reasonably estimated. The original estimates for remediation activities may differ materially from the amount ultimately expended. The actual future expenditures depend on many factors, including currently enacted laws and regulations, the nature and extent of impact, the method of remediation and the availability of cost recovery. These expenditures are not currently estimable at some sites. NiSource periodically adjusts its liability as information is collected and estimates become more refined.

Electric Operations' compliance estimates disclosed below are reflective of NIPSCO's Integrated Resource Plan submitted to the IURC on November 1, 2016. See section D , "Other Matters" below for additional information.

Air

The actions listed below could require further reductions in emissions from various emission sources. NiSource will continue to closely monitor developments in these matters.

Climate Change. Future legislative and regulatory programs, including implementation of the EPA CPP, could significantly limit allowed GHG emissions or impose a cost or tax on GHG emissions. Additionally, rules that increase methane leak detection, require emission reductions or impose additional requirements for natural gas facilities could restrict GHG emissions and impose additional costs. The CPP and other federally enacted or proposed GHG reduction measures are subject to numerous legal challenges that could change the way the programs are implemented, and NiSource will carefully monitor all GHG reduction proposals and regulations.

National Ambient Air Quality Standards. The CAA requires the EPA to set NAAQS for six "criteria" air pollutants considered harmful to public health and the environment. Periodically, the EPA imposes new, or modifies existing, NAAQS. States containing areas that do not meet the new or revised standards, or contribute significantly to nonattainment of downwind states, may be required to take steps to achieve and maintain compliance with the standards. These steps could include additional pollution controls on boilers, engines, turbines and other facilities owned by electric generation and gas distribution operations.

Ozone: On October 26, 2015, the EPA issued a final rule to lower the 8-hour ozone standard from 75 ppb to 70 ppb . After the EPA proceeds with designations, areas where NiSource operates that are currently designated in attainment with the standards may be reclassified as nonattainment. NiSource will continue to monitor this matter and cannot estimate its impact at this time.

Clean Power Plan. On October 23, 2015, the EPA issued a final rule to regulate CO_2 emissions from existing fossil-fuel EGUs under section 111(d) of the CAA. The final rule establishes national CO_2 emission-rate standards that are applied to each state's mix of affected EGUs to establish state-specific emission-rate and mass-emission limits. The final rule requires each state to submit a plan indicating how the state will meet the EPA's emission-rate or mass-emission limit, including possibly imposing reduction obligations on specific units. If a state does not submit a satisfactory plan, the EPA will impose a federal plan on that state. On February 9, 2016, the U.S. Supreme Court stayed implementation of the CPP until litigation is decided on its merits. The cost to comply with this rule will depend on a number of factors, including the outcome of CPP litigation, the requirements of the state plan or final federal plan, and the level of NIPSCO's required CO_2 emission reductions. It is possible that this new rule, comprehensive federal or state GHG legislation or other GHG regulation could result in additional expense or compliance costs that could materially impact NiSource's financial results. NIPSCO will continue to monitor this matter and cannot estimate its impact at this time. Should costs be incurred to comply with the CPP, NIPSCO believes such costs will be eligible for recovery through customer rates.

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Waste

CERCLA. NiSource subsidiaries are potentially responsible parties at waste disposal sites under the CERCLA (commonly known as Superfund) and similar state laws. Additionally, NiSource affiliates have retained environmental liabilities, including remediation liabilities, associated with certain former operations.

MGP. A program has been instituted to identify and investigate former MGP sites where Gas Distribution Operations subsidiaries or predecessors may have liability. The program has identified 64 such sites where liability is probable. Remedial actions at many of these sites are being overseen by state or federal environmental agencies through consent agreements or voluntary remediation agreements.

NiSource utilizes a probabilistic model to estimate its future remediation costs related to its MGP sites. The model was prepared with the assistance of a third-party and incorporates NiSource and general industry experience with remediating MGP sites. NiSource completes an annual refresh of the model in the second quarter of each fiscal year. No material changes to the estimated future remediation costs were noted as a result of the refresh completed as of June 30, 2016. The total estimated liability at NiSource related to the facilities subject to remediation was $103.9 million and $105.5 million at March 31, 2017 and December 31, 2016 , respectively. The liability represents NiSource's best estimate of the probable cost to remediate the facilities. NiSource believes that it is reasonably possible that remediation costs could vary by as much as $25 million in addition to the costs noted above. Remediation costs are estimated based on the best available information, applicable remediation standards at the balance sheet date, and experience with similar facilities.

CCRs. On April 17, 2015, the EPA issued a final rule for regulation of CCRs. The rule regulates CCRs under the RCRA Subtitle D, which determines them to be nonhazardous. The rule is implemented in phases and requires increased groundwater monitoring, reporting, record keeping and posting of related information to the Internet. The rule also establishes requirements related to CCR management and disposal. The rule will allow NIPSCO to continue its byproduct beneficial use program.

The publication of the CCR rule resulted in revisions to previously recorded legal obligations associated with the retirement of certain NIPSCO facilities. The actual asset retirement costs related to the CCR rule may vary substantially from the estimates used to record the increased asset retirement obligation due to the uncertainty about the compliance strategies that will be used and the preliminary nature of available data used to estimate costs. In addition, to comply with the rule, NIPSCO will be required to incur future capital expenditures to modify its infrastructure and manage CCRs. Capital compliance costs are currently expected to cost approximately $230 million . As allowed by the EPA, NIPSCO will continue to collect data over time to determine the specific compliance solutions and associated costs and, as a result, the actual costs may vary. NIPSCO has filed a petition with the IURC seeking approval of the projects and to recover the costs associated with CCR compliance.

Water

ELG. On November 3, 2015, the EPA issued a final rule to amend the ELG and standards for the Steam Electric Power Generating category. The final rule became effective January 4, 2016. The rule imposes new water treatment and discharge requirements on NIPSCO's electric generating facilities to be applied between 2018 and 2023. On April 24, 2017, the Fifth Circuit Court of Appeals granted the EPA's motion to hold in abeyance the litigation challenging the ELG, while the EPA proceeds with review and reconsideration of the ELG. On April 25, 2017, the EPA published notice in the Federal Register that the EPA is reconsidering the ELG in response to two petitions for reconsideration and that the EPA administratively stays all future ELG compliance deadlines during its review. NIPSCO is unable to estimate the impact of the EPA stay and reconsideration at this time. Based upon a preliminary engineering study, capital compliance costs are currently expected to cost approximately $170 million . NIPSCO has filed a petition with the IURC seeking approval of the projects and to recover the costs associated with ELG compliance.

D . Other Matters.

Transmission Upgrade Agreements. On February 11, 2014, NIPSCO entered into TUAs with upgrade sponsors to complete upgrades on NIPSCO's transmission system on behalf of those sponsors. The upgrade sponsors agreed to reimburse NIPSCO for the total cost to construct transmission upgrades and place them into service, multiplied by a rate of 1.71 ("the multiplier").

On June 10, 2014, certain upgrade sponsors for both TUAs filed a complaint at the FERC against NIPSCO regarding the multiplier stated in the TUAs. On June 30, 2014, NIPSCO filed an answer defending the terms of the TUAs and the just and reasonable nature of the multiplier charged therein and moved for dismissal of the complaint. On December 8, 2014, the FERC issued an order in response to the complaint finding that it is appropriate for NIPSCO to recover, through the multiplier, substantiated costs of ownership related to the TUAs. On August 10, 2016, NIPSCO reached settlement with all remaining parties to the complaint and filed with the FERC for approval. An order from the FERC approving the settlement was received on January 31, 2017. Receipt of the FERC order did not result in a material impact to the Consolidated Financial Statements.

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

At the time the TUAs were executed, it was assumed the proceeds received from the upgrade sponsors would be taxable to NIPSCO. Accordingly, the multiplier included a provision for such taxes. On June 10, 2016, the U.S. Treasury Department issued a notice regarding transfers of property to regulated utilities by electric generators, stating that transfers within the scope of the notice will not be treated as taxable. In response to this notice, NIPSCO recorded a liability of $8.6 million to reflect the estimated amount owed to the upgrade sponsors for the portion of the multiplier previously collected for taxes. This activity was recorded within "Other, net" in the 2016 Statement of Consolidated Income. On April 4, 2017, the U.S. Internal Revenue Service issued a private letter ruling to NIPSCO. The ruling provides that the deemed contribution of the intertie and all sums paid for construction meet the safe harbor requirements of Notice 2016-36 and, upon filing a change in accounting method, are excludable from gross income as a non-shareholder contribution to capital. The receipt of the private letter ruling will not have a material impact to the Condensed Consolidated Financial Statements (unaudited).

PHMSA Transmission. On March 17, 2016, PHMSA issued a proposed rule that would, if adopted, add new assessment and data requirements to existing transmission facilities that would necessitate expanded investigation and repair/replace activity on these facilities over the next 15 years. The comment period for the proposed rule closed on July 7, 2016. However, the final timing and scope of this rule remains uncertain. If adopted as proposed, this rule may require NiSource to incur significant incremental capital and operation and maintenance expenditures to achieve compliance. NiSource will continue to monitor this matter, and cannot reasonably estimate its impact at this time.

PHMSA EFV. On October 14, 2016, PHMSA issued a final rule that expands safety requirements for EFVs. Among the rule's provisions is a requirement for utilities to notify customers whose service lines are not currently equipped with an EFV of their right to request installation of an EFV. The rule took effect April 14, 2017. During 2017, NiSource's operating companies posted notifications on their websites in compliance with the rule and sought regulatory authority for their proposed cost recovery plans with their respective state regulatory commissions. The outcome of those proposed plans remains pending before the commissions. NiSource continues to evaluate the potential impacts of this regulation on its operations and cannot reasonably estimate its impact at this time.

NIPSCO 2016 Integrated Resource Plan. Environmental, regulatory and economic factors, including low natural gas prices and aging coal-fired units, have led NIPSCO to consider modifying its current electric generation supply mix to include less coal-fired generation. Due to enacted CCR and ELG legislation, NIPSCO would expect to incur over $1 billion in operating, maintenance, environmental and other costs over the next seven years if the current fleet of coal-fired generating units remain operational.

On November 1, 2016, NIPSCO submitted its 2016 Integrated Resource Plan with the IURC. The plan evaluated demand-side and supply-side resource alternatives to reliably and cost effectively meet NIPSCO customers' future energy requirements over the ensuing twenty years. The 2016 Integrated Resource Plan indicates that the most viable option for customers and NIPSCO involves the retirement of Bailly Generating Station (Units 7 and 8) as soon as mid-2018 and two units (Units 17 and 18) at the R.M. Schahfer Generating Station by the end of 2023. It is projected over the long term that the cost to customers to retire these units at these dates will be lower than maintaining and upgrading them for continuing generation.

NiSource and NIPSCO committed to the retirement of the Bailly Generating Station units in connection with the filing of the 2016 Integrated Resource Plan, pending approval by the MISO. In the fourth quarter of 2016, the MISO approved NIPSCO's plan to retire the Bailly Generating Station units by May 31, 2018. In accordance with ASC 980-360, the remaining net book value of the Bailly Generating Station units was reclassified from "Net utility plant" to "Other property, at cost, less accumulated depreciation" on the Condensed Consolidated Balance Sheets (unaudited).

In connection with the MISO's approval of NIPSCO's planned retirement of the Bailly Generating Station units, NiSource recorded $ 22.1 million of plant retirement-related charges in the fourth quarter of 2016. These charges were comprised of contract termination charges related to NIPSCO's capital lease with Pure Air (discussed further below), voluntary employee severance benefits, and write downs of certain materials and supplies inventory balances. These charges are presented within "Operation and maintenance" on the Statements of Consolidated Income.

NIPSCO Pure Air. NIPSCO has a service agreement with Pure Air, a general partnership between Air Products and Chemicals, Inc. and First Air Partners LP, under which Pure Air provides scrubber services to reduce sulfur dioxide emissions for Units 7 and 8 at the Bailly Generating Station. Services under this contract commenced on July 1, 1992 and expired on June 30, 2012. The agreement was renewed effective July 1, 2012 for ten years requiring NIPSCO to pay for the services under a combination of fixed and variable charges. NiSource has made an exhaustive effort to obtain information needed from Pure Air to determine the status of Pure Air as a VIE. However, NIPSCO has not been able to obtain this information and, as a result, it is unclear whether Pure Air is a VIE and if NIPSCO is the primary beneficiary. NIPSCO will continue to request the information required to determine whether Pure Air is a VIE. NIPSCO has no exposure to loss related to the service agreement with Pure Air and payments under

this agreement were $ 5.5 million and $ 4.9 million for the three months ended March 31, 2017 and 2016 , respectively. In accordance with GAAP, the renewed agreement was evaluated to determine whether the arrangement qualifies as a lease. Based on the terms of the agreement, the arrangement qualified for capital lease accounting. As the effective date of the new agreement was July 1, 2012, NiSource capitalized this lease beginning in the third quarter of 2012.

As further discussed above in this Note 14 under the heading "NIPSCO 2016 Integrated Resource Plan," NIPSCO plans to retire the generation station units serviced by Pure Air by May 31, 2018. In December 2016, as allowed by the provisions of the service agreement, NIPSCO provided Pure Air formal notice of intent to terminate the service agreement, effective May 31, 2018. Providing this notice to Pure Air triggered a contract termination liability of $16 million which was recorded in fourth quarter of 2016. This expense was included as part of the plant retirement-related charges discussed above. Payment of this liability is not due until NIPSCO ceases use of the scrubber services. The liability is presented in "Other noncurrent liabilities" on the Condensed Consolidated Balance Sheets (unaudited). In addition, NIPSCO remeasured the remaining capital lease asset and obligation to reflect the change in estimated remaining minimum lease payments. This remeasurement was a non-cash transaction that had no impact on the Statements of Consolidated Income.

Technology Services. On December 31, 2013, NiSource Corporate Services Company signed a seven-year agreement with IBM to continue to provide business process and support functions to NiSource under a combination of fixed and variable charges, with the variable charges fluctuating based on the actual need for such services. The agreement was effective January 1, 2014 with a commencement date of April 1, 2014.

In April 2017, NiSource initiated a process to terminate its agreement with IBM and is negotiating contracts with IT service providers other than IBM. Upon a termination of the agreement with IBM by NiSource for any reason (other than material breach by IBM), NiSource may be required to pay IBM a termination charge that could include a breakage fee, repayment of IBM's capital investments not yet recovered and IBM's wind-down expense, which, if payable, could be material.

15 . Accumulated Other Comprehensive Loss

The following tables display the components of Accumulated Other Comprehensive Loss:

Three Months Ended March 31, 2017 *(in millions)*	Gains and Losses on Securities [1]	Gains and Losses on Cash Flow Hedges [1]	Pension and OPEB Items [1]	Accumulated Other Comprehensive Loss [1]
Balance as of January 1, 2017	$ (0.6)	$ (6.9)	$ (17.6)	$ (25.1)
Other comprehensive income before reclassifications	0.2	4.6	0.1	4.9
Amounts reclassified from accumulated other comprehensive loss	0.2	0.3	0.1	0.6
Net current-period other comprehensive income	0.4	4.9	0.2	5.5
Balance as of March 31, 2017	**$ (0.2)**	**$ (2.0)**	**$ (17.4)**	**$ (19.6)**

Three Months Ended March 31, 2016 *(in millions)*	Gains and Losses on Securities [1]	Gains and Losses on Cash Flow Hedges [1]	Pension and OPEB Items [1]	Accumulated Other Comprehensive Loss [1]
Balance as of January 1, 2016	$ (0.5)	$ (15.5)	$ (19.1)	$ (35.1)
Other comprehensive income (loss) before reclassifications	1.7	(71.2)	0.1	(69.4)
Amounts reclassified from accumulated other comprehensive loss	—	0.5	0.2	0.7
Net current-period other comprehensive income (loss)	1.7	(70.7)	0.3	(68.7)
Balance as of March 31, 2016	**$ 1.2**	**$ (86.2)**	**$ (18.8)**	**$ (103.8)**

[1] All amounts are net of tax. Amounts in parentheses indicate debits.

16 . Business Segment Information

At March 31, 2017 , NiSource's operations are divided into two primary reportable segments. The Gas Distribution Operations segment provides natural gas service and transportation for residential, commercial and industrial customers in Ohio, Pennsylvania,

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Virginia, Kentucky, Maryland, Indiana and Massachusetts. The Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

The following table provides information about business segments. NiSource uses operating income as its primary measurement for each of the reported segments and makes decisions on finance, dividends and taxes at the corporate level on a consolidated basis. Segment revenues include intersegment sales to affiliated subsidiaries, which are eliminated in consolidation. Affiliated sales are recognized on the basis of prevailing market, regulated prices or at levels provided for under contractual agreements. Operating income is derived from revenues and expenses directly associated with each segment.

	Three Months Ended March 31,	
(in millions)	**2017**	2016
Gross Revenues		
Gas Distribution Operations		
Unaffiliated	**$ 1,176.3**	$ 1,040.8
Intersegment	**3.5**	3.2
Total	**1,179.8**	1,044.0
Electric Operations		
Unaffiliated	**421.7**	392.1
Intersegment	**0.2**	0.2
Total	**421.9**	392.3
Corporate and Other		
Unaffiliated	**0.6**	3.7
Intersegment	**119.6**	98.8
Total	**120.2**	102.5
Eliminations	**(123.3)**	(102.2)
Consolidated Gross Revenues	**$ 1,598.6**	$ 1,436.6
Operating Income (Loss)		
Gas Distribution Operations	**$ 340.7**	$ 314.9
Electric Operations	**77.0**	70.3
Corporate and Other	**(1.2)**	(3.8)
Consolidated Operating Income	**$ 416.5**	$ 381.4

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NiSource Inc.

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CONSOLIDATED REVIEW

This Management's Discussion and Analysis of Financial Condition and Results of Operations (Management's Discussion) analyzes the financial condition, results of operations and cash flows of NiSource and its subsidiaries. It also includes management's analysis of past financial results and certain potential factors that may affect future results, potential future risks and approaches that may be used to manage those risks.

Management's Discussion is designed to provide an understanding of NiSource's operations and financial performance and should be read in conjunction with NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 .

Executive Summary

NiSource is an energy holding company under the Public Utility Holding Company Act of 2005 whose subsidiaries are fully regulated natural gas and electric utility companies serving customers in seven states. NiSource generates substantially all of its operating income through these rate-regulated businesses which are summarized for financial reporting purposes into two primary reportable segments: Gas Distribution Operations and Electric Operations.

Refer to the "Business" section of NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 for further discussion of its regulated utility business segments.

NiSource's goal is to develop strategies that benefit all stakeholders as it addresses changing customer conservation patterns, develops more contemporary pricing structures and embarks on long-term investment programs. These strategies are intended to improve reliability and safety, enhance customer services and reduce emissions while generating sustainable returns. Additionally, NiSource continues to pursue regulatory and legislative initiatives that will allow residential customers not currently on NiSource's system to obtain gas service in a cost effective manner.

Summary of Consolidated Financial Results

On a consolidated basis, NiSource reported net income of $211.3 million , or $0.65 per basic share for the three months ended March 31, 2017 , compared to $186.6 million , or $0.58 per basic share for the same period in 2016 . The increase in net income during 2017 was due primarily to increased operating income, as discussed below.

For the three months ended March 31, 2017 , NiSource reported operating income of $416.5 million compared to $381.4 million for the same period in 2016 . The higher operating income was primarily due to increased net revenues from new rates from base-rate proceedings and infrastructure replacement programs and increased rates from incremental capital spend on electric transmission projects at NIPSCO, partially offset by lower net revenues due to warmer weather. Operating expenses increased due to higher employee and administrative expenses, increased outside service costs, higher materials and supplies expenses and increased depreciation expense, partially offset by decreased amortization.

These factors and other impacts to the financial results are discussed in more detail within the following discussions of "Results of Operations," "Results and Discussion of Segment Operations" and "Liquidity and Capital Resources."

Capital Investment. In the three months ended 2017 , NiSource invested $312.0 million in capital expenditures across its gas and electric utilities. These expenditures were primarily aimed at furthering the safety and reliability of NiSource's gas distribution system, construction of new electric transmission assets and maintaining NiSource's existing electric generation fleet. NiSource continues to execute on an estimated $30 billion in total projected long-term regulated utility infrastructure investments and expects to invest approximately $1.6 billion to $1.7 billion in capital during 2017 to continue to modernize and improve its system across all seven states.

Liquidity. NiSource believes that through income generated from operating activities, amounts available under its short-term revolving credit facility, commercial paper program, accounts receivable securitization facilities, long-term debt agreements and NiSource's ability to access the capital markets, there is adequate capital available to fund its operating activities and capital expenditures in 2017 and beyond. At March 31, 2017 and December 31, 2016 , NiSource had $788.5 million and $683.7 million , respectively, of net liquidity available, consisting of cash and available capacity under credit facilities.

Regulatory Developments

In the three months ended March 31, 2017 , NiSource continued to move forward on core infrastructure and environmental investment programs supported by complementary regulatory and customer initiatives across all seven states of its operating area. The discussion below summarizes significant regulatory developments that transpired during the first quarter of 2017 :

Gas Distribution Operations

- On March 17, 2017 the VSCC, by final order, approved a settlement agreement without modification in Columbia of Virginia's 2016 base rate case. The settlement allows for a $28.5 million annual revenue increase and for Columbia of Virginia to recover investments that improve the overall safety and reliability of its distribution system. The case also supported the growth of Columbia of Virginia's system driven by increased customer demand for service. Columbia of Virginia implemented interim base rates, subject to refund, on September 28, 2016. Under the terms of the final order, Columbia of Virginia will refund within 90 days the difference between the interim customer rates implemented in 2016 and the rates approved by the final order.
- On April 26, 2017 the PUCO approved Columbia of Ohio's annual IRP rider adjustment. This order supports the continuation of significant infrastructure investment and allows for $31.5 million in increased annual revenue on approximately $235 million of investment.
- On February 27, 2017 Columbia of Ohio filed an application with the PUCO for a five year extension of its IRP, which is currently authorized through December 31, 2017. This well-established pipeline replacement program covers accelerated replacement of priority mainline pipe and immediate replacement of targeted customer service lines. A PUCO order is expected by the end of the year.
- On April 28, 2017 the Massachusetts DPU issued a decision on Columbia of Massachusetts' 2017 GSEP. This approval allows for recovery of investments of approximately $69 million through 2017 and an increase in annual revenues of $8.4 million, effective May 1, 2017.
- On April 14, 2017, Columbia of Maryland filed a request with the MPSC to adjust its base rates so it can continue to expedite the replacement of aging pipe as well as adopt pipeline safety upgrades. If approved as filed, the rate adjustment would result in an annual revenue increase of approximately $6 million. An order is expected by the end of 2017.
- NIPSCO continues to execute on its approved seven-year, $824 million gas infrastructure modernization program to further improve system reliability and safety. On February 28, 2017, NIPSCO filed its semi-annual tracker update with the IURC covering $61 million of investments that were made in the second half of 2016. An IURC order is expected in June 2017.

Electric Operations

- NIPSCO continues to execute on its seven-year electric infrastructure modernization program, which includes enhancements to electric transmission and distribution infrastructure designed to improve system safety and reliability. The IURC-approved program represents approximately $1.25 billion of electric infrastructure investments expected to be made through 2022. NIPSCO began recovering on approximately $46 million of these investments with the first billing cycle of February 2017.

Refer to Note 5 , "Regulatory Matters," as well as to Note 14 -D, "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for a complete discussion of key regulatory matters.

Results of Operations

Three Months Ended March 31 , *(in millions, except per share amounts)*	2017	2016	2017 vs. 2016
Total Net Revenues	$ **1,046.3**	$ 940.1	$ 106.2
Total Operating Expenses	**629.8**	558.7	71.1
Operating Income	**416.5**	381.4	35.1
Total Other Deductions, net	**(84.0)**	(89.8)	5.8
Income Taxes	**121.2**	105.0	16.2
Net Income	**211.3**	186.6	24.7
Basic Earnings Per Share	$ **0.65**	$ 0.58	$ 0.07
Basic Average Common Shares Outstanding	**323.7**	320.3	3.4

Operating Income
Substantially all of NiSource's operating income is generated by the Gas Distribution Operations and Electric Operations segments, the results of which are discussed in further detail within "Results and Discussion of Segment Operations."

Other Income (Deductions), net
Other income (deductions), net reduced income by $84.0 million in the first quarter of 2017 compared to a reduction in income of $89.8 million in the prior year. This change is due primarily to decreased interest expense of $5.3 million resulting from maturities of long-term debt.

Income Taxes
Refer to Note 10 , "Income Taxes," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on income taxes.

RESULTS AND DISCUSSION OF SEGMENT OPERATIONS

Presentation of Segment Information
NiSource's operations are divided into two primary reportable segments: Gas Distribution Operations and Electric Operations.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.
Gas Distribution Operations

Three Months Ended March 31, ($ in millions)	2017	2016	2017 vs. 2016
Net Revenues			
Sales revenues	$ 1,179.8	$ 1,044.0	$ 135.8
Less: Cost of gas sold (excluding depreciation and amortization)	436.2	377.4	58.8
Net Revenues	743.6	666.6	77.0
Operating Expenses			
Operation and maintenance	282.6	238.4	44.2
Depreciation and amortization	65.3	61.2	4.1
Other taxes	55.0	52.1	2.9
Total Operating Expenses	402.9	351.7	51.2
Operating Income	$ 340.7	$ 314.9	$ 25.8
Revenues			
Residential	$ 801.8	$ 681.8	$ 120.0
Commercial	269.8	232.5	37.3
Industrial	71.5	61.5	10.0
Off-System	30.9	23.1	7.8
Other	5.8	45.1	(39.3)
Total	$ 1,179.8	$ 1,044.0	$ 135.8
Sales and Transportation (MMDth)			
Residential	113.5	120.8	(7.3)
Commercial	69.4	71.6	(2.2)
Industrial	132.8	140.2	(7.4)
Off-System	10.8	12.1	(1.3)
Other	(0.1)	(0.1)	—
Total	326.4	344.6	(18.2)
Heating Degree Days	2,379	2,612	(233)
Normal Heating Degree Days	2,892	2,924	(32)
% Warmer than Normal	(18)%	(11)%	
Gas Distribution Customers			
Residential	3,152,326	3,128,567	23,759
Commercial	280,480	278,965	1,515
Industrial	6,225	6,460	(235)
Other	26	13	13
Total	3,439,057	3,414,005	25,052

Net revenues are calculated as gross revenues less the associated cost of sales (excluding depreciation and amortization). Cost of sales at the Gas Distribution Operations segment is principally comprised of the cost of natural gas used while providing transportation and distribution services to its customers. The majority of the cost of sales are tracked costs that are passed through directly to the customer resulting in an equal and offsetting amount reflected in gross revenues.

Comparability of line item operating results may also be impacted by regulatory, tax and depreciation trackers (other than those for cost of sales) that allow for the recovery in rates of certain costs such as bad debt expense. Therefore, increases in these tracked operating expenses are offset by increases in net revenues and have essentially no impact on income from continuing operations.

Three months ended March 31, 2017 vs. March 31, 2016 Operating Income
For the first quarter of 2017 , Gas Distribution Operations reported operating income of $340.7 million , an increase of $25.8 million from the comparable 2016 period.

NiSource Inc.
Gas Distribution Operations

Net revenues for first quarter of 2017 were $743.6 million , an increase of $77.0 million from the same period in 2016 . The change in net revenues was primarily driven by:

- New rates from base-rate proceedings and infrastructure replacement programs of $61.3 million.
- Higher regulatory, tax and depreciation trackers, which are offset in expense, of $22.3 million.
- The effects of increased residential customer growth of $3.0 million.

Partially offset by:

- The effects of warmer weather of $7.8 million.

Operating expenses were $51.2 million higher for the first quarter of 2017 compared to the same period in 2016 . This change was primarily driven by:

- Higher regulatory, tax and depreciation trackers, which are offset in net revenues, of $22.3 million.
- Increased employee and administrative expenses of $14.3 million.
- Higher outside service costs of $5.5 million.
- Increased depreciation of $3.4 million and higher property taxes of $1.6 million due to higher capital expenditures placed in service.

Weather
In general, NiSource calculates the weather-related revenue variance based on changing customer demand driven by weather variance from normal heating degree days. NiSource's composite heating degree days reported do not directly correlate to the weather-related dollar impact on the results of Gas Distribution Operations. Heating degree days experienced during different times of the year or in different operating locations may have more or less impact on volume and dollars depending on when and where they occur. When the detailed results are combined for reporting, there may be weather-related dollar impacts on operations when there is not an apparent or significant change in the aggregated NiSource composite heating degree day comparison.

Weather in the Gas Distribution Operations service territories for the first quarter of 2017 was about 18% warmer than normal and about 9% warmer than 2016 , decreasing net revenues $7.8 million for the quarter ended March 31, 2017 compared to 2016 .

Throughput
Total volumes sold and transported for the first quarter of 2017 were 326.4 MMDth, compared to 344.6 MMDth for 2016 . This 5% decrease is primarily attributable to the effects of warmer weather and decreased off-system sales opportunities in 2017.

Economic Conditions
All NiSource Gas Distribution Operations companies have state-approved recovery mechanisms that provide a means for full recovery of prudently incurred gas costs. Gas costs are treated as pass-through costs and have no impact on the net revenues recorded in the period. The gas costs included in revenues are matched with the gas cost expense recorded in the period and the difference is recorded on the Condensed Consolidated Balance Sheets (unaudited) as under-recovered or over-recovered gas cost to be included in future customer billings.

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased gas costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustments to other gross revenues for the three months ended March 31, 2017 and 2016 were a revenue decrease of $14.6 million and a revenue increase of $9.1 million, respectively.

Certain Gas Distribution Operations companies continue to offer choice opportunities, where customers can choose to purchase gas from a third-party supplier, through regulatory initiatives in their respective jurisdictions. These programs serve to further reduce NiSource's exposure to gas prices.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.
Electric Operations

Three Months Ended March 31, ($ in millions)	2017	2016	2017 vs. 2016
Net Revenues			
Sales revenues	**$ 421.9**	$ 392.3	$ 29.6
Less: Cost of sales (excluding depreciation and amortization)	**116.2**	119.1	(2.9)
Net Revenues	**305.7**	273.2	32.5
Operating Expenses			
Operation and maintenance	**139.4**	119.9	19.5
Depreciation and amortization	**72.0**	67.0	5.0
Other taxes	**17.3**	16.0	1.3
Total Operating Expenses	**228.7**	202.9	25.8
Operating Income	**$ 77.0**	$ 70.3	$ 6.7
Revenues			
Residential	**$ 115.7**	$ 102.6	$ 13.1
Commercial	**120.7**	103.5	17.2
Industrial	**179.1**	161.8	17.3
Wholesale	**2.8**	2.5	0.3
Other	**3.6**	21.9	(18.3)
Total	**$ 421.9**	$ 392.3	$ 29.6
Sales (Gigawatt Hours)			
Residential	**752.6**	803.6	(51.0)
Commercial	**895.0**	911.9	(16.9)
Industrial	**2,363.3**	2,420.7	(57.4)
Wholesale	**20.2**	—	20.2
Other	**33.4**	34.5	(1.1)
Total	**4,064.5**	4,170.7	(106.2)
Electric Customers			
Residential	**407,321**	405,235	2,086
Commercial	**55,692**	55,170	522
Industrial	**2,315**	2,341	(26)
Wholesale	**750**	742	8
Other	**2**	—	2
Total	**466,080**	463,488	2,592

Net revenues are calculated as gross revenues less the associated cost of sales (excluding depreciation and amortization). Cost of sales at the Electric Operations segment is principally comprised of the cost of coal, related handling costs, and natural gas purchased for the internal generation of electricity at NIPSCO and the cost of power purchased from third-party generators of electricity. The majority of the cost of sales are tracked costs that are passed through directly to the customer resulting in an equal and offsetting amount reflected in gross revenues.

Comparability of line item operating results may also be impacted by regulatory and depreciation trackers (other than those for cost of sales) that allow for the recovery in rates of certain costs such as bad debt expense. Therefore, increases in these tracked operating expenses are offset by increases in net revenues and have essentially no impact on income from continuing operations.

NiSource Inc.
Electric Operations

Three months ended March 31, 2017 vs. March 31, 2016 Operating Income
For the first quarter of 2017 , Electric Operations reported operating income of $77.0 million, an increase of $6.7 million from the comparable 2016 period.

Net revenues for the first quarter of 2017 were $305.7 million, an increase of $32.5 million from the same period in 2016 . The change in net revenues was primarily driven by:

- New rates from base-rate proceedings of $20.9 million.
- Higher regulatory and depreciation trackers, which are offset in expense, of $12.1 million.
- Increased rates from incremental capital spend on electric transmission projects of $5.8 million.

Partially offset by:

- Decreased residential and industrial usage of $3.3 million.
- The effects of warmer weather of $4.0 million.

Operating expenses were $25.8 million higher for the first quarter of 2017 compared to the same period in 2016. This change was primarily driven by:

- Higher regulatory and depreciation trackers, which are offset in net revenues, of $12.1 million.
- Higher materials and supplies expenses of $6.7 million.
- Increased outside service costs of $5.5 million, primarily due to generation-related maintenance.
- Higher employee and administrative expenses of $2.9 million.

Partially offset by:

- Decreased amortization expense of $3.6 million.

Weather
In general, NiSource calculates the weather-related revenue variance based on changing customer demand driven by weather variance from normal heating or cooling degree days. NiSource's composite heating or cooling degree days reported do not directly correlate to the weather-related dollar impact on the results of Electric Operations. Heating or cooling degree days experienced during different times of the year may have more or less impact on volume and dollars depending on when they occur. When the detailed results are combined for reporting, there may be weather-related dollar impacts on operations when there is not an apparent or significant change in the aggregated NiSource composite cooling degree day comparison.

Weather in the Electric Operations' territories for the first quarter of 2017 was about 18% warmer than normal and about 9% warmer than 2016 , decreasing net revenues $4.0 million for the quarter ended March 31, 2017 compared to 2016 .

Sales
Electric Operations sales for the first quarter of 2017 were 4,064.5 gwh, a decrease of 106.2 gwh compared to the same period in 2016 . The 3% decrease is primarily attributable to warmer weather in the first quarter of 2017.

Economic Conditions
NIPSCO has a state-approved recovery mechanism that provides a means for full recovery of prudently incurred fuel costs. Fuel costs are treated as pass-through costs and have no impact on the net revenues recorded in the period. The fuel costs included in revenues are matched with the fuel cost expense recorded in the period and the difference is recorded on the Condensed Consolidated Balance Sheets (unaudited) as under-recovered or over-recovered fuel cost to be included in future customer billings.

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased fuel costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustments to other gross revenues for the three months ended March 31, 2017 and 2016 were a revenue decrease of $19.0 million and a revenue increase of $2.6 million, respectively.

Electric Supply
NIPSCO 2016 Integrated Resource Plan. Environmental, regulatory and economic factors, including low natural gas prices and aging coal-fired units, have led NIPSCO to consider modifying its current electric generation supply mix to include less coal-fired

generation. Due to enacted CCR and ELG legislation, NIPSCO would expect to incur over $1 billion in operating, maintenance, environmental and other costs over the next seven years if the current fleet of coal-fired generating units remain operational.

On November 1, 2016, NIPSCO submitted its 2016 Integrated Resource Plan with the IURC. The plan evaluated demand-side and supply-side resource alternatives to reliably and cost effectively meet NIPSCO customers' future energy requirements over the ensuing twenty years. The 2016 Integrated Resource Plan indicates that the most viable option for customers and NIPSCO involves the retirement of Bailly Generating Station (Units 7 and 8) as soon as mid-2018 and two units (Units 17 and 18) at the R.M. Schahfer Generating Station by the end of 2023. It is projected over the long term that the cost to customers to retire these units at these dates will be lower than maintaining and upgrading them for continuing generation.

NiSource and NIPSCO committed to the retirement of the Bailly Generating Station units in connection with the filing of the 2016 Integrated Resource Plan, pending approval by the MISO. In the fourth quarter of 2016, the MISO approved NIPSCO's plan to retire the Bailly Generating Station units by May 31, 2018.

In connection with the MISO's approval of NIPSCO's planned retirement of the Bailly Generating Station units, NiSource recorded $22.1 million of plant retirement-related charges in the fourth quarter of 2016. These charges were comprised of contract termination charges related to NIPSCO's capital lease with Pure Air, voluntary employee severance benefits and write downs of certain materials and supplies inventory balances. Refer to Note 14-D, "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information.

Liquidity and Capital Resources

Operating Activities
Net cash from operating activities from continuing operations for the three months ended March 31, 2017 was $411.1 million , an increase of $107.9 million compared to the three months ended March 31, 2016 . This increase was driven by a combination of changes in weather, gas prices and the related approved rates for recovery, which significantly impacted regulatory assets, regulatory liabilities and working capital between the two periods.

Regulatory Assets and Liabilities. During the three months ended March 31, 2016, over-collected gas costs from 2015 were returned to customers resulting in an a use of cash. For the three months ended March 31, 2017 , the source of cash is primarily attributable to the collection of under-recovered gas costs from 2016 which resulted from increasing gas prices toward the end of the year.

Working Capital. The change in components of working capital is primarily related to lower accruals for commodity purchases in 2017 compared to 2016 as a result of warmer weather in the current year.

Pension and Other Postretirement Plan Funding. For the three months ended March 31, 2017 , NiSource contributed $1.1 million to its pension plans and $7.6 million to its other postretirement benefit plans. In 2017 , NiSource expects to make contributions of approximately $9.1 million to its pension plans and approximately $25.3 million to its other postretirement medical and life plans.

Income Taxes. As of March 31, 2017 , NiSource has a recorded deferred tax asset of $577.5 million related to a Federal NOL carryforward. As a result of being in an NOL position, NiSource was not required to make any cash payments for Federal income tax purposes during the three months ended March 31, 2017 and 2016 . This NOL carryforward expires in 2030, however NiSource expects to fully utilize the carryforward benefit prior to its expiration.

Investing Activities
Net cash used for investing activities from continuing operations for the three months ended March 31, 2017 was $344.2 million , an increase of $28.9 million compared to the three months ended March 31, 2016 .This increase was attributable to increased capital expenditures in 2017 and increased spend on non-legal cost of removal activities at NIPSCO.

NiSource's capital expenditures for the three months ended March 31, 2017 were $312.0 million compared to $301.0 million for the comparable period in 2016 . The increase in capital spend was driven by favorable weather conditions in 2017 which allowed for extended periods of construction as well as an increase in planned capital expenditures in the current year. NiSource projects 2017 capital expenditures to be approximately $1.6 billion to $1.7 billion .

Financing Activities
Short-term Debt. Refer to Note 13 , "Short-Term Borrowings," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on short-term debt.

Long-term Debt. Refer to Note 12 , "Long-term Debt," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on long-term debt.

Net Available Liquidity. As of March 31, 2017 , an aggregate of $788.5 million of net liquidity was available, including cash and credit available under the revolving credit facility and accounts receivable securitization programs.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.

The following table displays NiSource's liquidity position as of March 31, 2017 and December 31, 2016:

(in millions)	**March 31, 2017**	December 31, 2016
Current Liquidity		
Revolving Credit Facility	**$ 1,850.0**	$ 1,850.0
Accounts Receivable Program [1]	**439.0**	310.0
Less:		
Drawn on Revolving Credit Facility	**—**	—
Commercial Paper	**1,075.2**	1,178.0
Accounts Receivable Program Utilized	**439.0**	310.0
Letters of Credit Outstanding Under Credit Facility	**14.7**	14.7
Add:		
Cash and Cash Equivalents	**28.4**	26.4
Net Available Liquidity	**$ 788.5**	$ 683.7

[1] Represents the lesser of the seasonal limit or maximum borrowings supportable by the underlying receivables.

Debt Covenants . NiSource is subject to financial covenants under its revolving credit facility and term loan agreement, which require NiSource to maintain a debt to capitalization ratio that does not exceed 70%. A similar covenant in a 2005 private placement note purchase agreement requires NiSource to maintain a debt to capitalization ratio that does not exceed 75%. As of March 31, 2017 , the ratio was 65.4% .

Sale of Trade Accounts Receivables. Refer to Note 8 , "Transfers of Financial Assets," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on the sale of trade accounts receivable.

Credit Ratings. The credit rating agencies periodically review the Company's ratings, taking into account factors such as its capital structure and earnings profile. The following table includes NiSource's and certain subsidiaries' credit ratings and ratings outlook as of March 31, 2017 . Aside from those disclosed below, there were no changes to credit ratings or outlooks since December 31, 2016.

	S&P		Moody's		Fitch	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
NiSource [1]	BBB+	Stable	Not rated	Not rated	BBB	Stable
Nisource Finance	BBB+	Stable	Baa2	Stable	BBB	Stable
Capital Markets	BBB+	Stable	Baa2	Stable	BBB	Stable
NIPSCO	BBB+	Stable	Baa1	Stable	BBB	Stable
Columbia of Massachusetts	BBB+	Stable	Baa2	Stable	Not rated	Not rated
Commercial Paper	A-2	Stable	P-2	Stable	F3	Stable

[1] In April 2017, Moody's assigned a Baa2 senior unsecured rating to NiSource, with a stable outlook.

Certain NiSource subsidiaries have agreements that contain "ratings triggers" that require increased collateral if the credit ratings of NiSource or certain of its subsidiaries are below investment grade. These agreements are primarily for insurance purposes and for the physical purchase or sale of power. As of March 31, 2017 , the collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately $37.2 million . In addition to agreements with ratings triggers, there are other agreements that contain "adequate assurance" or "material adverse change" provisions that could necessitate additional credit support such as letters of credit and cash collateral to transact business.

Equity. NiSource has a shelf registration statement on file with the SEC that authorizes NiSource to issue an indeterminate amount of common stock and preferred stock, as well as other securities. The authorized capital stock of NiSource consists of 420,000,000 shares, $0.01 par value, of which 400,000,000 are common stock and 20,000,000 are preferred stock. As of March 31, 2017 , 324,474,051 shares of common stock were outstanding. NiSource has no preferred stock outstanding as of March 31, 2017 .

Contractual Obligations. Aside from the previously referenced repayment of long-term debt, there were no material changes recorded during the three months ended March 31, 2017 to NiSource's contractual obligations as of December 31, 2016 .

Off Balance Sheet Arrangements

As a part of normal business, NiSource and certain subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit.

Refer to Note 14 , "Other Commitments and Contingencies," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about such arrangements.

Market Risk Disclosures

Risk is an inherent part of NiSource's businesses. The extent to which NiSource properly and effectively identifies, assesses, monitors and manages each of the various types of risk involved in its businesses is critical to its profitability. NiSource seeks to identify, assess, monitor and manage, in accordance with defined policies and procedures, the following principal market risks that are involved in NiSource's businesses: commodity price risk, interest rate risk and credit risk. Risk management at NiSource is a multi-faceted process with oversight by the Risk Management Committee that requires constant communication, judgment and knowledge of specialized products and markets. NiSource's senior management takes an active role in the risk management process and has developed policies and procedures that require specific administrative and business functions to assist in the identification, assessment and control of various risks. These may include but are not limited to market, operational, financial, compliance and strategic risk types. In recognition of the increasingly varied and complex nature of the energy business, NiSource's risk management process, policies and procedures continue to evolve and are subject to ongoing review and modification.

Commodity Price Risk

NiSource is exposed to commodity price risk as a result of its subsidiaries' operations involving natural gas and power. To manage this market risk, NiSource's subsidiaries use derivatives, including commodity futures contracts, swaps, forwards and options. NiSource does not participate in speculative energy trading activity.

Commodity price risk resulting from derivative activities at NiSource's rate-regulated subsidiaries is limited, since regulations allow recovery of prudently incurred purchased power, fuel and gas costs through the ratemaking process, including gains or losses on these derivative instruments. If states should explore additional regulatory reform, these subsidiaries may begin providing services without the benefit of the traditional ratemaking process and may be more exposed to commodity price risk.

NiSource subsidiaries are required to make cash margin deposits with their brokers to cover actual and potential losses in the value of outstanding exchange traded derivative contracts. The amount of these deposits, which are reflected in NiSource's restricted cash balance, may fluctuate significantly during periods of high volatility in the energy commodity markets.

Refer to Note 6 , "Risk Management Activities," in the Condensed Consolidated Financial Statements (unaudited) for further information on NiSource's commodity price risk assets and liabilities as of March 31, 2017 or December 31, 2016 .

Interest Rate Risk

NiSource is exposed to interest rate risk as a result of changes in interest rates on borrowings under its revolving credit agreement, commercial paper program, accounts receivable programs and term loan, which have interest rates that are indexed to short-term market interest rates. Based upon average borrowings and debt obligations subject to fluctuations in short-term market interest rates, an increase (or decrease) in short-term interest rates of 100 basis points (1%) would have increased (or decreased) interest expense by $4.8 million for the three months ended March 31, 2017 and $1.5 million for the three months ended March 31, 2016 , respectively. NiSource is also exposed to interest rate risk as a result of changes in benchmark rates that can influence the interest rates of future debt issuances.

Refer to Note 6 , "Risk Management Activities," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further information on NiSource's interest rate risk assets and liabilities as of March 31, 2017 and December 31, 2016 .

Credit Risk

Due to the nature of the industry, credit risk is embedded in many of NiSource's business activities. NiSource's extension of credit is governed by a Corporate Credit Risk Policy. In addition, Risk Management Committee guidelines are in place which document management approval levels for credit limits, evaluation of creditworthiness, and credit risk mitigation efforts. Exposures to credit risks are monitored by the risk management function which is independent of commercial operations. Credit risk arises due to the possibility that a customer, supplier or counterparty will not be able or willing to fulfill its obligations on a transaction on or before the settlement date. For derivative-related contracts, credit risk arises when counterparties are obligated to deliver or purchase defined commodity units of gas or power to NiSource at a future date per execution of contractual terms and conditions. Exposure to credit risk is measured in terms of both current obligations and the market value of forward positions net of any posted collateral such as cash and letters of credit.

NiSource closely monitors the financial status of its banking credit providers. NiSource evaluates the financial status of its banking partners through the use of market-based metrics such as credit default swap pricing levels, and also through traditional credit ratings provided by major credit rating agencies.

Other Information

Critical Accounting Policies

Pension and Postretirement Benefits. On January 1, 2017, NiSource changed the method used to estimate the service and interest components of net periodic benefit cost for pension and other postretirement benefits. This change, compared to the previous method, resulted in a decrease in the actuarially-determined service and interest cost components. Historically, NiSource estimated service and interest costs utilizing a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation at the beginning of the period. NiSource now utilizes a full yield curve approach to estimate these components by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. NiSource believes the new approach provides a more precise measurement of service and interest costs by aligning the timing of the plan's liability cash flows to the corresponding spot rates on the yield curve. The benefit obligations measured under this approach are unchanged. NiSource accounted for this change as a prospective change in accounting estimate. For further information on NiSource's pension and other postretirement benefits, see Note 11, "Pension and Other Postretirement Benefits," in the Notes to Condensed Consolidated Financial Statements (unaudited).

There were no additional significant changes to critical accounting policies for the period ended March 31, 2017.

Recently Issued Accounting Pronouncements

Refer to Note 2 , "Recent Accounting Pronouncements," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about recently issued accounting pronouncements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

NiSource Inc.

For a discussion regarding quantitative and qualitative disclosures about market risk see "Management's Discussion and Analysis of Financial Condition and Results of Operations - Market Risk Disclosures."

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

NiSource's chief executive officer and its chief financial officer are responsible for evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). NiSource's disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including NiSource's chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon that evaluation, NiSource's chief executive officer and chief financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to provide reasonable assurance that financial information was processed, recorded and reported accurately.

Changes in Internal Controls

There have been no changes in NiSource's internal control over financial reporting during the fiscal quarter covered by this report that has materially affected, or is reasonably likely to materially affect, NiSource's internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

NiSource Inc.

The Company is party to certain claims and legal proceedings arising in the ordinary course of business, none of which is deemed to be individually material at this time. Due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on the Company's results of operations, financial position or liquidity. If one or more of such matters were decided against the Company, the effects could be material to the Company's results of operations in the period in which the Company would be required to record or adjust the related liability and could also be material to the Company's cash flows in the periods the Company would be required to pay such liability.

ITEM 1A. RISK FACTORS

NiSource's operations and financial results are subject to various risks and uncertainties, including those disclosed in NiSource's most recent Annual Report on Form 10-K for the year ended December 31, 2016. There have been no material changes to such risk factors.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

NiSource Inc.

(31.1)	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
(31.2)	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
(32.1)	Certification of Chief Executive Officer pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith). *
(32.2)	Certification of Chief Financial Officer pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith). *
(101.INS)	XBRL Instance Document
(101.SCH)	XBRL Schema Document
(101.CAL)	XBRL Calculation Linkbase Document
(101.LAB)	XBRL Labels Linkbase Document
(101.PRE)	XBRL Presentation Linkbase Document
(101.DEF)	XBRL Definition Linkbase Document

* Exhibit filed herewith.

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SIGNATURE

NiSource Inc.

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NiSource Inc.
(Registrant)

Date: May 3, 2017

By: /s/ Joseph W. Mulpas
Joseph W. Mulpas
Vice President and Chief Accounting Officer
(Principal Accounting Officer
and Duly Authorized Officer)

Exhibit 31.1

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Joseph Hamrock, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended March 31, 2017 ;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2017

By: /s/ Joseph Hamrock

Joseph Hamrock

President and Chief Executive Officer

Exhibit 31.2

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Donald E. Brown, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended March 31, 2017 ;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2017

By: /s/ Donald E. Brown

Donald E. Brown

Executive Vice President and Chief Financial Officer

Exhibit 32.1

Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending March 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph Hamrock, Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Joseph Hamrock

Joseph Hamrock

President and Chief Executive Officer

Date: May 3, 2017

Exhibit 32.2

Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending March 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Donald E. Brown, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Donald E. Brown

Donald E. Brown

Executive Vice President and Chief Financial Officer

Date: May 3, 2017

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NISOURCE INC/DE

FORM 10-Q
(Quarterly Report)

Filed 11/01/16 for the Period Ending 09/30/16

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CIK	0001111711
Symbol	NI
Fiscal Year	12/31

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2016

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____to _____

Commission file number 001-16189

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware	35-2108964
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
801 East 86th Avenue Merrillville, Indiana	46410
(Address of principal executive offices)	(Zip Code)

(877) 647-5990
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.)
Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑ Accelerated filer ☐

Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☑

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Common Stock, $0.01 Par Value: 322,737,775 shares outstanding at October 25, 2016 .

NISOURCE INC.
FORM 10-Q QUARTERLY REPORT
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

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DEFINED TERMS

The following is a list of frequently used abbreviations or acronyms that are found in this report:

NiSource Subsidiaries, Affiliates and Former Subsidiaries

CGORC	Columbia Gas of Ohio Receivables Corporation
Columbia of Kentucky	Columbia Gas of Kentucky, Inc.
Columbia of Maryland	Columbia Gas of Maryland, Inc.
Columbia of Massachusetts	Bay State Gas Company
Columbia of Ohio	Columbia Gas of Ohio, Inc.
Columbia of Pennsylvania	Columbia Gas of Pennsylvania, Inc.
Columbia of Virginia	Columbia Gas of Virginia, Inc.
CPG	Columbia Pipeline Group, Inc.
CPRC	Columbia Gas of Pennsylvania Receivables Corporation
NARC	NIPSCO Accounts Receivable Corporation
NIPSCO	Northern Indiana Public Service Company
NiSource or the Company	NiSource Inc.
NiSource Finance	NiSource Finance Corp.

Abbreviations and Other

AFUDC	Allowance for funds used during construction
AOCI	Accumulated Other Comprehensive Income (Loss)
ASU	Accounting Standards Update
BNS	Bank of Nova Scotia
BTMU	The Bank of Tokyo-Mitsubishi UFJ, LTD.
CAA	Clean Air Act
CCRs	Coal Combustion Residuals
CERCLA	Comprehensive Environmental Response Compensation and Liability Act (also known as Superfund)
CO_2	Carbon Dioxide
CPP	Clean Power Plan
DPU	Department of Public Utilities
DSM	Demand Side Management
ECR	Environmental Cost Recovery
ECT	Environmental Cost Tracker
EGUs	Electric Utility Generating Units
ELG	Effluent limitations guidelines
EPA	United States Environmental Protection Agency
EPS	Earnings per share
FAC	Fuel adjustment clause
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
GAAP	Generally Accepted Accounting Principles
GCA	Gas cost adjustment
GCR	Gas cost recovery
GHG	Greenhouse gases
GSEP	Gas System Enhancement Program
gwh	Gigawatt hours

DEFINED TERMS (continued)

IDEM	Indiana Department of Environmental Management
IRP	Infrastructure Replacement Program
IURC	Indiana Utility Regulatory Commission
kV	Kilovolt
LDAF	Local Distribution Adjustment Factor
LDCs	Local distribution companies
MATS	Mercury and Air Toxics Standards
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator
Mizuho	Mizuho Corporate Bank Ltd.
MMDth	Million dekatherms
MPSC	Maryland Public Service Commission
NAAQS	National Ambient Air Quality Standards
NDC	Nationally Determined Contribution
NOL	Net operating loss
NO_x	Nitric oxide and nitrogen dioxide
NSR	New Source Review
NYMEX	New York Mercantile Exchange
OPEB	Other Postretirement Benefits
PHMSA	U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration
PNC	PNC Bank, N.A.
Pure Air	Pure Air on the Lake LP
Separation	The separation of NiSource's natural gas pipeline, midstream and storage business from NiSource's natural gas and electric utility business accomplished through the pro rata distribution by NiSource to holders of its outstanding common stock of all the outstanding shares of common stock of CPG. The Separation was completed on July 1, 2015.
ppb	Parts per billion
PSC	Public Service Commission
PUC	Public Utility Commission
PUCO	Public Utilities Commission of Ohio
RDAF	Revenue Decoupling Adjustment Factor
ROE	Return on equity
RTO	Regional Transmission Organization
SEC	Securities and Exchange Commission
TDSIC	Transmission, Distribution and Storage System Improvement Charge
TSA	Transition Services Agreement
TUAs	Transmission Upgrade Agreements
VIE	Variable Interest Entities
VSCC	Virginia State Corporation Commission

PART I

ITEM 1. FINANCIAL STATEMENTS

NiSource Inc.
Condensed Statements of Consolidated Income (Loss) (unaudited)

(in millions, except per share amounts)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Net Revenues				
Gas Distribution	$ 212.3	$ 208.9	$ 1,244.3	$ 1,595.5
Gas Transportation	180.0	172.1	689.5	739.9
Electric	465.5	428.4	1,249.2	1,198.7
Other	3.5	7.8	12.5	19.9
Total Gross Revenues	861.3	817.2	3,195.5	3,554.0
Cost of Sales (excluding depreciation and amortization)	218.2	209.1	949.6	1,307.3
Total Net Revenues	643.1	608.1	2,245.9	2,246.7
Operating Expenses				
Operation and maintenance	336.6	311.1	1,028.9	1,076.9
Depreciation and amortization	136.3	132.5	406.0	391.0
Loss (gain) on sale of assets and impairments, net	(0.1)	1.1	(0.4)	1.2
Other taxes	56.6	53.7	178.1	197.2
Total Operating Expenses	529.4	498.4	1,612.6	1,666.3
Operating Income	113.7	109.7	633.3	580.4
Other Income (Deductions)				
Interest expense, net	(85.0)	(94.9)	(261.5)	(285.9)
Other, net	3.5	5.8	(1.9)	11.6
Loss on early extinguishment of long-term debt	—	—	—	(97.2)
Total Other Deductions	(81.5)	(89.1)	(263.4)	(371.5)
Income from Continuing Operations before Income Taxes	32.2	20.6	369.9	208.9
Income Taxes	8.5	5.8	130.6	74.7
Income from Continuing Operations	23.7	14.8	239.3	134.2
Income (Loss) from Discontinued Operations - net of taxes	3.5	(19.7)	3.4	108.5
Net Income (Loss)	27.2	(4.9)	242.7	242.7
Less: Net income attributable to noncontrolling interest	—	—	—	15.6
Net Income (Loss) attributable to NiSource	$ 27.2	$ (4.9)	$ 242.7	$ 227.1
Amounts attributable to NiSource:				
Income from continuing operations	$ 23.7	$ 14.8	$ 239.3	$ 134.2
Income (Loss) from discontinued operations	3.5	(19.7)	3.4	92.9
Net Income (Loss) attributable to NiSource	$ 27.2	$ (4.9)	$ 242.7	$ 227.1
Basic Earnings (Loss) Per Share				
Continuing operations	$ 0.07	$ 0.05	$ 0.74	$ 0.42
Discontinued operations	0.01	(0.07)	0.02	0.30
Basic Earnings (Loss) Per Share	$ 0.08	$ (0.02)	$ 0.76	$ 0.72
Diluted Earnings (Loss) Per Share				
Continuing operations	$ 0.07	$ 0.05	$ 0.74	$ 0.42
Discontinued operations	0.01	(0.07)	0.01	0.29
Diluted Earnings (Loss) Per Share	$ 0.08	$ (0.02)	$ 0.75	$ 0.71
Dividends Declared Per Common Share	$ 0.165	$ 0.310	$ 0.640	$ 0.830
Basic Average Common Shares Outstanding	322.3	318.1	321.4	317.4
Diluted Average Common Shares	323.9	321.5	323.2	320.7

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statements of Consolidated Comprehensive Income (Loss) (unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions, net of taxes)	**2016**	2015	**2016**	2015
Net Income (Loss)	**$ 27.2**	$ (4.9)	**$ 242.7**	$ 242.7
Other comprehensive income (loss):				
Net unrealized gain (loss) on available-for-sale securities [1]	**(0.3)**	0.3	**2.2**	—
Net unrealized gain (loss) on cash flow hedges [2]	**(22.6)**	0.2	**(146.8)**	1.8
Unrecognized pension and OPEB benefit (cost) [3]	**0.2**	(0.2)	**0.7**	2.7
Total other comprehensive income (loss)	**(22.7)**	0.3	**(143.9)**	4.5
Comprehensive Income (Loss)	**$ 4.5**	$ (4.6)	**$ 98.8**	$ 247.2
Less: Comprehensive income attributable to noncontrolling interest	**—**	—	**—**	15.6
Comprehensive Income (Loss) attributable to NiSource	**$ 4.5**	$ (4.6)	**$ 98.8**	$ 231.6

[1] Net unrealized gain (loss) on available-for-sale securities, net of $0.1 million tax benefit and $0.2 million tax expense in the third quarter of 2016 and 2015 , respectively, and $1.2 million and zero tax expense for the nine months ended 2016 and 2015 , respectively.
[2] Net unrealized gain (loss) on derivatives qualifying as cash flow hedges, net of $14.0 million tax benefit and $0.2 million tax expense in the third quarter of 2016 and 2015 , respectively, and $90.6 million tax benefit and $1.1 million tax expense for the nine months ended 2016 and 2015 , respectively.
[3] Unrecognized pension and OPEB benefit (cost), net of $0.1 million tax expense and $0.1 million tax benefit in the third quarter of 2016 and 2015 , respectively, and $0.4 million and $2.1 million tax expense for the nine months ended 2016 and 2015 , respectively.

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Consolidated Balance Sheets (unaudited)

(in millions)	September 30, 2016	December 31, 2015
ASSETS		
Property, Plant and Equipment		
Utility plant	$ 19,856.9	$ 18,946.9
Accumulated depreciation and amortization	(7,020.2)	(6,853.4)
Net utility plant	12,836.7	12,093.5
Other property, at cost, less accumulated depreciation	17.1	18.0
Net Property, Plant and Equipment	12,853.8	12,111.5
Investments and Other Assets		
Unconsolidated affiliates	6.5	6.9
Other investments	200.5	187.7
Total Investments and Other Assets	207.0	194.6
Current Assets		
Cash and cash equivalents	16.1	15.5
Restricted cash	13.8	29.7
Accounts receivable (less reserve of $19.1 and $20.3, respectively)	471.0	660.0
Gas inventory	323.6	343.5
Materials and supplies, at average cost	100.1	86.8
Electric production fuel, at average cost	110.0	106.3
Exchange gas receivable	16.9	21.0
Regulatory assets	262.9	206.9
Prepayments and other	64.1	107.5
Total Current Assets	1,378.5	1,577.2
Other Assets		
Regulatory assets	1,619.7	1,599.8
Goodwill	1,690.7	1,690.7
Intangible assets	245.4	253.7
Deferred charges and other	72.1	65.0
Total Other Assets	3,627.9	3,609.2
Total Assets	$ 18,067.2	$ 17,492.5

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Consolidated Balance Sheets (unaudited) (continued)

(in millions, except share amounts)	September 30, 2016	December 31, 2015
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common Stockholders' Equity		
Common stock - $0.01 par value, 400,000,000 shares authorized; 322,564,310 and 319,110,083 shares outstanding, respectively	$ **3.3**	$ 3.2
Treasury stock	**(87.4)**	(79.3)
Additional paid-in capital	**5,135.6**	5,078.0
Retained deficit	**(1,060.9)**	(1,123.3)
Accumulated other comprehensive loss	**(179.0)**	(35.1)
Total Common Stockholders' Equity	**3,811.6**	3,843.5
Long-term debt, excluding amounts due within one year	**6,096.2**	5,948.5
Total Capitalization	**9,907.8**	9,792.0
Current Liabilities		
Current portion of long-term debt	**582.6**	433.7
Short-term borrowings	**1,059.0**	567.4
Accounts payable	**352.2**	433.4
Dividends payable	**53.1**	—
Customer deposits and credits	**255.2**	316.3
Taxes accrued	**130.9**	183.5
Interest accrued	**71.1**	129.0
Exchange gas payable	**58.2**	62.3
Regulatory liabilities	**107.2**	231.4
Legal and environmental	**38.6**	37.6
Accrued compensation and employee benefits	**136.0**	141.3
Other accruals	**67.5**	121.6
Total Current Liabilities	**2,911.6**	2,657.5
Other Liabilities and Deferred Credits		
Risk management liabilities	**264.5**	22.6
Deferred income taxes	**2,384.2**	2,365.3
Deferred investment tax credits	**13.8**	14.8
Deferred credits	**95.2**	90.7
Accrued liability for postretirement and postemployment benefits	**738.2**	759.7
Regulatory liabilities	**1,296.8**	1,350.4
Asset retirement obligations	**272.3**	254.0
Other noncurrent liabilities	**182.8**	185.5
Total Other Liabilities and Deferred Credits	**5,247.8**	5,043.0
Commitments and Contingencies (Refer to Note 17, "Other Commitments and Contingencies")	**—**	—
Total Capitalization and Liabilities	$ **18,067.2**	$ 17,492.5

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statements of Consolidated Cash Flows (unaudited)

Nine Months Ended September 30, *(in millions)*	2016	2015
Operating Activities		
Net Income	$ 242.7	$ 242.7
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Loss on early extinguishment of debt	—	97.2
Depreciation and amortization	406.0	391.0
Deferred income taxes and investment tax credits	137.7	60.1
Stock compensation expense and 401(k) profit sharing contribution	33.6	38.6
Income from discontinued operations - net of taxes	(3.4)	(108.5)
Amortization of discount/premium on debt	5.4	6.8
AFUDC equity	(8.8)	(7.7)
Other adjustments	(2.3)	11.3
Changes in Assets and Liabilities:		
Accounts receivable	188.2	420.3
Inventories	(0.7)	19.8
Accounts payable	(83.2)	(287.5)
Customer deposits and credits	(61.1)	(25.5)
Taxes accrued	(51.3)	(30.6)
Interest accrued	(57.9)	(63.1)
Exchange gas receivable/payable	(0.1)	(26.1)
Other accruals	(29.8)	(57.1)
Prepayments and other current assets	43.9	30.1
Regulatory assets/liabilities	(202.2)	259.6
Postretirement and postemployment benefits	(20.9)	(61.0)
Deferred credits	4.6	(1.3)
Deferred charges and other noncurrent assets	(3.0)	10.8
Other noncurrent liabilities	(4.6)	(13.6)
Net Operating Activities from Continuing Operations	532.8	906.3
Net Operating Activities from (used for) Discontinued Operations	(0.8)	287.6
Net Cash Flows from Operating Activities	532.0	1,193.9
Investing Activities		
Capital expenditures	(1,083.4)	(923.4)
Cash contributions from CPG	—	3,798.2
Proceeds from disposition of assets	3.4	4.3
Restricted cash withdrawals (deposits)	15.9	(3.0)
Cost of removal	(79.5)	(49.2)
Other investing activities	(24.6)	9.3
Net Investing Activities from (used for) Continuing Operations	(1,168.2)	2,836.2
Net Investing Activities used for Discontinued Operations	—	(430.0)
Net Cash Flows from (used for) Investing Activities	(1,168.2)	2,406.2
Financing Activities		
Cash of CPG at separation	—	(136.8)
Issuance of long-term debt	500.0	—
Repayments of long-term debt and capital lease obligations	(210.9)	(1,859.1)
Premiums and other debt related costs	(0.3)	(93.5)
Change in short-term borrowings, net	491.6	(1,396.6)
Issuance of common stock	16.8	17.9
Acquisition of treasury stock	(8.1)	(20.3)

Dividends paid - common stock	(152.5)	(214.0)
Net Financing Activities from (used for) Continuing Operations	636.8	(3,702.4)
Net Financing Activities from Discontinued Operations	—	108.6
Net Cash Flows from (used for) Financing Activities	636.8	(3,593.8)
Change in cash and cash equivalents from continuing operations	1.4	40.1
Change in cash and cash equivalents used for discontinued operations	(0.8)	(33.8)
Change in cash included in discontinued operations	—	0.5
Cash and cash equivalents at beginning of period	15.5	24.9
Cash and Cash Equivalents at End of Period	$ 16.1	$ 31.7

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statement of Consolidated Equity (unaudited)

(in millions)	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Total
Balance as of January 1, 2016	**$ 3.2**	**$ (79.3)**	**$ 5,078.0**	**$ (1,123.3)**	**$ (35.1)**	**$ 3,843.5**
Comprehensive Income:						
Net Income	—	—	—	242.7	—	242.7
Other comprehensive loss, net of tax	—	—	—	—	(143.9)	(143.9)
Common stock dividends ($0.64 per share)	—	—	—	(205.6)	—	(205.6)
Treasury stock acquired	—	(8.1)	—	—	—	(8.1)
Cumulative effect of change in accounting principle	—	—	—	25.3	—	25.3
Stock issuances:						
Common stock	0.1	—	—	—	—	0.1
Employee stock purchase plan	—	—	3.4	—	—	3.4
Long-term incentive plan	—	—	16.9	—	—	16.9
401(k) and profit sharing	—	—	30.8	—	—	30.8
Dividend reinvestment plan	—	—	6.5	—	—	6.5
Balance as of September 30, 2016	**$ 3.3**	**$ (87.4)**	**$ 5,135.6**	**$ (1,060.9)**	**$ (179.0)**	**$ 3,811.6**

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited)

1. Basis of Accounting Presentation

The accompanying Condensed Consolidated Financial Statements (unaudited) for NiSource Inc. ("NiSource" or the "Company") reflect all normal recurring adjustments that are necessary, in the opinion of management, to present fairly the results of operations in accordance with GAAP in the United States of America. The accompanying financial statements contain the accounts of the Company and its majority-owned or controlled subsidiaries. The results of operations of the former Columbia Pipeline Group Operations segment have been classified as discontinued operations for all periods presented. See Note 4, "Discontinued Operations," for further information.

Unless otherwise indicated, the information in the Notes to the Condensed Consolidated Financial Statements (unaudited) relates to NiSource's continuing operations.

The accompanying financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 . Income for interim periods may not be indicative of results for the calendar year due to weather variations and other factors.

The Condensed Consolidated Financial Statements (unaudited) have been prepared pursuant to the rules and regulations of the SEC. Certain information and note disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to those rules and regulations, although NiSource believes that the disclosures made in this quarterly report on Form 10-Q are adequate to make the information herein not misleading.

2. Recent Accounting Pronouncements

Recently Issued Accounting Pronouncements

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force).* The pronouncement provides specific guidance on eight cash flow classification issues to reduce the diversity in practice. NiSource is required to adopt ASU 2016-15 for periods beginning after December 15, 2017, including interim periods therein. NiSource is currently evaluating the impact the adoption of ASU 2016-15 will have on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In June 2016, the FASB issued ASU 2016-13, *Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* . ASU 2016-13 changes the impairment model for most financial assets, replacing the current "incurred loss" model. ASU 2016-13 will require the use of an "expected loss" model for instruments measured at amortized cost and will also require entities to record allowances for available-for-sale debt securities rather than reduce the carrying amount. NiSource is required to adopt ASU 2016-13 for periods beginning after December 15, 2019, including interim periods therein. Early adoption is permitted for annual periods beginning after December 15, 2018. NiSource is currently evaluating the impact the adoption of ASU 2016-13 will have on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In May 2016, the FASB issued ASU 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients* . The pronouncement clarifies implementation guidance in ASU 2014-09 on assessing collectability, noncash consideration and the presentation of sales and other similar taxes collected from customers. ASU 2016-12 has the same effective date and transition requirements as ASU 2015-14, Revenue from Contracts with Customers (Topic 606). NiSource is currently evaluating the impact the adoption of ASU 2016-12 will have on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations.* ASU 2016-08 clarifies the principal versus agent guidance in ASU 2014-09, the new revenue recognition standard. The amendment clarifies how an entity should identify the unit of accounting for the principal versus agent evaluation, and how it should apply the control principle to certain types of arrangements. ASU 2016-08 has the same effective date and transition requirements as ASU 2015-14. NiSource is currently evaluating the impact the adoption of ASU 2016-08 will have on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* . ASU 2016-02 introduces a lessee model that brings most leases on the balance sheet. The standard requires that lessees recognize the following for all leases (with the exception of short-

term leases, as that term is defined in the standard) at the lease commencement date: (1) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (2) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. NiSource is required to adopt ASU 2016-02 for periods beginning after December 15, 2018, including interim periods therein, and the guidance is to be applied with a modified retrospective approach, with early adoption permitted.

NiSource has formed an internal stakeholder group that meets periodically to share information and gather data related to leasing activity at NiSource. NiSource has compiled a list of all active leases, and is in the process of evaluating that list to determine the ultimate impact the new standard will have on NiSource's financial statements. As of September 30, 2016, NiSource has not determined an adoption date for ASU 2016-02.

Recently Issued Accounting Pronouncements - Progress Toward Adoption

NiSource has progressed in its adoption efforts related to ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* . An internal stakeholder group has been formed from the relevant departments at the Company to promote information sharing and communication of the new requirements. Additionally, NiSource participates in an informal forum of industry peers where questions can be asked and interpretations of the new standard can be shared. NiSource has separated its various revenue streams into high-level categories, which will serve as the basis for accounting analysis and documentation as it relates to ASU 2014-09's impact on revenues at the Company. Substantially all of NiSource's revenues are tariff based. As of September 30, 2016, NiSource has not concluded on an adoption date or a method of adoption for ASU 2014-09.

Recently Adopted Accounting Pronouncements

In March 2016, the FASB issued ASU 2016-09, *Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting.* Among other provisions, the standard requires that all excess-related income tax effects of awards are recognized in the income statement when the awards vest and are distributed and also allows an employer to make a policy election to account for forfeitures as they occur. NiSource elected to early adopt ASU 2016-09 during the third quarter of 2016.

Upon adoption, NiSource elected to begin accounting for forfeitures of share-based awards as they occur. The impact of this change was not material. Additionally, NiSource recorded an adjustment to beginning retained deficit of $25.3 million . This adjustment represents excess tax benefits generated in years prior to 2016 that were previously not recognized in stockholders' equity due to NOLs in those years. Both of these adjustments were adopted on a modified retrospective basis. Lastly, NiSource recorded income tax benefits of $7.2 million related to excess tax benefits generated in 2016. These benefits were adopted on a prospective basis. However, because NiSource adopted the standard during an interim period, the standard required this $7.2 million benefit be reflected as though it was adopted as of January 1, 2016. The impact of these benefits on previously issued financial statements is summarized in the tables below:

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

(in millions, except per share amounts)	As Previously Reported	Effect of Change	As Adjusted
Three Months Ended March 31, 2016			
Income from Continuing Operations before Income Taxes	$ 291.6	$ —	$ 291.6
Income Taxes	111.9	(6.9)	105.0
Income from Continuing Operations	179.7	6.9	186.6
Income from Discontinued Operations - net of taxes	—	—	—
Net Income	$ 179.7	$ 6.9	$ 186.6
Basic Earnings Per Share			
Continuing operations	$ 0.56	$ 0.02	$ 0.58
Discontinued operations	—	—	—
Basic Earnings Per Share	$ 0.56	$ 0.02	$ 0.58
Diluted Earnings Per Share			
Continuing operations	$ 0.56	$ 0.02	$ 0.58
Discontinued operations	—	—	—
Diluted Earnings Per Share	$ 0.56	$ 0.02	$ 0.58
Basic Average Common Shares Outstanding	320.3	—	320.3
Diluted Average Common Shares	322.0	0.5	322.5

(in millions, except per share amounts)	As Previously Reported	Effect of Change	As Adjusted
Three Months Ended June 30, 2016			
Income from Continuing Operations before Income Taxes	$ 46.1	$ —	$ 46.1
Income Taxes	17.4	(0.3)	17.1
Income from Continuing Operations	28.7	0.3	29.0
Loss from Discontinued Operations - net of taxes	(0.1)	—	(0.1)
Net Income	$ 28.6	$ 0.3	$ 28.9
Basic Earnings Per Share			
Continuing operations	$ 0.09	$ —	$ 0.09
Discontinued operations	—	—	—
Basic Earnings Per Share	$ 0.09	$ —	$ 0.09
Diluted Earnings Per Share			
Continuing operations	$ 0.09	$ —	$ 0.09
Discontinued operations	—	—	—
Diluted Earnings Per Share	$ 0.09	$ —	$ 0.09
Basic Average Common Shares Outstanding	321.7	—	321.7
Diluted Average Common Shares	322.9	0.3	323.2

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

(in millions, except per share amounts)	As Previously Reported	Effect of Change	As Adjusted
Six Months Ended June 30, 2016			
Income from Continuing Operations before Income Taxes	$ 337.7	$ —	$ 337.7
Income Taxes	129.3	(7.2)	122.1
Income from Continuing Operations	208.4	7.2	215.6
Loss from Discontinued Operations - net of taxes	(0.1)	—	(0.1)
Net Income	$ 208.3	$ 7.2	$ 215.5
Basic Earnings Per Share			
Continuing operations	$ 0.65	$ 0.02	$ 0.67
Discontinued operations	—	—	—
Basic Earnings Per Share	$ 0.65	$ 0.02	$ 0.67
Diluted Earnings Per Share			
Continuing operations	$ 0.65	$ 0.02	$ 0.67
Discontinued operations	—	—	—
Diluted Earnings Per Share	$ 0.65	$ 0.02	$ 0.67
Basic Average Common Shares Outstanding	321.0	—	321.0
Diluted Average Common Shares	322.5	0.3	322.8

None of the other provisions of this standard materially impacted NiSource's Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

3. Earnings Per Share

Basic EPS is computed by dividing net income attributable to NiSource by the weighted-average number of shares of common stock outstanding for the period. The weighted-average shares outstanding for diluted EPS includes the incremental effects of the various long-term incentive compensation plans. The numerator in calculating both basic and diluted EPS for each period is reported net income attributable to NiSource. The computation of diluted average common shares is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2016**	2015	**2016**	2015
Denominator				
Basic average common shares outstanding	**322,318**	318,090	**321,445**	317,390
Dilutive potential common shares:				
Shares contingently issuable under employee stock plans	**228**	—	**146**	—
Shares restricted under employee stock plans	**1,372**	3,375	**1,606**	3,328
Diluted Average Common Shares	**323,918**	321,465	**323,197**	320,718

4. Discontinued Operations

On July 1, 2015, NiSource completed the Separation through a special pro rata stock dividend, distributing one share of CPG common stock for every one share of NiSource common stock held by any NiSource stockholder on June 19, 2015, the record date. The Separation resulted in two stand-alone energy infrastructure companies: NiSource, a fully regulated natural gas and electric utilities company, and CPG, a natural gas pipeline, midstream and storage company. As a stand-alone company, on the date of the Separation, CPG's operations consisted of NiSource's Columbia Pipeline Group Operations segment prior to the Separation. Following the Separation, NiSource retained no ownership interest in CPG. On the date of the Separation, CPG consisted of approximately $9.2 billion of assets, $5.6 billion of liabilities and $3.6 billion of equity.

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

The results of operations and cash flows for the former Columbia Pipeline Group Operations segment have been reported as discontinued operations for all periods presented.

During the third quarter of 2016, Nisource recorded a $3.6 million tax benefit resulting from favorable estimate-to-actual adjustments related to non-deductible costs from the Separation. There were no other material results from discontinued operations during 2016.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Results from discontinued operations for the three and nine months ended September 30, 2015 are included in the table below. These results are primarily from NiSource's former Columbia Pipeline Group Operations segment.

	Three Months Ended September 30, 2015			Nine Months Ended September 30, 2015		
(in millions)	Columbia Pipeline Group Operations	Corporate and Other	Total	Columbia Pipeline Group Operations	Corporate and Other	Total
Net Revenues						
Transportation and storage revenues	$ —	$ —	$ —	$ 561.4	$ —	$ 561.4
Other revenues	—	—	—	94.3	—	94.3
Total Sales Revenues	—	—	—	655.7	—	655.7
Less: Cost of sales (excluding depreciation and amortization)	—	—	—	0.2	—	0.2
Net Revenues	—	—	—	655.5	—	655.5
Operating Expenses						
Operation and maintenance	5.5 [1]	—	5.5	374.8 [1]	—	374.8
Depreciation and amortization	—	—	—	66.4	—	66.4
Gain on sale of assets	—	—	—	(13.6)	—	(13.6)
Other taxes	—	—	—	38.0	—	38.0
Total Operating Expenses	5.5	—	5.5	465.6	—	465.6
Equity Earnings in Unconsolidated Affiliates	—	—	—	29.1	—	29.1
Operating Income (Loss) from Discontinued Operations	(5.5)	—	(5.5)	219.0	—	219.0
Other Income (Deductions)						
Interest expense, net	—	—	—	(37.1)	—	(37.1)
Other, net	—	—	—	7.8	(0.6)	7.2
Total Other Deductions	—	—	—	(29.3)	(0.6)	(29.9)
Income (Loss) from Discontinued Operations before Income Taxes	(5.5)	—	(5.5)	189.7	(0.6)	189.1
Income Taxes	14.2 [2]	—	14.2	80.9	(0.3)	80.6
Income (Loss) from Discontinued Operations - net of taxes	$ (19.7)	$ —	$ (19.7)	$ 108.8	$ (0.3)	$ 108.5

[1] Includes approximately $5.5 million and $54.4 million of transaction costs related to the Separation for the three and nine months ended September 30, 2015, respectively.
[2] Primarily attributable to the write-off of consolidated state income tax benefits resulting from the Separation.

CPG's financing requirements prior to the private placement of senior notes on May 22, 2015 were satisfied through borrowings from NiSource Finance. Interest expense from discontinued operations primarily represents net interest charged to CPG from NiSource Finance, less AFUDC. Subsequent to May 22, 2015, interest expense from discontinued operations also includes interest incurred on CPG's private placement of $2,750.0 million of senior notes.

Continuing Involvement
Natural gas transportation and storage services provided to NiSource by CPG were $31.9 million and $107.5 million for the three and nine months ended September 30, 2016 , respectively, and $31.6 million and $105.4 million for the three and nine months ended September 30, 2015, respectively. Prior to July 1, 2015, these costs were eliminated in consolidation. Beginning July 1, 2015, these costs and associated cash flows represent third-party transactions with CPG and are not eliminated in consolidation, as such services have continued subsequent to the Separation and are expected to continue for the foreseeable future.

As a result of the Separation, NiSource and CPG entered into TSAs. NiSource expects the TSAs to terminate within 24 months from the date of the Separation. The TSAs set forth the terms and conditions for NiSource and CPG to provide certain transition services to one another. Under the TSAs, NiSource provides CPG certain information technology, financial and accounting, human resource and other specified services. For the three and nine months ended September 30, 2016, the amounts NiSource billed CPG for these services were immaterial.

There were no material assets and liabilities of discontinued operations on the Condensed Consolidated Balance Sheets (unaudited) as of September 30, 2016 and December 31, 2015.

5. Asset Retirement Obligations

Changes in NiSource's liability for asset retirement obligations for the nine months ended September 30, 2016 and 2015 are presented in the table below:

(in millions)	2016	2015
Balance as of January 1,	$ 254.0	$ 136.2
Accretion recorded as a regulatory asset/liability	7.7	5.9
Additions	—	6.4
Settlements	(2.2)	(4.3)
Change in estimated cash flows	12.8 [1]	37.0 [2]
Balance as of September 30,	$ 272.3	$ 181.2

[1] The change in estimated cash flows for 2016 is primarily attributed to changes in estimated costs for retirement of gas mains.
[2] The change in estimated cash flows for 2015 primarily represents estimated costs associated with the EPA's final rule for regulation of CCRs and changes to cost estimates for certain solid waste management units. See Note 17, "Other Commitments and Contingencies," for additional information on CCRs.

6. Regulatory Matters

Gas Distribution Operations Regulatory Matters

Significant Rate Developments . On April 30, 2013, Indiana Governor Pence signed Senate Enrolled Act 560, the TDSIC statute, into law. Among other provisions, this legislation provides for cost recovery outside of a base rate proceeding for new or replacement electric and gas transmission, distribution, and storage projects that a public utility undertakes for the purposes of safety, reliability, system modernization, or economic development. Provisions of the TDSIC statute require that, among other things, requests for recovery include a seven-year plan of eligible investments. Once the plan is approved by the IURC, 80 percent of eligible costs can be recovered using a periodic rate adjustment mechanism. The cost recovery mechanism is referred to as a TDSIC mechanism. Recoverable costs include a return on, and of, the investment, including AFUDC, post-in-service carrying charges, operation and maintenance expenses, depreciation and property taxes. The remaining 20 percent of recoverable costs are to be deferred for future recovery in the public utility's next general rate case. The periodic rate adjustment mechanism is capped at an annual increase of no more than two percent of total retail revenues. On June 22, 2016, the IURC issued an order on TDSIC-4 approving, in all material respects, NIPSCO's updated seven-year plan of approximately $800 million in TDSIC-eligible investments. On August 31, 2016, NIPSCO filed TDSIC-5 which included an updated seven-year plan of $824 million in TDSIC-eligible investments. An order is expected from the IURC in the fourth quarter of 2016.

On March 18, 2016, Columbia of Pennsylvania filed a base rate case with the Pennsylvania PUC, seeking a revenue increase of $55.3 million annually. The case was driven by Columbia of Pennsylvania's ongoing capital investment program which exceeded $197.0 million in 2015, and is projected to exceed $220.0 million in 2016 and $265.0 million in 2017. This case was also driven by operation and maintenance expenditures related to employee training and compliance with pipeline safety regulations. Columbia of Pennsylvania's request for rate relief included the recovery of costs that will be incurred after the implementation of new rates, as authorized by the Pennsylvania General Assembly with the passage of Act 11 of 2012. On September 2, 2016, the parties to the case filed a joint petition for settlement which provides for an annual revenue increase of $35.0 million . On September 28, 2016, the assigned administrative law judge issued a recommended decision to approve the proposed settlement, without modification. An order approving the settlement was issued from the Pennsylvania PUC on October 27, 2016, with new rates to be implemented in December 2016.

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

On April 15, 2016, Columbia of Maryland filed a base rate case with the MPSC, seeking an annual revenue increase of $6.5 million . The case was driven by Columbia of Maryland's ongoing capital investment program and by operations and maintenance expenditures related to compliance with pipeline safety regulations. On July 27, 2016, the parties to the case filed a joint petition for approval of a proposed settlement that includes an annual revenue increase of $3.7 million . On September 26, 2016, the assigned public utility law judge issued a proposed order approving the settlement without modification. There were no appeals to the administrative law judge's proposed order. As such, it became the order of the MPSC and new rates took effect on October 27, 2016.

On April 29, 2016, Columbia of Virginia filed a request with the VSCC, seeking an annual revenue increase of $37.0 million . The case is driven by Columbia of Virginia's ongoing capital program to modernize its infrastructure and to expand and upgrade its facilities to meet customer growth, as well as expenditures related to employee training and compliance with pipeline safety regulations. A VSCC decision is expected in early 2017. Rates became effective, subject to refund, on September 28, 2016.

On May 27, 2016, Columbia of Kentucky filed a base rate case with the Kentucky PSC, seeking an annual revenue increase of $25.4 million . This case was driven by Columbia of Kentucky's ongoing initiatives to improve the overall safety and reliability of its gas distribution system. On October 20, 2016, a settlement was reached which included an annual revenue increase of $13.4 million , and a hearing is scheduled for November 1, 2016. A commission decision is expected by the end of the year.

Cost Recovery and Trackers . Comparability of Gas Distribution Operations line item operating results is impacted by regulatory trackers that allow for the recovery in rates of certain costs such as those described below. Increases in the expenses that are the subject of trackers result in a corresponding increase in net revenues and therefore have essentially no impact on total operating income results.

A significant portion of the distribution companies' revenue is related to the recovery of gas costs, the review and recovery of which occurs via standard regulatory proceedings. All states in NiSource's operating area require periodic review of actual gas procurement activity to determine prudence and to permit the recovery of prudently incurred costs related to the supply of gas for customers. NiSource distribution companies have historically been found prudent in the procurement of gas supplies to serve customers.

Certain operating costs of the NiSource distribution companies are significant, recurring in nature, and generally outside the control of the distribution companies. Some states allow the recovery of such costs via cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for the distribution companies to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such mechanisms include GCR adjustment mechanisms, tax riders, and bad debt recovery mechanisms.

Certain of the NiSource distribution companies have completed rate proceedings involving infrastructure replacement or are embarking upon regulatory initiatives to replace significant portions of their operating systems that are nearing the end of their useful lives. Each LDC's approach to cost recovery may be unique, given the different laws, regulations and precedent that exist in each jurisdiction.

As further discussed above in this Note 6 under the heading "Significant Rate Developments," on June 22, 2016, the IURC issued an order on TDSIC-4. The order allows NIPSCO to collect or defer for future recovery the costs associated with $145.7 million of cumulative net capital expenditures invested through December 31, 2015. On August 31, 2016, NIPSCO filed TDSIC-5 which included $211.6 million of cumulative net capital spend through June 30, 2016. An order is expected from the IURC in the fourth quarter of 2016.

On November 28, 2012, the PUCO approved Columbia of Ohio's application to extend its IRP for an additional five years, allowing Columbia of Ohio to continue to invest and recover on its accelerated main replacements. Columbia of Ohio filed its application to adjust rates associated with its IRP and DSM Riders on February 26, 2016, which requested authority to increase revenues by $25.9 million . On March 24, 2016, PUCO staff filed comments recommending that the PUCO approve Columbia of Ohio's application. On April 20, 2016, the PUCO issued an order approving Columbia of Ohio's application with rates going into effect April 30, 2016.

On December 17, 2014, the PUCO approved Columbia of Ohio's application to establish a regulatory asset and defer the expenditures to be incurred in implementing Columbia of Ohio's Pipeline Safety Program. Columbia of Ohio requested authority to defer Pipeline Safety Program costs of up to $15 million annually. On March 11, 2016, Columbia of Ohio filed an application to increase the annual deferral authority from $15 million to $25 million . On June 24, 2016, Columbia of Ohio and PUCO staff

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

filed a stipulation that recommended approval of the application in all material respects. On August 26, 2016, the PUCO approved the stipulation to increase the deferral authority to $25 million per year through January 1, 2024.

On July 7, 2014, the Governor of Massachusetts signed into law Chapter 149 of the Acts of 2014, An Act Relative to Natural Gas Leaks ("the Act"). The Act authorizes natural gas distribution companies to file gas infrastructure replacement plans with the Massachusetts DPU to address the replacement of aging natural gas pipeline infrastructure. In addition, the Act provides that the Massachusetts DPU may, after review of the plans, allow the proposed estimated costs of the plan into rates as of May 1 of the subsequent year. Pursuant to the Act, on October 30, 2015, Columbia of Massachusetts filed its GSEP for the 2016 construction year ("2016 GSEP"). Columbia of Massachusetts proposed to recover an increment of $6.4 million for the costs associated with the replacement of eligible leak-prone infrastructure during the 2016 construction year for a cumulative proposed revenue requirement recovery of $9.0 million . Columbia of Massachusetts subsequently revised the cumulative proposed revenue requirement recovery to $8.2 million . The Massachusetts DPU approved the 2016 GSEP filing on April 29, 2016, with new rates effective May 1, 2016. On October 31, 2016, Columbia of Massachusetts filed its GSEP for the 2017 construction year ("2017 GSEP"). Columbia of Massachusetts is proposing to recover an increment of $8.1 million for a cumulative revenue requirement recovery of $16.8 million . An order is expected from the Massachusetts DPU in early 2017, with new rates effective May 1, 2017.

On October 30, 2009, the Massachusetts DPU approved Columbia of Massachusetts's revenue decoupling mechanism that was filed in its base rate case. This allows Columbia of Massachusetts to apply annual adjustments to its peak and off-peak rates. On March 16, 2016, Columbia of Massachusetts filed its 2016 off-peak period RDAF in the amount of $3.4 million . On April 28, 2016, the Massachusetts DPU approved the rate for effect May 1, 2016.

Columbia of Massachusetts's LDAF allows for the recovery of costs related to pension and other postretirement expense, low income programs, environmental remediation programs, Attorney General expert witness costs and energy efficiency programs. This allows Columbia of Massachusetts to file semi-annually to recover the cost in peak and off-peak rates. On January 29, 2016, Columbia of Massachusetts filed its 2016 off-peak period LDAF reflecting an annual recovery amount of approximately $42 million . On April 29, 2016, the Massachusetts DPU approved the rate for effect May 1, 2016.

Electric Operations Regulatory Matters

Significant Rate Developments . On December 31, 2015, NIPSCO filed a new electric TDSIC seven-year plan of eligible investments for a total of approximately $1.3 billion covering spend in years 2016 through 2022. On March 24, 2016, a stipulation and settlement agreement was filed with the IURC which, among other things, sought approval of a seven-year plan that includes approximately $1.25 billion of investments eligible for ratemaking treatment. On July 12, 2016, the IURC issued an order approving the settlement agreement.

On October 1, 2015, NIPSCO filed an electric base rate case with the IURC, seeking a revenue increase of $126.6 million , before certain riders. As part of this filing, NIPSCO proposed to update base rates for previously incurred infrastructure improvements, revised depreciation rates and the inclusion of previously approved environmental and federally mandated compliance costs. On February 19, 2016, a stipulation and settlement agreement was filed with the IURC seeking a revenue increase of $72.5 million , before certain riders. On July 18, 2016, the IURC issued an order approving the settlement agreement as filed with new rates effective October 1, 2016.

NIPSCO has been participating as one of the MISO transmission owners in defending two separate complaints filed at the FERC which challenge the MISO prescribed 12.38% base ROE for electric transmission investments subject to federal jurisdiction rate regulation. On June 30, 2016, the FERC administrative law judge issued an initial decision in the second complaint which authorized the MISO transmission owners to collect a base ROE of 9.7% for the period of February 12, 2015 through May 11, 2016. This initial decision is subject to approval by the full Commission and is not a final order. On September 28, 2016, FERC issued Opinion No. 551, which largely affirmed the initial decision in the first complaint, which set the base ROE for the MISO Transmission Owners at 10.32% for the period of November 12, 2013 through February 11, 2015. The FERC directed MISO and the MISO Transmission Owners to submit, within 30 days, a compliance filing with revised rates based on the 10.32% base ROE and to provide refunds with interest for the 15-month refund period for this case. The opinion also establishes the going forward base ROE at 10.32% as of September 28, 2016 until the Commission either issues a final order in the second complaint or a new proceeding is initiated to create a new refund period. Incorporating NIPSCO's 50-basis point adder for independent RTO membership, NIPSCO's total ROE is set at 10.82% going forward. NIPSCO has an estimated liability of $5.3 million at September 30, 2016 related to this matter.

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Cost Recovery and Trackers . A significant portion of NIPSCO's revenue is related to the recovery of fuel costs to generate power and the fuel costs related to purchased power. These costs are recovered through a FAC, a quarterly, regulatory proceeding in Indiana.

Certain operating costs of the Electric Operations are significant, recurring in nature, and generally outside the control of NIPSCO. The IURC allows for recovery of such costs via cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for NIPSCO to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such mechanisms include electric energy efficiency programs, MISO non-fuel costs and revenues, resource capacity charges, and environmental related costs.

NIPSCO has approval from the IURC to recover certain environmental related costs through an ECT. Under the ECT, NIPSCO is permitted to recover (1) AFUDC and a return on the capital investment expended by NIPSCO to implement environmental compliance plan projects and (2) related operation and maintenance and depreciation expenses once the environmental facilities become operational.

On November 1, 2016, NIPSCO filed a petition with the IURC for relief regarding the construction of additional environmental projects required to comply with the final rules for regulation of CCRs and the ELG. Refer to Note 17-C, "Environmental Matters," for more information.

On April 20, 2016, the IURC issued an order on ECR-27 approving NIPSCO's request to begin earning a return on $800.7 million of cumulative net capital expenditures invested through December 31, 2015. A significant portion of the net capital expenditures related to ECR-27 were included in the base rates effective October 1, 2016 as a component of NIPSCO's electric base rate case settlement on July 18, 2016.

On October 26, 2016 , the IURC issued an order on ECR-28 approving NIPSCO's request to begin earning a return on $267.0 million of cumulative net capital expenditures invested through June 30, 2016.

Consistent with the terms of the aforementioned electric TDSIC settlement agreement, NIPSCO made a TDSIC rate adjustment mechanism filing on June 30, 2016 seeking recovery and ratemaking relief associated with $45.5 million of cumulative net capital expenditures invested through April 30, 2016. New rates are expected to go into effect February 1, 2017.

NIPSCO received a final order from the IURC related to its original TDSIC plan as of January 16, 2016. That order authorized NIPSCO to defer, as a regulatory asset, 100% of all TDSIC costs incurred from March 1, 2014 through December 31, 2015 until such deferral is recovered as part of its next general rate case. As discussed above, the electric general rate case was approved on July 18, 2016, which allows for recovery in base rates of 100% of these previously incurred TDSIC costs. This approval allowed NIPSCO to record a regulatory asset of approximately $7.8 million in the third quarter of 2016.

7. Risk Management Activities

NiSource is exposed to certain risks relating to its ongoing business operations; namely commodity price risk and interest rate risk. NiSource recognizes that the prudent and selective use of derivatives may help to lower its cost of debt capital, manage its interest rate exposure and limit volatility in the price of natural gas.

Commodity Price Risk Management
NiSource and NiSource's utility customers are exposed to variability in cash flows associated with natural gas purchases and volatility in natural gas prices. NiSource purchases natural gas for sale and delivery to its retail, commercial and industrial customers, and for most customers the variability in the market price of gas is passed through in their rates. Some of NiSource's utility subsidiaries offer programs where variability in the market price of gas is assumed by the respective utility. The objective of NiSource's commodity price risk programs is to mitigate the gas cost variability, for NiSource or on behalf of its customers, associated with natural gas purchases or sales by economically hedging the various gas cost components using a combination of futures, options, forwards or other derivative contracts.

In September 2016, NIPSCO received IURC approval to lock in a fixed price for its natural gas customers using long-term forward purchase instruments. The term of these instruments may range from five to ten years and is limited to ten percent of NIPSCO's average annual GCA purchase volume. Gains and losses on these derivative contracts will be deferred as regulatory liabilities or assets, and will be remitted to or collected from customers through NIPSCO's quarterly GCA mechanism. Activity related to these

newly approved long-term gas purchase contracts as of September 30, 2016 was not material. These instruments are not designated as accounting hedges.

Interest Rate Risk Management
In June 2016, NiSource Finance entered into additional forward-starting interest rate swap agreements with an aggregate notional value of $500.0 million to hedge the variability in cash flows attributable to changes in the benchmark interest rate during the periods from the effective dates of the swaps to the anticipated dates of forecasted debt issuances, which are expected to take place by the end of 2018 . As of September 30, 2016, NiSource Finance has forward-starting interest rate swaps with an aggregate notional value totaling $1.5 billion . These interest rate swaps are designated as cash flow hedges.

The effective portions of the gains and losses related to these swaps are recorded to AOCI and are recognized in earnings concurrent with the recognition of interest expense on the associated debt, once issued. If it becomes probable that a hedged forecasted transaction will no longer occur, the accumulated gains or losses on the derivative will be recognized currently in earnings. Earnings may also be impacted if the anticipated dates of forecasted debt issuances differ from the dates originally contemplated at hedge inception.

Realized gains and losses from NiSource's interest rate cash flow hedges are presented in "Interest expense, net" on the Condensed Statements of Consolidated Income (Loss) (unaudited). Derivative assets and liabilities on NiSource's interest rate cash flow hedges are presented as "Risk management assets" and "Risk management liabilities," respectively, on the Condensed Consolidated Balance Sheets (unaudited).

NiSource had $256.8 million and $17.4 million of derivative liabilities related to these cash flow hedges as of September 30, 2016 and December 31, 2015 , respectively. $250.0 million of the interest rate swaps are set to terminate within the next twelve months.

There was no material income statement recognition of gains or losses relating to an ineffective portion of NiSource's hedges, nor were there amounts excluded from effectiveness testing for derivatives in cash flow hedging relationships for the three and nine months ended September 30, 2016 and 2015.

NiSource's derivative instruments measured at fair value as of September 30, 2016 and December 31, 2015 do not contain any credit-risk-related contingent features.

8. Fair Value

A. Fair Value Measurements

Recurring Fair Value Measurements. The following tables present financial assets and liabilities measured and recorded at fair value on NiSource's Condensed Consolidated Balance Sheets (unaudited) on a recurring basis and their level within the fair value hierarchy as of September 30, 2016 and December 31, 2015 :

Recurring Fair Value Measurements September 30, 2016 *(in millions)*	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of September 30, 2016
Assets				
Risk management assets	$ 1.9	$ 5.7	$ —	$ 7.6
Available-for-sale securities	—	137.1	—	137.1
Total	**$ 1.9**	**$ 142.8**	**$ —**	**$ 144.7**
Liabilities				
Risk management liabilities [1]	$ 4.5	$ 266.5	$ 0.1	$ 271.1
Total	**$ 4.5**	**$ 266.5**	**$ 0.1**	**$ 271.1**

[1] Includes $6.6 million of current risk management liabilities which are included in "Other accruals" on the Condensed Consolidated Balance Sheets (unaudited).

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Recurring Fair Value Measurements December 31, 2015 *(in millions)*	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2015
Assets				
Risk management assets	$ 0.1	$ —	$ —	$ 0.1
Available-for-sale securities	—	128.7	—	128.7
Total	**$ 0.1**	**$ 128.7**	**$ —**	**$ 128.8**
Liabilities				
Risk management liabilities [1]	$ 14.3	$ 17.4	$ 0.2	$ 31.9
Total	**$ 14.3**	**$ 17.4**	**$ 0.2**	**$ 31.9**

[1] Includes $9.3 million of current risk management liabilities which are included in "Other accruals" on the Condensed Consolidated Balance Sheets (unaudited).

Risk management assets and liabilities include interest rate swaps, exchange-traded NYMEX futures and NYMEX options and non-exchange-based forward purchase contracts. Exchange-traded derivative contracts are based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore, nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards and options. In certain instances, these instruments may utilize models to measure fair value. NiSource uses a similar model to value similar instruments. Valuation models utilize various inputs that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, other observable inputs for the asset or liability and market-corroborated inputs, (i.e., inputs derived principally from or corroborated by observable market data by correlation or other means). Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized within Level 2. Certain derivatives trade in less active markets with a lower availability of pricing information and models may be utilized in the valuation. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized within Level 3. Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements which reduce exposures. As of September 30, 2016 and December 31, 2015 , there were no material transfers between fair value hierarchies. Additionally, there were no changes in the method or significant assumptions used to estimate the fair value of NiSource's financial instruments.

NiSource Finance has entered into forward-starting interest rate swaps to hedge the interest rate risk on coupon payments of forecasted issuances of long-term debt. These swaps are designated as cash flow hedges. Credit risk is considered in the fair value calculation of each interest rate swap. As they are based on observable data and valuations of similar instruments, the interest rate swaps are categorized within Level 2 of the fair value hierarchy. There was no exchange of premium at the initial date of the swaps, and NiSource can settle the swaps at any time. For additional information see Note 7, "Risk Management Activities."

Available-for-sale securities are investments pledged as collateral for trust accounts related to NiSource's wholly-owned insurance company. Available-for-sale securities are included within "Other investments" in the Condensed Consolidated Balance Sheets (unaudited). NiSource values U.S. Treasury, corporate and mortgage-backed securities using a matrix pricing model that incorporates market-based information. These securities trade less frequently and are classified within Level 2. Total unrealized gains and losses from available-for-sale securities are included in other comprehensive income (loss). The amortized cost, gross unrealized gains and losses and fair value of available-for-sale securities at September 30, 2016 and December 31, 2015 were:

September 30, 2016 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities				
U.S. Treasury securities	$ 37.4	$ 0.9	$ —	$ 38.3
Corporate/Other debt securities	97.1	1.9	(0.2)	98.8
Total Available-for-sale securities	**$ 134.5**	**$ 2.8**	**$ (0.2)**	**$ 137.1**

December 31, 2015 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities				
U.S. Treasury securities	$ 33.7	$ 0.1	$ (0.3)	$ 33.5
Corporate/Other debt securities	95.7	0.3	(0.8)	95.2
Total Available-for-sale securities	**$ 129.4**	**$ 0.4**	**$ (1.1)**	**$ 128.7**

For the three months ended September 30, 2016 and 2015 , the net realized gain on the sale of available-for-sale U.S. Treasury debt securities was zero and $0.1 million , respectively. For the three months ended September 30, 2016 and 2015 , the net realized gain on the sale of available-for-sale Corporate/Other debt securities was zero and $0.2 million , respectively.

For the nine months ended September 30, 2016 and 2015 , the net realized gain on the sale of available-for-sale U.S. Treasury debt securities was zero and $0.2 million , respectively. For the nine months ended September 30, 2016 and 2015 , the net realized gain on the sale of available-for-sale Corporate/Other debt securities was $0.1 million and $0.3 million , respectively.

The cost of maturities sold is based upon specific identification. At September 30, 2016 , approximately $2.8 million of U.S. Treasury securities and approximately $15.5 million of Corporate/Other debt securities have maturities of less than a year.

There are no material items in the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis for the three and nine months ended September 30, 2016 and 2015 .

Non-recurring Fair Value Measurements. There were no significant non-recurring fair value measurements recorded during the nine months ended September 30, 2016 .

B. Other Fair Value Disclosures for Financial Instruments. The carrying amount of cash and cash equivalents, restricted cash, notes receivable, customer deposits and short-term borrowings is a reasonable estimate of fair value due to their liquid or short-term nature. NiSource's long-term borrowings are recorded at historical amounts.

The following method and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate fair value.

Long-term Debt. The fair value of outstanding long-term debt is estimated based on the quoted market prices for the same or similar securities. Certain premium costs associated with the early settlement of long-term debt are not taken into consideration in determining fair value. These fair value measurements are classified within Level 2 of the fair value hierarchy. For the nine months ended September 30, 2016 there was no change in the method or significant assumptions used to estimate the fair value of long-term debt.

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

The carrying amount and estimated fair values of these financial instruments were as follows:

(in millions)	**Carrying Amount as of September 30, 2016**	**Estimated Fair Value as of September 30, 2016**	Carrying Amount as of Dec. 31, 2015	Estimated Fair Value as of Dec. 31, 2015
Long-term debt (including current portion)	**$ 6,678.8**	**$ 7,639.9**	$ 6,382.2	$ 6,975.7

9. Transfers of Financial Assets

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited). The maximum amount of debt that can be recognized related to NiSource's accounts receivable programs is $515 million .

All accounts receivables sold to the purchasers are valued at face value, which approximates fair value due to their short-term nature. The amount of the undivided percentage ownership interest in the accounts receivables sold is determined in part by required loss reserves under the agreements. Below is information about the accounts receivable securitization agreements entered into by NiSource's subsidiaries.

Columbia of Ohio is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CGORC, a wholly-owned subsidiary of Columbia of Ohio. CGORC, in turn, is party to an agreement with BTMU and BNS, under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to BTMU and a commercial paper conduit sponsored by BNS. T his agreement was last renewed on October 14, 2016; the current agreement expires on October 13, 2017 , and can be further renewed if mutually agreed to by all parties. The maximum seasonal program limit under the terms of the current agreement is $240 million . As of September 30, 2016 , $75.0 million of accounts receivable had been transferred by CGORC. CGORC is a separate corporate entity from NiSource and Columbia of Ohio, with separate obligations, and upon a liquidation of CGORC, CGORC's obligations must be satisfied out of CGORC's assets prior to any value becoming available to CGORC's stockholder.

NIPSCO is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to NARC, a wholly-owned subsidiary of NIPSCO. NARC, in turn, is party to an agreement with PNC and Mizuho under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to PNC and Mizuho. This agreement was last renewed on August 24, 2016; the current agreement expires on August 23, 2017 , and can be further renewed if mutually agreed to by all parties. The maximum seasonal program limit under the terms of the current agreement is $200 million . As of September 30, 2016 , $150.0 million of accounts receivable had been transferred by NARC. NARC is a separate corporate entity from NiSource and NIPSCO, with separate obligations, and upon a liquidation of NARC, NARC's obligations must be satisfied out of NARC's assets prior to any value becoming available to NARC's stockholder.

Columbia of Pennsylvania is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CPRC, a wholly-owned subsidiary of Columbia of Pennsylvania. CPRC, in turn, is party to an agreement with BTMU under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to a commercial paper conduit sponsored by BTMU. The agreement with BTMU was last renewed on March 9, 2016; the current agreement expires on March 8, 2017 , and can be further renewed if mutually agreed to by both parties. The maximum seasonal program limit under the terms of the agreement is $75 million . As of September 30, 2016 , $10.0 million of accounts receivable had been transferred by CPRC. CPRC is a separate corporate entity from NiSource and Columbia of Pennsylvania, with separate obligations, and upon a liquidation of CPRC, CPRC's obligations must be satisfied out of CPRC's assets prior to any value becoming available to CPRC's stockholder.

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

The following table reflects the gross and net receivables transferred as well as short-term borrowings related to the securitization transactions as of September 30, 2016 and December 31, 2015 for Columbia of Ohio, NIPSCO and Columbia of Pennsylvania:

(in millions)	**September 30, 2016**	December 31, 2015
Gross Receivables	**$ 361.6**	$ 450.8
Less: Receivables not transferred	**126.6**	204.8
Net receivables transferred	**$ 235.0**	$ 246.0
Short-term debt due to asset securitization	**$ 235.0**	$ 246.0

Cash flows used for financing activities related to the change in short-term borrowings due to the securitization transactions were $11.0 million and $177.1 million for the nine months ended September 30, 2016 and 2015, respectively. Fees associated with securitization transactions were recorded as interest expense of $0.4 million and $0.5 million for the three months ended September 30, 2016 and 2015, respectively, and $1.6 million and $1.9 million for the nine months ended September 30, 2016 and 2015, respectively. Columbia of Ohio, NIPSCO and Columbia of Pennsylvania remain responsible for collecting on the receivables securitized and the receivables cannot be sold to another party.

10. Goodwill

The following presents NiSource's goodwill balance allocated by segment as of September 30, 2016 :

(in millions)	Gas Distribution Operations	Electric Operations	Corporate and Other	**Total**
Goodwill	$ 1,690.7	$ —	$ —	**$ 1,690.7**

NiSource completed a quantitative ("step 1") fair value measurement of its reporting units during the May 1, 2016 goodwill test. The test indicated that the fair value of each of the reporting units that are allocated goodwill exceeded their carrying values, indicating that no impairment was necessary.

11. Income Taxes

NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2016 and 2015, adjusted for tax expense associated with certain discrete items. The effective tax rates for the three months ended September 30, 2016 and 2015 were 26.4% and 28.2% , respectively. The effective tax rates for the nine months ended September 30, 2016 and 2015 were 35.3% and 35.8% , respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility ratemaking, and other permanent book-to-tax differences.

The decrease in the three month effective tax rate of 1.8% in 2016 versus the same period in 2015 is primarily due to favorable estimate-to-actual adjustments related to 2015 tax returns and estimated state apportionment benefits for 2016, partially offset by a 2015 cumulative adjustment to the estimated annual effective tax rate.

The decrease in the year-to-date effective tax rate of 0.5% in 2016 versus the same period in 2015 is primarily due to 2016 excess stock compensation benefits from the adoption of ASU 2016-09, offset by differences in state apportionment benefits between 2016 and 2015. Refer to Note 2, "Recent Accounting Pronouncements," for additional information.

There were no material changes recorded in 2016 to NiSource's uncertain tax positions as of December 31, 2015 .

12. Pension and Other Postretirement Benefits

NiSource provides defined contribution plans and noncontributory defined benefit retirement plans that cover certain of its employees. Benefits under the defined benefit retirement plans reflect the employees' compensation, years of service and age at retirement. Additionally, NiSource provides health care and life insurance benefits for certain retired employees. The majority of employees may become eligible for these benefits if they reach retirement age while working for NiSource. The expected cost of such benefits is accrued during the employees' years of service. For most plans, cash contributions are remitted to grantor trusts.

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

For the nine months ended September 30, 2016 , NiSource contributed $2.7 million to its pension plans and $18.6 million to its other postretirement benefit plans.

The following tables provide the components of the plans' net periodic benefits cost for the three and nine months ended September 30, 2016 and 2015 :

	Pension Benefits		Other Postretirement Benefits	
Three Months Ended September 30, *(in millions)*	**2016**	2015	**2016**	2015
Components of Net Periodic Benefit Cost				
Service cost	**$ 7.7**	$ 7.9	**$ 1.3**	$ 1.4
Interest cost	**22.4**	22.8	**5.5**	6.2
Expected return on assets	**(33.2)**	(37.3)	**(4.3)**	(5.6)
Amortization of prior service cost (credit)	**—**	0.1	**(1.2)**	(1.1)
Recognized actuarial loss	**15.3**	13.8	**0.8**	0.7
Total Net Periodic Benefit Cost	**$ 12.2**	$ 7.3	**$ 2.1**	$ 1.6

	Pension Benefits		Other Postretirement Benefits	
Nine Months Ended September 30, *(in millions)*	**2016**	2015	**2016**	2015
Components of Net Periodic Benefit Cost				
Service cost	**$ 23.1**	$ 24.3	**$ 3.7**	$ 4.5
Interest cost	**67.2**	67.0	**16.5**	17.8
Expected return on assets	**(99.6)**	(117.7)	**(12.9)**	(15.6)
Amortization of prior service cost (credit)	**(0.2)**	0.3	**(3.6)**	(3.9)
Recognized actuarial loss	**45.9**	41.6	**2.4**	2.8
Total Net Periodic Benefit Cost	**$ 36.4**	$ 15.5	**$ 6.1**	$ 5.6

13. Variable Interests and Variable Interest Entities

In general, a VIE is an entity (1) that has an insufficient amount of at-risk equity to permit the entity to finance its activities without additional financial subordinated support provided by any parties, (2) whose at-risk equity owners, as a group, do not have power, through voting rights or similar rights, to direct activities of the entity that most significantly impact the entity's economic performance or (3) whose at-risk owners do not absorb the entity's losses or receive the entity's residual return. A VIE is required to be consolidated by a company if that company is determined to be the primary beneficiary of the VIE.

NiSource would consolidate those VIEs for which it was the primary beneficiary. NiSource considers quantitative and qualitative elements in determining the primary beneficiary. Qualitative measures include the ability to control an entity and the obligation to absorb losses or the right to receive benefits from such entity.

NiSource's analysis includes an assessment of guarantees, operating leases, purchase agreements and other contracts, as well as its investments and joint ventures. For items that have been identified as variable interests, or where there is involvement with an identified VIE, an in-depth review of the relationship between the relevant entities and NiSource is made to evaluate qualitative and quantitative factors to determine the primary beneficiary, if any, and whether additional disclosures would be required under the current standard.

NIPSCO has a service agreement with Pure Air, a general partnership between Air Products and Chemicals, Inc. and First Air Partners LP, under which Pure Air provides scrubber services to reduce sulfur dioxide emissions for Units 7 and 8 at the Bailly Generating Station. NiSource has made an exhaustive effort to obtain information needed from Pure Air to determine the status of Pure Air as a VIE. However, NIPSCO has not been able to obtain this information and, as a result, it is unclear whether Pure Air is a VIE and if NIPSCO is the primary beneficiary. NIPSCO will continue to request the information required to determine whether Pure Air is a VIE. NIPSCO has no exposure to loss related to the service agreement with Pure Air. Payments under this agreement were $16.0 million and $16.5 million for the nine months ended September 30, 2016 and 2015 , respectively.

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

14. Long-Term Debt

NiSource Finance is a 100% owned, consolidated finance subsidiary of NiSource that engages in financing activities to raise funds for the business operations of NiSource and its subsidiaries. NiSource Finance obligations are fully and unconditionally guaranteed by NiSource. Consequently, no separate financial statements for NiSource Finance are required to be reported. No NiSource subsidiaries guarantee debt.

In June 2016, NiSource Finance entered into forward-starting interest rate swaps with an aggregate notional amount of $500.0 million to hedge the variability in cash flows attributable to changes in the benchmark interest rate during the period from the effective date of the swaps to the anticipated date of forecasted debt issuances, expected to take place by the end of 2018 . The forward-starting interest rate swaps were designated as cash flow hedges at the time the agreements were executed, whereby any gain or loss recognized from the effective date of the swaps to the date the associated debt is issued for the effective portion of the hedge is recorded net of tax in AOCI and amortized as a component of interest expense over the life of the designated debt. If some portion of the hedges becomes ineffective, the associated gain or loss will be recognized in earnings. As of September 30, 2016 , no ineffectiveness has been recorded.

On March 31, 2016, NiSource Finance entered into a $500.0 million term loan agreement with a syndicate of banks. The term loan matures March 29, 2019, at which point any and all outstanding borrowings under the agreement are due. Interest charged on borrowings depends on the variable rate structure elected by NiSource Finance at the time of each borrowing. The available variable rate structures from which NiSource Finance may choose are defined in the term loan agreement. As of September 30, 2016 , NiSource had $500.0 million of outstanding borrowings under the term loan agreement.

On March 15, 2016, NiSource Finance redeemed $201.5 million of 10.75% senior unsecured notes at maturity.

15. Short-Term Borrowings

NiSource Finance currently maintains a $1.5 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of July 1, 2020 . The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource Finance's $1.5 billion commercial paper program, provide for issuance of letters of credit and for general corporate purposes. At September 30, 2016 and December 31, 2015, NiSource had no outstanding borrowings under this facility.

NiSource Finance's commercial paper program has a program limit of up to $1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse and Wells Fargo. As of September 30, 2016 and December 31, 2015 , NiSource had $824.0 million and $321.4 million , respectively, of commercial paper outstanding.

As of September 30, 2016 and December 31, 2015 , NiSource had $14.7 million of stand-by letters of credit outstanding, all of which were under the revolving credit facility.

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited) in the amount of $235.0 million and $246.0 million as of September 30, 2016 and December 31, 2015 , respectively. Refer to Note 9, "Transfers of Financial Assets," for additional information.

(in millions)	**September 30, 2016**	December 31, 2015
Commercial Paper weighted-average interest rate of 1.07% and 1.00% at September 30, 2016 and December 31, 2015, respectively	**$ 824.0**	$ 321.4
Accounts receivable securitization facility borrowings	**235.0**	246.0
Total Short-Term Borrowings	**$ 1,059.0**	$ 567.4

Given their turnover is less than 90 days, cash flows related to the borrowings and repayments of the items listed above are presented net in the Condensed Statements of Consolidated Cash Flows (unaudited).

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

16. Share-Based Compensation

The NiSource stockholders originally approved and adopted the NiSource Inc. 2010 Omnibus Incentive Plan ("Omnibus Plan") at the Annual Meeting of Stockholders held on May 11, 2010. Stockholders re-approved the Omnibus Plan as amended at the Annual Meeting of Stockholders held on May 12, 2015. The Omnibus Plan provides for awards to employees and non-employee directors of incentive and nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units, cash-based awards and other stock-based awards and supersedes the long-term incentive plan approved by stockholders on April 13, 1994 ("1994 Plan") and the Director Stock Incentive Plan ("Director Plan"). The Omnibus Plan provides that the number of shares of common stock of NiSource available for awards is 8,000,000 plus the number of shares subject to outstanding awards that expire or terminate for any reason that were granted under either the 1994 Plan or the Director Plan, plus the number of shares that were awarded as a result of the Separation-related adjustments. At September 30, 2016 , there were 4,991,665 shares reserved for future awards under the Omnibus Plan.

NiSource recognized stock-based employee compensation expense of $3.6 million and $4.2 million for the three months ended September 30, 2016 and 2015 , respectively, as well as related tax benefits of $1.4 million and $1.5 million , respectively. For the nine months ended September 30, 2016 and 2015 , stock-based employee compensation expense of $11.1 million and $15.1 million was recognized, respectively, as well as related tax benefits of $4.3 million and $5.4 million , respectively. Additionally, NiSource adopted ASU 2016-09 in the third quarter of 2016 and recognized excess tax benefits from the distribution of vested share-based employee compensation in 2016. For the three and nine months ended September 30, 2016 , zero and $7.2 million of such benefits were recorded, respectively. Refer to Note 2, "Recent Accounting Pronouncements," for additional information.

As of September 30, 2016 , the total remaining unrecognized compensation cost related to non-vested awards amounted to $17.6 million , which will be amortized over the weighted-average remaining requisite service period of 1.9 years .

Restricted Stock Units and Restricted Stock. During the nine months ended September 30, 2016 , NiSource granted 62,031 restricted stock units and shares of restricted stock, subject to service conditions. The total grant date fair value of the restricted stock units and shares of restricted stock was $1.3 million , based on the average market price of NiSource's common stock at the date of each grant less the present value of any dividends not received during the vesting period, which will be expensed over the vesting period which is generally three years. As of September 30, 2016 , 1,670,941 non-vested (all of which are expected to vest) restricted stock units and shares of restricted stock were granted and outstanding.

Performance Shares. During the nine months ended September 30, 2016 , NiSource granted 647,305 performance shares subject to service, performance and market conditions. The grant date fair value of the awards was $12.6 million , based on the average market price of NiSource's common stock at the date of each grant less the present value of dividends not received during the vesting period which will be expensed over the vesting period which is generally three years. A Monte Carlo analysis was used to value the portion of these awards dependent on market conditions. As of September 30, 2016 , 647,305 non-vested (all of which are expected to vest) performance shares were granted and outstanding.

401(k) Match, Profit Sharing and Company Contribution. NiSource has a voluntary 401(k) savings plan covering eligible employees that allows for periodic discretionary matches as a percentage of each participant's contributions payable in shares of NiSource common stock. NiSource also has a retirement savings plan that provides for discretionary profit sharing contributions payable in shares of NiSource common stock to eligible employees based on earnings results; and eligible employees hired after January 1, 2010 receive a non-elective company contribution of 3% of eligible pay payable in shares of NiSource common stock. For the quarters ended September 30, 2016 and 2015 , NiSource recognized 401(k) match, profit sharing and non-elective contribution expense of $8.3 million and $4.8 million , respectively. For each of the nine months ended September 30, 2016 and 2015 , NiSource recognized 401(k) match, profit sharing and non-elective contribution expenses of $22.5 million and $19.0 million , respectively.

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

17. Other Commitments and Contingencies

A. Guarantees and Indemnities. As a part of normal business, NiSource and certain subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to a subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the subsidiaries' intended commercial purposes. At September 30, 2016 , NiSource had issued stand-by letters of credit of approximately $14.7 million for the benefit of third parties.

B. Legal Proceedings. The Company is party to certain claims and legal proceedings arising in the ordinary course of business, none of which is deemed to be individually material at this time. Due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on the Company's results of operations, financial position or liquidity. If one or more of such matters were decided against the Company, the effects could be material to the Company's results of operations in the period in which the Company would be required to record or adjust the related liability and could also be material to the Company's cash flows in the periods the Company would be required to pay such liability.

C. Environmental Matters. NiSource operations are subject to environmental statutes and regulations related to air quality, water quality, hazardous waste and solid waste. NiSource believes that it is in substantial compliance with the environmental regulations currently applicable to its operations.

It is management's continued intent to address environmental issues in cooperation with regulatory authorities in such a manner as to achieve mutually acceptable compliance plans. However, there can be no assurance that fines and penalties will not be incurred. Management expects a significant portion of environmental assessment and remediation costs to be recoverable through rates for certain NiSource companies.

As of September 30, 2016 and December 31, 2015 , NiSource had recorded a liability of approximately $116.9 million and $123.2 million , respectively, to cover environmental remediation at various sites. The current portion of this liability is included in "Legal and environmental" in the Condensed Consolidated Balance Sheets (unaudited). The noncurrent portion is included in "Other noncurrent liabilities" in the Condensed Consolidated Balance Sheets (unaudited). NiSource recognizes costs associated with environmental remediation obligations when the incurrence of such costs is probable and the amounts can be reasonably estimated. The original estimates for cleanup may differ materially from the amount ultimately expended. The actual future expenditures depend on many factors, including currently enacted laws and regulations, the nature and extent of contamination, the method of cleanup and the availability of cost recovery. These expenditures are not currently estimable at some sites. NiSource periodically adjusts its liability as information is collected and estimates become more refined.

Air

The actions listed below could require further reductions in emissions from various emission sources. NiSource will continue to closely monitor developments in these matters.

Climate Change. Future legislative and regulatory programs, including implementation of the EPA CPP, could significantly limit allowed GHG emissions or impose a cost or tax on GHG emissions. Additionally, certain rules that increase methane leak detection and permitting requirements for natural gas facilities could restrict GHG emissions or impose additional costs. The CPP and other federally enacted or proposed GHG reduction measures are subject to numerous legal challenges that could change the way the programs are implemented, and NiSource will carefully monitor all GHG reduction proposals and regulations. In addition to the federal programs, the United States and 194 other countries agreed by consensus to limit GHGs to NDCs beginning after 2020 in the 2015 United Nations Framework Convention on Climate Change Paris Agreement. The United States has proposed a NDC of a 26-28% reduction from 2005 levels by 2025, a figure that cannot be met with the CPP alone.

National Ambient Air Quality Standards. The CAA requires the EPA to set NAAQS for particulate matter and five other pollutants considered harmful to public health and the environment. Periodically, the EPA imposes new, or modifies existing, NAAQS. States that contain areas that do not meet the new or revised standards or contribute significantly to nonattainment of downwind states may be required to take steps to achieve and maintain compliance with the standards. These steps could include additional pollution controls on boilers, engines, turbines and other facilities owned by electric generation and gas distribution operations.

The following NAAQS were recently added or modified:

Ozone: On October 26, 2015, the EPA issued a final rule to lower the 8-hour ozone standard from 75 ppb to 70 ppb . After the EPA proceeds with designations, areas where NiSource operates that are currently designated in attainment with the standards may be reclassified as nonattainment. NiSource will continue to monitor this matter and cannot estimate its impact at this time.

Waste

NiSource subsidiaries are potentially responsible parties at waste disposal sites under the CERCLA (commonly known as Superfund) and similar state laws. Additionally, NiSource affiliates have retained environmental liabilities, including cleanup liabilities, associated with certain former operations.

A program has been instituted to identify and investigate former MGP sites where Gas Distribution Operations subsidiaries or predecessors may have liability. The program has identified 64 such sites where liability is probable. Remedial actions at many of these sites are being overseen by state or federal environmental agencies through consent agreements or voluntary remediation agreements.

NiSource utilizes a probabilistic model to estimate its future remediation costs related to its MGP sites. The model was prepared with the assistance of a third-party and incorporates NiSource and general industry experience with remediating MGP sites. NiSource completes an annual refresh of the model in the second quarter of each fiscal year. No material changes to the estimated future remediation costs were noted as a result of the refresh completed as of June 30, 2016. The total estimated liability at NiSource related to the facilities subject to remediation was $108.3 million and $110.4 million at September 30, 2016 and December 31, 2015 , respectively. The liability represents NiSource's best estimate of the probable cost to remediate the facilities. NiSource believes that it is reasonably possible that remediation costs could vary by as much as $25 million in addition to the costs noted above. Remediation costs are estimated based on the best available information, applicable remediation standards at the balance sheet date and experience with similar facilities.

Additional Issues Related to Individual Business Segments

The sections below describe various regulatory actions that affect individual business segments for which NiSource has retained a liability.

Electric Operations.

Compliance estimates disclosed below are reflective of NIPSCO's Integrated Resource Plan submitted to the IURC on November 1, 2016. See section D, "Other Matters" below for additional information.

Air

NIPSCO is subject to a number of air-quality mandates. The mandates, which include the NSR Consent Decree, the MATS, the CPP and the Cross State Air Pollution Rule, have required and may require NIPSCO to make capital improvements to its electric generating stations. NIPSCO has made substantially all of the capital improvements necessary to comply with the NSR Consent Decree and the MATS. NIPSCO will incur future maintenance and monitoring costs to ensure continued compliance with the regulations. These costs are not expected to be material. A significant portion of the compliance costs have been or are currently being collected through rates. NIPSCO believes ongoing maintenance and monitoring costs will be eligible for recovery through rates.

Clean Power Plan : On October 23, 2015, the EPA issued a final rule to regulate CO_2 emissions from existing fossil-fuel EGUs under section 111(d) of the CAA. The final rule establishes national CO_2 emission-rate standards that are applied to each state's mix of affected EGUs to establish state-specific emission-rate and mass-emission limits. The final rule requires each state to submit a plan indicating how the state will meet the EPA's emission-rate or mass-emission limit, including possibly imposing reduction obligations on specific units. If a state does not submit a satisfactory plan, the EPA will impose a federal plan on that state. On February 9, 2016, the U.S. Supreme Court stayed implementation of the CPP until litigation is decided on its merits. The cost to comply with this rule will depend on a number of factors, including the outcome of CPP litigation, the requirements of the state plan or final federal plan, and the level of NIPSCO's required CO_2 emission reductions. It is possible that this new rule, comprehensive federal or state GHG legislation or other GHG regulation could result in additional expense or compliance costs that could materially impact NiSource's financial results. NIPSCO will continue to monitor this matter and cannot estimate its impact at this time. Should costs be incurred to comply with the CPP, NIPSCO believes such costs will be eligible for recovery through rates.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Cross State Air Pollution Rule: On September 7, 2016, the EPA issued a final rule to address interstate air quality impacts associated with the 2008 ozone NAAQS. Under the final rule, NIPSCO is required to meet a more stringent NOx emission allocation. Based on current projections, NIPSCO does not anticipate that this matter will have a material financial impact.

Water
On August 15, 2014, the EPA issued the final Phase II Rule of the Clean Water Act Section 316(b), which requires all large existing steam electric generating stations to meet certain performance standards to reduce the effects on aquatic organisms at their cooling water intake structures. Under this rule, stations will have to either demonstrate that the performance of their existing fish protection systems meet the new standards or develop new systems, such as a closed-cycle cooling tower. The cost to comply will depend on a number of factors, including evaluation of the various compliance options available under the regulation and permitting-related determinations by IDEM. NIPSCO estimates that the cost of compliance is between zero and $35 million , dependent upon study results, agency requirements and technology ultimately required to achieve compliance.

On November 3, 2015, the EPA issued a final rule to amend the ELG and standards for the Steam Electric Power Generating category. The final rule became effective January 4, 2016. The rule imposes new water treatment and discharge requirements on NIPSCO's electric generating facilities to be applied between 2018-2023. Based upon a preliminary engineering study, capital compliance costs are currently expected to cost approximately $170 million . NIPSCO believes that the costs associated with ELG compliance will be eligible for recovery through rates.

Waste
On April 17, 2015, the EPA issued a final rule for regulation of CCRs. The rule regulates CCRs under the Resource Conservation and Recovery Act Subtitle D, which determines them to be nonhazardous. The rule will require increased groundwater monitoring, reporting, record keeping and posting of related information to the Internet. The rule also establishes requirements related to CCR management, impoundments, landfills and storage. The rule will allow NIPSCO to continue its byproduct beneficial use program.

The publication of the CCR rule resulted in revisions to previously recorded legal obligations associated with the retirement of certain NIPSCO facilities. The actual asset retirement costs related to the CCR rule may vary substantially from the estimates used to record the increased asset retirement obligation due to the uncertainty about the compliance strategies that will be used and the preliminary nature of available data used to estimate costs. Refer to Note 5, "Asset Retirement Obligations," for further information. In addition, to comply with the rule, NIPSCO will be required to incur future capital expenditures to modify its infrastructure and manage CCRs. Based upon a preliminary engineering study, capital compliance costs are currently expected to cost approximately $230 million . As allowed by the EPA, NIPSCO will continue to collect data over time to determine the specific compliance solutions and associated costs and, as a result, the actual costs may vary. NIPSCO believes that the costs associated with CCR compliance will be eligible for recovery through rates.

D. Other Matters.

Transmission Upgrade Agreements. On February 11, 2014, NIPSCO entered into TUAs with upgrade sponsors to complete upgrades on NIPSCO's transmission system on behalf of those sponsors. The upgrade sponsors agreed to reimburse NIPSCO for the total cost to construct transmission upgrades and place them into service, multiplied by a rate of 1.71 ("the multiplier").

On June 10, 2014, certain upgrade sponsors for both TUAs filed a complaint at the FERC against NIPSCO regarding the multiplier stated in the TUAs. On June 30, 2014, NIPSCO filed an answer defending the terms of the TUAs and the just and reasonable nature of the multiplier charged therein and moved for dismissal of the complaint. On December 8, 2014, the FERC issued an order in response to the complaint finding that it is appropriate for NIPSCO to recover, through the multiplier, substantiated costs of ownership related to the TUAs. On August 10, 2016, NIPSCO reached settlement with all remaining parties to the complaint and filed with the FERC for approval. An order from the Commission is pending. NIPSCO will continue to monitor developments in this matter and does not believe the conclusion of this matter will result in a material impact to the Condensed Consolidated Financial Statements (unaudited).

At the time the TUAs were executed, it was assumed the proceeds received from the upgrade sponsors would be taxable to NIPSCO. Accordingly, the multiplier included a provision for such taxes. On June 10, 2016, the US Treasury Department issued a notice regarding transfers of property to regulated utilities by electric generators, stating that transfers within the scope of the notice will not be treated as taxable. In response to this notice, NIPSCO recorded a liability of $8.6 million to reflect the estimated amount owed to the upgrade sponsors for the portion of the multiplier previously collected for taxes. This activity is recorded within "Other, net" in the Condensed Statements of Consolidated Income (Loss) (unaudited).

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Pipeline Safety. On March 17, 2016, PHMSA issued a proposed rule that would, if adopted, add new assessment and data requirements to existing transmission facilities that would necessitate expanded investigation and repair/replace activity on these facilities over the next 15 years. The comment period for the proposed rule closed on July 7, 2016. If adopted as proposed, this rule may require NiSource to incur significant incremental capital and operation and maintenance expenditures to achieve compliance. NiSource will continue to monitor this matter, and cannot reasonably estimate its impact at this time.

NIPSCO 2016 Integrated Resource Plan. Environmental, regulatory and economic factors, including low natural gas prices and aging coal-fired units, have led NIPSCO to consider modifying its current electric generation supply mix to include less coal-fired generation. Due to enacted CCR and ELG legislation, NIPSCO would expect to incur over $1 billion in operating, maintenance, environmental and other costs over the next seven years if the current fleet of coal-fired generating units remain operational.

On November 1, 2016, NIPSCO submitted its 2016 Integrated Resource Plan with the IURC. The plan evaluates demand-side and supply-side resource alternatives to reliably and cost effectively meet NIPSCO customers' future energy requirements over the next twenty years. The 2016 Integrated Resource Plan indicates that the most viable option for customers and NIPSCO involves the retirement of Bailly Generating Station (Units 7 and 8) as soon as mid-2018 and two units (Units 17 and 18) at the R.M. Schahfer Generating Station by the end of 2023. It is projected over the long term that the cost to customers to retire these units at these dates will be lower than maintaining and upgrading them for continuing generation.

NiSource and NIPSCO committed to the retirement of the Bailly Generating Station units in connection with the filing of the 2016 Integrated Resource Plan. However, retirement of these units is subject to the approval of MISO, which is responsible for coordinating, controlling and monitoring the use of the electric transmission system by utilities, generators and marketers across parts of 15 U.S. states and the Canadian province of Manitoba. NIPSCO currently expects MISO to be ready to render its decision with respect to the retirement of the Bailly units in late November or early December of 2016.

NiSource expects to incur approximately $16 million in contract termination costs in connection with early retirement of these units at Bailly. NiSource also expects to incur charges related to voluntary employee severance benefits ranging from $10 million to $15 million . NiSource expects to incur such charges, totaling $26 million to $31 million , if and when MISO approval is received. Additionally, if NiSource is ultimately not permitted to fully recover the net book value of the Bailly units, it could reduce future net income and cash flows.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

18. Accumulated Other Comprehensive Loss

The following tables display the components of Accumulated Other Comprehensive Loss for the three and nine months ended September 30, 2016 and 2015 :

Three Months Ended September 30, 2016 *(in millions)*	Gains and Losses on Securities [1]	Gains and Losses on Cash Flow Hedges [1]	Pension and OPEB Items [1]	Accumulated Other Comprehensive Loss [1]
Balance as of July 1, 2016	$ 2.0	$ (139.7)	$ (18.6)	$ (156.3)
Other comprehensive loss before reclassifications	(0.3)	(22.9)	—	(23.2)
Amounts reclassified from accumulated other comprehensive loss	—	0.3	0.2	0.5
Net current-period other comprehensive income (loss)	(0.3)	(22.6)	0.2	(22.7)
Balance as of September 30, 2016	**$ 1.7**	**$ (162.3)**	**$ (18.4)**	**$ (179.0)**

Nine Months Ended September 30, 2016 *(in millions)*	Gains and Losses on Securities [1]	Gains and Losses on Cash Flow Hedges [1]	Pension and OPEB Items [1]	Accumulated Other Comprehensive Loss [1]
Balance as of January 1, 2016	$ (0.5)	$ (15.5)	$ (19.1)	$ (35.1)
Other comprehensive income (loss) before reclassifications	2.3	(148.0)	—	(145.7)
Amounts reclassified from accumulated other comprehensive loss	(0.1)	1.2	0.7	1.8
Net current-period other comprehensive income (loss)	2.2	(146.8)	0.7	(143.9)
Balance as of September 30, 2016	**$ 1.7**	**$ (162.3)**	**$ (18.4)**	**$ (179.0)**

Three Months Ended September 30, 2015 *(in millions)*	Gains and Losses on Securities [1]	Gains and Losses on Cash Flow Hedges [1]	Pension and OPEB Items [1]	Accumulated Other Comprehensive Loss [1]
Balance as of July 1, 2015	$ —	$ (20.0)	$ (24.4)	$ (44.4)
Other comprehensive income (loss) before reclassifications	0.5	(0.2)	(1.3)	(1.0)
Amounts reclassified from accumulated other comprehensive loss	(0.2)	0.4	1.1	1.3
Net current-period other comprehensive income (loss)	0.3	0.2	(0.2)	0.3
Distribution of CPG to shareholders (Refer to Note 4, "Discontinued Operations")	—	13.9	10.6	24.5
Balance as of September 30, 2015	**$ 0.3**	**$ (5.9)**	**$ (14.0)**	**$ (19.6)**

Nine Months Ended September 30, 2015 *(in millions)*	Gains and Losses on Securities [1]	Gains and Losses on Cash Flow Hedges [1]	Pension and OPEB Items [1]	Accumulated Other Comprehensive Loss [1]
Balance as of January 1, 2015	$ 0.3	$ (23.6)	$ (27.3)	$ (50.6)
Other comprehensive income (loss) before reclassifications	0.3	(0.2)	1.2	1.3
Amounts reclassified from accumulated other comprehensive loss	(0.3)	2.0	1.5	3.2
Net current-period other comprehensive income	—	1.8	2.7	4.5
Allocation of AOCI to noncontrolling interest	—	2.0	—	2.0
Distribution of CPG to shareholders (Refer to Note 4, "Discontinued Operations")	—	13.9	10.6	24.5
Balance as of September 30, 2015	**$ 0.3**	**$ (5.9)**	**$ (14.0)**	**$ (19.6)**

[1] All amounts are net of tax. Amounts in parentheses indicate debits.

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

19. Business Segment Information

At September 30, 2016 , NiSource's operations are divided into two primary reportable segments. The Gas Distribution Operations segment provides natural gas service and transportation for residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland, Indiana and Massachusetts. The Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

The following table provides information about business segments. NiSource uses operating income as its primary measurement for each of the reported segments and makes decisions on finance, dividends and taxes at the corporate level on a consolidated basis. Segment revenues include intersegment sales to affiliated subsidiaries, which are eliminated in consolidation. Affiliated sales are recognized on the basis of prevailing market, regulated prices or at levels provided for under contractual agreements. Operating income is derived from revenues and expenses directly associated with each segment.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2016**	2015	**2016**	2015
Revenues				
Gas Distribution Operations				
Unaffiliated	**$ 392.4**	$ 384.6	**$ 1,935.6**	$ 2,349.3
Intersegment	**3.1**	0.1	**9.6**	0.4
Total	**395.5**	384.7	**1,945.2**	2,349.7
Electric Operations				
Unaffiliated	**465.4**	428.4	**1,249.2**	1,199.5
Intersegment	**0.4**	0.2	**0.6**	0.6
Total	**465.8**	428.6	**1,249.8**	1,200.1
Corporate and Other				
Unaffiliated	**3.5**	4.2	**10.7**	5.2
Intersegment	**100.5**	94.1	**298.1**	288.1
Total	**104.0**	98.3	**308.8**	293.3
Eliminations	**(104.0)**	(94.4)	**(308.3)**	(289.1)
Consolidated Gross Revenues	**$ 861.3**	$ 817.2	**$ 3,195.5**	$ 3,554.0
Operating Income (Loss)				
Gas Distribution Operations	**$ 4.3**	$ 20.0	**$ 392.7**	$ 394.9
Electric Operations	**112.8**	98.5	**251.5**	214.2
Corporate and Other	**(3.4)**	(8.8)	**(10.9)**	(28.7)
Consolidated Operating Income	**$ 113.7**	$ 109.7	**$ 633.3**	$ 580.4

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

20. Supplemental Cash Flow Information

The following table provides additional information regarding NiSource's Condensed Statements of Consolidated Cash Flows (unaudited) for the nine months ended September 30, 2016 and 2015 :

	Nine Months Ended September 30,	
(in millions)	**2016**	2015
Supplemental Disclosures of Cash Flow Information		
Non-cash transactions:		
Capital expenditures included in current liabilities	**$ 131.2**	$ 130.7
Assets acquired under a capital lease	**4.0**	5.5
Schedule of interest and income taxes paid:		
Cash paid for interest, net of interest capitalized	**$ 305.5**	$ 354.1
Cash paid for income taxes	**5.8**	20.2

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NiSource Inc.

Note regarding forward-looking statements

This Quarterly Report on Form 10-Q, including the following Management's Discussion and Analysis of Financial Condition and Results of Operations, and including statements regarding market risk sensitive instruments, contains "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. These forward-looking statements include, but are not limited to, statements concerning NiSource's plans, objectives, expected performance, expenditures, recovery of expenditures through rates, stated on either a consolidated or segment basis, the Separation and any and all underlying assumptions and other statements that are not historical fact. From time to time, NiSource may publish or otherwise make available forward-looking statements of this nature. All such subsequent forward-looking statements, whether written or oral and whether made by or on behalf of NiSource, are also expressly qualified by these cautionary statements. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially.

Factors that could cause actual results to differ materially from the forward-looking statements, including projections, forecasts, estimates and expectations discussed in this Quarterly Report on Form 10-Q include, among other things, NiSource's debt obligations; any changes in NiSource's credit rating; NiSource's ability to execute its growth strategy; changes in general economic, capital and commodity market conditions; pension funding obligations; economic regulation and the impact of regulatory rate reviews; compliance with environmental laws and the costs of associated liabilities; fluctuations in demand from residential and commercial customers; economic conditions of certain industries; the price of energy commodities and related transportation costs; the reliability of customers and suppliers to fulfill their payment and contractual obligations; potential impairments of goodwill or definite-lived intangible assets; changes in taxation and accounting principles; potential incidents and other operating risks associated with our business; the impact of an aging infrastructure; the impact of climate change; potential cyber-attacks; risks associated with construction and natural gas cost and supply; extreme weather conditions; the ability of subsidiaries to generate cash; uncertainties related to the expected benefits of the Separation and the matters referenced in the "Risk Factors" section of NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, many of which are beyond the control of NiSource. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time. NiSource expressly disclaims any duty to update, supplement or amend any of its forward-looking statements, whether as a result of new information, subsequent events or otherwise.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 .

CONSOLIDATED REVIEW

Executive Summary

NiSource is an energy holding company under the Public Utility Holding Company Act of 2005 whose subsidiaries are fully regulated natural gas and electric utility companies serving customers in seven states. NiSource generates substantially all of its operating income through these rate-regulated businesses. A significant portion of NiSource's operations is subject to seasonal fluctuations in sales. During the heating season, which is primarily from November through March, net revenues from gas sales are more significant, and during the cooling season, which is primarily from June through September, net revenues from electric sales are more significant than in other months.

NiSource reported income from continuing operations of $23.7 million , or $0.07 per basic share for the three months ended September 30, 2016 , compared to $14.8 million , or $0.05 per basic share for the same period in 2015. For the nine months ended September 30, 2016 , NiSource reported income from continuing operations of $239.3 million , or $0.74 per basic share compared to $134.2 million , or $0.42 per basic share for the same period in 2015.

Impacts to the financial results are discussed in more detail within the following discussions of "Results of Operations" and "Results and Discussion of Segment Operations."

As part of its long-term regulated infrastructure investment program, NiSource invested $1,083.4 million across its gas and electric utilities during the first nine months of 2016. In total, NiSource expects to invest approximately $1.5 billion in capital expenditures during 2016.

NiSource believes that through cash generated from operating activities, amounts available under its short-term revolving credit facility, commercial paper program, accounts receivable securitization facilities, long-term debt agreements and NiSource's ability to access the capital markets, there is adequate capital available to fund its operating activities and capital expenditures in 2016. At September 30, 2016 , NiSource had approximately $677.4 million of net liquidity available, consisting of cash and available capacity under its revolving credit facility and accounts receivable securitization programs.

Platform for Growth

NiSource's utilities continue to move forward on core infrastructure and environmental investment programs supported by complementary regulatory and customer initiatives across all seven states in our service area. To date, NiSource has executed against approximately $3.1 billion of an estimated $30 billion in total projected long-term regulated utility infrastructure investments. As noted above, NiSource expects to invest approximately $1.5 billion in capital expenditures during 2016 to continue to modernize and improve its system across all seven states. NiSource's goal is to develop strategies that benefit all stakeholders as it addresses changing customer conservation patterns, develops more contemporary pricing structures, and embarks on long-term investment programs. These strategies will help improve reliability and safety, enhance customer service and reduce emissions while generating sustainable returns.

Additionally, NiSource is pursuing regulatory and legislative initiatives that will allow residential customers not currently on NiSource's system to obtain gas service in a cost effective manner.

The discussion below summarizes significant regulatory developments that transpired during the quarter ended September 30, 2016 including periods prior to the filing of this 10-Q:

Gas Distribution Operations

- Columbia of Kentucky's base rate case is progressing on schedule with a settlement reached on October 20, 2016 and a hearing scheduled November 1, 2016 with the Kentucky PSC. The settlement includes a revenue increase of $13.4 million, and will allow for continued system modernization and pipeline safety investments to improve overall system safety and reliability. A PSC decision is expected by the end of the year.
- On September 2, 2016, the parties to Columbia of Pennsylvania's base rate case pending before the Pennsylvania PUC filed a joint petition for settlement. The case seeks to adjust Columbia of Pennsylvania's base rates in support of the company's continued upgrades and replacement of its infrastructure, and to recover increases in the company's safety-related operating and maintenance costs. If the settlement is approved as filed, it would result in a $35.0 million annual revenue increase. The settlement also includes incentives to expand gas service to commercial customers. An order approving the settlement was issued from the Pennsylvania PUC on October 27, 2016, with new rates to be implemented in December 2016.
- On September 28, 2016, Columbia of Virginia implemented updated interim base rates subject to refund. The new rates are part of its base rate case which remains pending before the VSCC. The request seeks to adjust Columbia of Virginia's base rates to recover investments and other costs associated with the company's ongoing initiatives to improve the overall safety and reliability of its distribution system and to grow the system in response to increasing customer demand for service. If approved as filed, the case would result in an annual revenue increase of $37.0 million. A VSCC decision is expected in early 2017.
- At Columbia of Maryland, an administrative law judge recommended approval of a settlement agreement in its base rate case with the staff of the MPSC and the Maryland Office of People's Counsel. Filed on April 15, 2016, the case seeks to adjust Columbia of Maryland's base rates to support the continued replacement of aging infrastructure and the adoption of increased pipeline safety upgrades. The settlement includes an annual revenue increase of $3.7 million and provisions to encourage customer growth. There were no appeals to the administrative law judge's proposed order. As such, it became the order of the MPSC and new rates took effect on October 27, 2016.
- NIPSCO continues to execute on its seven-year, approximately $800 million gas infrastructure modernization program to further improve system reliability and safety. In August, the company filed its semi-annual tracker update covering an additional $67 million of investments made in the first half of 2016. An order is expected from the IURC in the fourth quarter of 2016.

Electric Operations

- New rates became effective on October 1, 2016 under NIPSCO's electric base rate case settlement, which was approved by the IURC on July 18, 2016. The settlement provides a platform for NIPSCO's continued electric infrastructure investments and service improvements for customers, and increases NIPSCO's annual base rate revenues by $72.5 million.
- NIPSCO is focused on executing on its seven-year electric infrastructure modernization program, which includes enhancements to electric transmission and distribution infrastructure designed to improve system safety and reliability. On July 12, 2016, the IURC approved NIPSCO's settlement related to the program. It included approval to recover approximately $1.25 billion of investments made through 2022. The company expects to begin recovering on approximately $46 million of these investments in February 2017.
- NIPSCO's two major electric transmission projects remain on schedule with anticipated in-service dates in the second half of 2018. The 100-mile 345-kV and 65-mile 765-kV projects are designed to enhance region-wide system flexibility and reliability. Substation, line and tower construction are under way for both projects. These projects involve a total investment of approximately $525 million to $600 million for NIPSCO.
- On November 1, 2016, NIPSCO submitted its Integrated Resource Plan to the IURC. The Integrated Resource Plan process is conducted by Indiana electricity providers to outline their plans to meet their customers' anticipated long-term energy needs. The NIPSCO team has worked constructively with stakeholders to develop a balanced plan focused on providing customers affordable, clean energy while maintaining flexibility for future technology and market changes. The plan remains consistent with the future generation strategy previewed in August 2016. As outlined in the Integrated Resource Plan, NIPSCO will also file with the IURC for approval to construct required environmental investments at its Michigan City and Schahfer generating facilities.

Refer to Note 6, "Regulatory Matters," as well as to Note 17-D, "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for a complete discussion of regulatory matters as well as planned generation station requirements.

Ethics and Controls

NiSource is committed to providing accurate and complete financial reporting as well as high standards for ethical behavior by its employees. NiSource's senior management takes an active role in the development of this Form 10-Q and the monitoring of the company's internal control structure and performance. In addition, NiSource will continue its mandatory ethics training program for all employees.

For additional information refer to Item 4, "Controls and Procedures."

Results of Operations
Quarter Ended September 30, 2016

Income from Continuing Operations

Income from continuing operations was $23.7 million , or $0.07 per basic share, for the three months ended September 30, 2016 , compared to $14.8 million , or $0.05 per basic share, for the third quarter of 2015 . Operating income was $113.7 million , an increase of $4.0 million from the same period in 2015 . Basic average shares of common stock outstanding at September 30, 2016 were 322.3 million compared to 318.1 million at September 30, 2015 .

Comparability of line item operating results between quarterly periods is impacted by regulatory and tax trackers that allow for the recovery in rates of certain costs such as bad debt expense. Therefore, increases in these tracked operating expenses are offset by increases in net revenues and have essentially no impact on income from continuing operations.

Net Revenues

Total consolidated net revenues (gross revenues less cost of sales) for the quarter ended September 30, 2016 , were $643.1 million , a $35.0 million increase from the same period last year. This increase in net revenues was primarily due to the following:

- Gas Distribution Operations' net revenues for the third quarter of 2016 increased $8.6 million from the same period in 2015. Of this increase, $8.8 million is attributable to continued regulatory and service investments, including the impact of new rates at Columbia of Massachusetts and Columbia of Pennsylvania, as well as the implementation of new rates under Columbia of Ohio's approved infrastructure replacement program.

- Electric Operations' net revenues for the third quarter of 2016 increased $30.4 million from the same period in 2015. Of this increase, $13.5 million is due to continued regulatory and service investments resulting from increased capital spend on electric transmission projects and environmental investments, while $11.3 million is attributable to the effects of warmer weather. Additionally, net revenues increased due to higher regulatory and depreciation trackers, which are offset in expense, of $5.9 million.

Operating Expenses
Operating expenses for the third quarter of 2016 were $529.4 million , an increase of $31.0 million from the 2015 period. This increase was primarily due to higher outside service costs of $18.2 million and increased employee and administrative expenses of $15.9 million.

Other Income (Deductions)
Other Income (Deductions) reduced income by $81.5 million in the third quarter of 2016 compared to a reduction in income of $89.1 million in the prior year. The change in Other Income (Deductions) is due primarily to decreased interest expense resulting from maturities of long-term debt.

Income Taxes
Refer to Note 11, "Income Taxes," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on income taxes.

Results of Operations
Nine Months Ended September 30, 2016

Income from Continuing Operations
Income from continuing operations was $239.3 million , or $0.74 per basic share, for the nine months ended September 30, 2016 , compared to $134.2 million , or $0.42 per basic share, for the nine months ended September 30, 2015 . Operating income was $633.3 million , an increase of $52.9 million from the same period in 2015 . Basic average shares of common stock outstanding at September 30, 2016 were 321.4 million compared to 317.4 million at September 30, 2015 .

Comparability of line item operating results between year-to-date periods is impacted by regulatory and tax trackers that allow for the recovery in rates of certain costs such as bad debt expense. Therefore, increases in these tracked operating expenses are offset by increases in net revenues and have essentially no impact on income from continuing operations.

Net Revenues
Total consolidated net revenues (gross revenues less cost of sales) for the nine months ended September 30, 2016 , were $2,245.9 million , a $0.8 million decrease from the same period last year. This decrease in net revenues was primarily due to the following:

- Gas Distribution Operations' net revenues for the nine months ended September 30, 2016 decreased $44.2 million from the same period in 2015. The decrease in net revenues is due primarily to lower regulatory and tax trackers, offset in expense, of $73.7 million and the effects of warmer weather of $28.6 million. Additionally, net revenues decreased by $5.1 million due to lower industrial, residential and commercial usage. These decreases in net revenues were partially offset by higher net revenues from regulatory and service investments of $61.5 million, including the impact of new rates at Columbia of Massachusetts and Columbia of Pennsylvania, as well as the implementation of new rates under Columbia of Ohio's approved infrastructure replacement program and increased customer count of $7.9 million.

- Electric Operations' net revenues for the nine months ended September 30, 2016 increased $47.2 million from the same period in 2015. Of this increase, $28.1 million is attributable to continued regulatory and service investments resulting from increased capital spend on electric transmission projects and environmental investments. Additionally, net revenues were higher due to increased regulatory and depreciation trackers, which are offset in expense, of $18.4 million and the effects of weather of $11.9 million. These increases were partially offset by $7.8 million of regulatory-deferred MISO costs which were fully amortized in the current year and increased fuel handling costs of $4.6 million.

Operating Expenses

Operating expenses for the nine months ended September 30, 2016 were $1,612.6 million , a decrease of $53.7 million from the 2015 period. This decrease was primarily due to lower regulatory, depreciation and tax trackers, which are offset in net revenues, of $55.3 million, decreased other taxes of $11.7 million and lower environmental expenses of $10.7 million. Additionally, operating expenses decreased due to lower material and supplies expenses of $7.8 million and decreased amortization expense of $7.2 million. These decreases in operating expense were partially offset by increased outside service costs of $31.6 million and higher depreciation of $13.0 million.

Other Income (Deductions)

Other Income (Deductions) reduced income by $263.4 million for the nine months ended September 30, 2016 compared to a reduction in income of $371.5 million in the prior year. The change in Other Income (Deductions) is due primarily to a loss on early extinguishment of long-term debt of $97.2 million in the second quarter of 2015 and decreased interest expense resulting from maturities of long-term debt. These changes were partially offset by a 2016 expense resulting from a recent tax notice impacting NIPSCO's TUAs.

Income Taxes

Refer to Note 11, "Income Taxes," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on income taxes.

Liquidity and Capital Resources

Operating Activities

Net cash from operating activities from continuing operations for the nine months ended September 30, 2016 was $532.8 million , a decrease of $373.5 million compared to the nine months ended September 30, 2015 . This decrease was driven by a combination of changes in weather, gas prices and the related approved rates for recovery, which significantly impacted regulatory assets, regulatory liabilities and working capital between the two periods. During 2015, natural gas prices were declining faster than the gas cost adjustments being collected from customers, resulting in an associated source of cash from working capital. During 2016, these over-collected gas costs from 2015 were returned to customers, resulting in a use of working capital.

Pension and Other Postretirement Plan Funding. NiSource expects to make contributions of approximately $3.0 million to its pension plans and approximately $22.2 million to its other postretirement benefit plans in 2016 , which could change depending on market conditions. For the nine months ended September 30, 2016 , NiSource contributed $2.7 million to its pension plans and $18.6 million to its other postretirement benefit plans.

Income Taxes. As of September 30, 2016 , NiSource has a recorded deferred tax asset of $543.4 million related to a Federal NOL carryforward. As a result of being in an NOL position, NiSource was not required to make any cash payments for Federal income tax purposes during the nine months ended September 30, 2016 and 2015. This NOL carryforward expires in 2030, however NiSource expects to fully utilize the carryforward benefit prior to its expiration.

Investing Activities

The decrease in net cash from investing activities from continuing operations for the nine months ended September 30, 2016 when compared to 2015 was attributable to approximately $3.8 billion in cash received from CPG in 2015 in conjunction with the Separation, primarily from the settlement of inter-company borrowings and the payment of a one-time special dividend, in addition to increased capital expenditures in 2016.

NiSource's capital expenditures for the nine months ended September 30, 2016 were $1,083.4 million compared to $923.4 million for the comparable period in 2015 . The increase in capital spend was driven by favorable weather conditions in 2016 which allowed for extended periods of construction as well as an increase in planned capital expenditures in the current year. NiSource projects 2016 capital expenditures to be approximately $1.5 billion .

Financing Activities

Short-term Debt. Refer to Note 15, "Short-Term Borrowings," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on short-term debt.

Long-term Debt. Refer to Note 14, "Long-term Debt," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on long-term debt.

Net Available Liquidity. As of September 30, 2016 , an aggregate of $677.4 million of net liquidity was available, including cash and credit available under the revolving credit facility and accounts receivable securitization programs.

The following table displays NiSource's liquidity position as of September 30, 2016 :

(in millions)		
Current Liquidity		
Revolving Credit Facility	$	**1,500.0**
Accounts Receivable Program [(1)]		**235.0**
Less:		
Drawn on Revolving Credit Facility		**—**
Commercial Paper		**824.0**
Accounts Receivable Program Utilized		**235.0**
Letters of Credit Outstanding Under Credit Facility		**14.7**
Add:		
Cash and Cash Equivalents		**16.1**
Net Available Liquidity	$	**677.4**

[(1)] Represents the lesser of the seasonal limit or maximum borrowings supportable by the underlying receivables.

Debt Covenants . NiSource is subject to financial covenants under its revolving credit facility and term loan agreement, which require NiSource to maintain a debt to capitalization ratio that does not exceed 70%. A similar covenant in a 2005 private placement note purchase agreement requires NiSource to maintain a debt to capitalization ratio that does not exceed 75%. As of September 30, 2016 , the ratio was 67.0% .

Sale of Trade Accounts Receivables. Refer to Note 9, "Transfers of Financial Assets," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on the sale of trade accounts receivable.

Credit Ratings. The credit rating agencies periodically review the Company's ratings, taking into account factors such as our capital structure and earnings profile. In June 2016, Moody's affirmed the NiSource senior unsecured rating of Baa2 and its commercial paper rating of P-2, with stable outlooks. Moody's also affirmed NIPSCO's Baa1 rating and Columbia of Massachusetts's Baa2 rating, with stable outlooks. In 2015, Standard & Poor's raised the senior unsecured ratings of NiSource and its subsidiaries to BBB+ and NiSource's commercial paper rating to A-2, with stable outlooks. In June 2016, Fitch upgraded the long-term issuer default ratings of NiSource and NIPSCO to BBB and affirmed the commercial paper rating of F3, with stable outlooks.

As of September 30, 2016 , the collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately $36.9 million . In addition to agreements with ratings triggers, there are other agreements that contain "adequate assurance" or "material adverse change" provisions that could necessitate additional credit support such as letters of credit and cash collateral to transact business.

Equity. NiSource has a shelf registration statement on file with the SEC that originally authorized NiSource to issue 400,000,000 shares of common stock and 20,000,000 shares of preferred stock. As of September 30, 2016 , 322,564,310 shares of common stock were outstanding. NiSource has no preferred stock outstanding as of September 30, 2016 .

Contractual Obligations. Aside from the previously referenced term loan issuance and repayment of long-term debt, there were no material changes recorded during the nine months ended September 30, 2016 to NiSource's contractual obligations as of December 31, 2015.

Market Risk Disclosures

Risk is an inherent part of NiSource's business. The extent to which NiSource properly and effectively identifies, assesses, monitors and manages each of the various types of risk involved in its businesses is critical to its profitability. NiSource seeks to identify, assess, monitor and manage, in accordance with defined policies and procedures, the following principal market risks that are involved in NiSource's business: commodity price risk, interest rate risk and credit risk. Risk management at NiSource is a multi-faceted process with oversight by the Risk Management Committee that requires constant communication, judgment and knowledge of specialized products and markets. NiSource's senior management takes an active role in the risk management process and has developed policies and procedures that require specific administrative and business functions to assist in the identification, assessment and control of various risks. These may include but are not limited to market, operational, financial, compliance and strategic risk types. In recognition of the increasingly varied and complex nature of the energy business, NiSource's risk management process, policies and procedures continue to evolve and are subject to ongoing review and modification.

Commodity Price Risk

NiSource is exposed to commodity price risk as a result of its subsidiaries' operations involving natural gas and power. To manage this market risk, NiSource's subsidiaries use derivatives, including commodity futures contracts, swaps, forwards and options. NiSource is not involved in speculative energy trading activity.

Commodity price risk resulting from derivative activities at NiSource's rate-regulated subsidiaries is limited, since regulations allow recovery of prudently incurred purchased power, fuel and gas costs through the ratemaking process, including gains or losses on these derivative instruments. If states should explore additional regulatory reform, these subsidiaries may begin providing services without the benefit of the traditional ratemaking process and may be more exposed to commodity price risk.

NiSource subsidiaries are required to make cash margin deposits with their brokers to cover actual and potential losses in the value of outstanding exchange-traded derivative contracts. The amount of these deposits, which are reflected in NiSource's restricted cash balance, may fluctuate significantly during periods of high volatility in the energy commodity markets.

There are no material commodity risk management assets or liabilities as of September 30, 2016 or December 31, 2015 .

Interest Rate Risk

NiSource is exposed to interest rate risk as a result of changes in interest rates on borrowings under its revolving credit agreement, commercial paper program and accounts receivable programs, which have interest rates that are indexed to short-term market interest rates. Based upon average borrowings and debt obligations subject to fluctuations in short-term market interest rates, an increase (or decrease) in short-term interest rates of 100 basis points (1%) would have increased (or decreased) interest expense by $3.0 million and $6.8 million for the three and nine months ended September 30, 2016 , respectively, and $0.3 million and $7.5 million for the three and nine months ended September 30, 2015 , respectively. NiSource is also exposed to interest rate risk as a result of changes in benchmark rates that can influence the interest rates of future debt issuances. NiSource may use several strategies including interest rate hedges and liability management transactions to manage this risk.

As of September 30, 2016 , NiSource has forward-starting interest rate swaps with an aggregate notional value totaling $1.5 billion . Refer to Note 7, "Risk Management Activities," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further information.

Credit Risk

Due to the nature of the industry, credit risk is embedded in many of NiSource's business activities. NiSource's extension of credit is governed by a Corporate Credit Risk Policy. In addition, Risk Management Committee guidelines are in place which document management approval levels for credit limits, evaluation of creditworthiness and credit risk mitigation efforts. Exposures to credit risks are monitored by the risk management function which is independent of commercial operations. Credit risk arises due to the possibility that a customer, supplier or counterparty will not be able or willing to fulfill its obligations on a transaction on or before the settlement date. For derivative-related contracts, credit risk arises when counterparties are obligated to deliver or purchase defined commodity units of gas or power to NiSource at a future date per execution of contractual terms and conditions, or when counterparties are obligated to settle an amount owed to NiSource under a financial agreement. Exposure to credit risk is measured in terms of both current obligations and the market value of forward positions net of any posted collateral such as cash and letters of credit.

NiSource closely monitors the financial status of its banking credit providers. NiSource evaluates the financial status of its banking partners through the use of market-based metrics such as credit default swap pricing levels, and also through traditional credit ratings provided by major credit rating agencies.

Off Balance Sheet Arrangements

As a part of normal business, NiSource and certain subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit.

Refer to Note 17, "Other Commitments and Contingencies," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about such arrangements.

Other Information

Critical Accounting Policies
There were no significant changes to critical accounting policies for the period ended September 30, 2016 .

Recently Issued Accounting Pronouncements
Refer to Note 2, "Recent Accounting Pronouncements," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about recently issued accounting pronouncements.

RESULTS AND DISCUSSION OF SEGMENT OPERATIONS

Presentation of Segment Information

NiSource's operations are divided into two primary business segments: Gas Distribution Operations and Electric Operations.

NiSource Inc.
Gas Distribution Operations

	Three Months Ended September 30,		Nine Months Ended September 30,	
($ in millions)	**2016**	2015	**2016**	2015
Net Revenues				
Sales revenues	**$ 395.5**	$ 384.7	**$ 1,945.2**	$ 2,349.7
Less: Cost of gas sold (excluding depreciation and amortization)	**76.1**	73.9	**569.6**	929.9
Net Revenues	**319.4**	310.8	**1,375.6**	1,419.8
Operating Expenses				
Operation and maintenance	**213.4**	196.4	**668.3**	714.2
Depreciation and amortization	**64.3**	58.5	**188.8**	172.8
Loss on sale of assets	**—**	0.8	**—**	0.8
Other taxes	**37.4**	35.1	**125.8**	137.1
Total Operating Expenses	**315.1**	290.8	**982.9**	1,024.9
Operating Income	**$ 4.3**	$ 20.0	**$ 392.7**	$ 394.9
Revenues				
Residential	**$ 247.7**	$ 246.0	**$ 1,254.9**	$ 1,606.0
Commercial	**71.6**	72.1	**402.7**	549.0
Industrial	**36.4**	36.8	**139.9**	171.0
Off-System sales	**19.9**	14.0	**59.4**	71.3
Other	**19.9**	15.8	**88.3**	(47.6)
Total	**$ 395.5**	$ 384.7	**$ 1,945.2**	$ 2,349.7
Sales and Transportation (MMDth)				
Residential	**13.7**	14.5	**169.5**	198.0
Commercial	**16.3**	16.4	**114.7**	130.2
Industrial	**130.4**	127.4	**393.7**	397.8
Off-System sales	**7.4**	5.2	**27.3**	24.7
Other	**—**	0.1	**—**	(0.2)
Total	**167.8**	163.6	**705.2**	750.5
Heating Degree Days	**33**	43	**3,297**	3,936
Normal Heating Degree Days	**85**	85	**3,608**	3,576
% Colder (Warmer) than Normal	**(61)%**	(49)%	**(9)%**	10%
Customers				
Residential			**3,088,512**	3,058,415
Commercial			**280,563**	277,525
Industrial			**7,519**	7,233
Other			**13**	14
Total			**3,376,607**	3,343,187

NiSource's Gas Distribution Operations serve approximately 3.4 million customers in seven states: Ohio, Indiana, Pennsylvania, Massachusetts, Virginia, Kentucky and Maryland. The regulated subsidiaries offer both traditional bundled services as well as transportation only for customers that purchase gas from alternative suppliers. The operating results reflect the temperature-sensitive nature of customer demand with 72% of annual residential and commercial throughput affected by seasonality. As a result, segment operating income is higher in the first and fourth quarters reflecting the heating demand during the winter season.

Regulatory Matters

Refer to Note 6, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on significant rate developments and cost recovery and trackers for the Gas Distribution Operations segment.

NiSource Inc.
Gas Distribution Operations

Customer Usage. Increased efficiency of natural gas appliances and improvements in home building codes and standards has contributed to a long-term trend of declining average use per customer. Industrial, residential and commercial usage for the nine months ended September 30, 2016 decreased from the same period last year primarily due to warmer weather compared to the prior year. While historically, rate design at the distribution level has been structured such that a large portion of cost recovery is based upon throughput, rather than in a fixed charge, operating costs are largely incurred on a fixed basis, and do not fluctuate due to changes in customer usage. As a result, Gas Distribution Operations have pursued changes in rate design to more effectively match recoveries with costs incurred. Each of the states in which Gas Distribution Operations operate has different requirements regarding the procedure for establishing changes to rate design. Columbia of Ohio restructured its rate design through a base rate proceeding and has adopted a "de-coupled" rate design which more closely links the recovery of fixed costs with fixed charges. Columbia of Massachusetts received regulatory approval of a decoupling mechanism which adjusts revenues to an approved benchmark level through a volumetric adjustment factor. Columbia of Maryland and Columbia of Virginia have received regulatory approval to implement a revenue normalization adjustment for certain customer classes, which is a decoupling mechanism whereby monthly revenues that exceed or fall short of approved levels are reconciled in subsequent months. In a prior base rate proceeding, Columbia of Pennsylvania implemented a pilot residential weather normalization adjustment. Columbia of Kentucky has had approval for a weather normalization adjustment for many years. In a prior base rate proceeding, NIPSCO implemented a higher fixed customer charge for residential and small customer classes moving toward full straight-fixed-variable rate design.

Environmental Matters
Currently, various environmental matters impact the Gas Distribution Operations segment. As of September 30, 2016 , liabilities have been recorded to cover probable environmental response actions. Refer to Note 17-C, "Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Gas Distribution Operations segment.

Weather
In general, NiSource calculates the weather-related revenue variance based on changing customer demand driven by weather variance from normal heating degree days. NiSource's composite heating degree days reported do not directly correlate to the weather-related dollar impact on the results of Gas Distribution Operations. Heating degree days experienced during different times of the year or in different operating locations may have more or less impact on volume and dollars depending on when and where they occur. When the detailed results are combined for reporting, there may be weather-related dollar impacts on operations when there is not an apparent or significant change in the aggregated NiSource composite heating degree day comparison.

Weather in the Gas Distribution Operations' territories for the third quarter of 2016 was 61% warmer than normal and 23% warmer than the same period in 2015. However, this weather variance had an immaterial effect on net revenues for the quarter ended September 30, 2016 compared to 2015 as a result of lower volumes during the summer months.

Weather in the Gas Distribution Operations' territories for the nine months ended September 30, 2016 was 9% warmer than normal and 16% warmer than the same period in 2015, decreasing net revenues by approximately $29 million for the nine months ended September 30, 2016 compared to 2015 .

Throughput
Total volumes sold and transported of 167.8 MMDth for the third quarter of 2016 increased by 4.2 MMDth from the same period in 2015. This 3% increase in volumes was primarily attributable to increased off-system sales opportunities in 2016.

Total volumes sold and transported of 705.2 MMDth for the nine months ended September 30, 2016 decreased by 45.3 MMDth from the same period in 2015. This 6% decrease in volumes was primarily attributable to warmer weather in 2016.

Results of Operations
Quarter Ended September 30, 2016

Operating Income
For the third quarter of 2016, Gas Distribution Operations reported operating income of $4.3 million , a decrease of $15.7 million from the comparable 2015 period.

NiSource Inc.
Gas Distribution Operations

Net revenues for the third quarter of 2016 were $319.4 million, an increase of $8.6 million from the same period in 2015. Of this increase, $8.8 million is attributable to continued regulatory and service investments, including the impact of new rates at Columbia of Massachusetts and Columbia of Pennsylvania, as well as the implementation of new rates under Columbia of Ohio's approved infrastructure replacement program.

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased gas costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustment to "Other" gross revenues was a revenue increase of $4.4 million and $0.5 million for the three months ended September 30, 2016 and 2015, respectively.

Operating expenses were $24.3 million higher than the comparable period reflecting increased employee and administrative expenses of $9.2 million, higher outside service costs of $8.9 million and increased depreciation of $5.8 million due to increased capital expenditures placed in service.

Results of Operations
Nine Months Ended September 30, 2016

Operating Income
For the nine months ended September 30, 2016 , Gas Distribution Operations reported operating income of $392.7 million , a decrease of $2.2 million from the comparable 2015 period.

Net revenues for the nine months ended September 30, 2016 were $1,375.6 million, a decrease of $44.2 million from the same period in 2015. The decrease in net revenues is due primarily to lower regulatory and tax trackers, offset in expense, of $73.7 million and the effects of warmer weather of $28.6 million. Additionally, net revenues decreased by $5.1 million due to lower industrial, residential and commercial usage. These decreases in net revenues were partially offset by higher net revenues from regulatory and service investments of $61.5 million, including the impact of new rates at Columbia of Massachusetts and Columbia of Pennsylvania, as well as the implementation of new rates under Columbia of Ohio's approved infrastructure replacement program and increased customer count of $7.9 million.

At NIPSCO, the adjustment to "Other" gross revenues, as discussed above, was a revenue increase of $15.2 million and a revenue decrease of $92.3 million for the nine months ended September 30, 2016 and 2015, respectively.

Operating expenses were $42.0 million lower than the comparable period reflecting lower regulatory and tax trackers which are offset in net revenues, of $73.7 million along with decreased other taxes of $3.9 million. These decreases in operating expense were partially offset by higher depreciation of $16.0 million due to increased capital expenditures placed in service, higher outside service costs of $12.4 million and increased employee and administrative expenses of $11.4 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.
Electric Operations

	Three Months Ended September 30,		Nine Months Ended September 30,	
($ in millions)	**2016**	2015	**2016**	2015
Net Revenues				
Sales revenues	$ **465.8**	$ 428.6	$ **1,249.8**	$ 1,200.1
Less: Cost of sales (excluding depreciation and amortization)	**142.0**	135.2	**380.0**	377.5
Net Revenues	**323.8**	293.4	**869.8**	822.6
Operating Expenses				
Operation and maintenance	**127.6**	110.2	**372.1**	359.7
Depreciation and amortization	**66.9**	68.6	**202.8**	199.3
Other taxes	**16.5**	16.1	**43.4**	49.4
Total Operating Expenses	**211.0**	194.9	**618.3**	608.4
Operating Income	$ **112.8**	$ 98.5	$ **251.5**	$ 214.2
Revenues				
Residential	$ **145.1**	$ 125.3	$ **346.1**	$ 333.2
Commercial	**127.1**	120.6	**336.2**	338.6
Industrial	**155.8**	153.4	**469.4**	489.3
Wholesale	**3.7**	5.0	**8.8**	13.8
Other	**34.1**	24.3	**89.3**	25.2
Total	$ **465.8**	$ 428.6	$ **1,249.8**	$ 1,200.1
Sales (Gigawatt Hours)				
Residential	**1,147.5**	1,001.9	**2,744.9**	2,584.6
Commercial	**1,102.8**	1,066.7	**2,954.8**	2,935.8
Industrial	**2,356.3**	2,270.3	**7,072.2**	6,990.7
Wholesale	**2.3**	76.9	**3.6**	194.8
Other	**39.7**	36.1	**104.8**	105.2
Total	**4,648.6**	4,451.9	**12,880.3**	12,811.1
Cooling Degree Days	**681**	529	**966**	758
Normal Cooling Degree Days	**570**	570	**799**	799
% Warmer (Cooler) than Normal	**19%**	(7)%	**21%**	(5)%
Electric Customers				
Residential			**405,895**	403,468
Commercial			**55,418**	54,841
Industrial			**2,341**	2,351
Wholesale			**742**	746
Other			**2**	3
Total			**464,398**	461,409

NiSource generates and distributes electricity, through its subsidiary NIPSCO, to approximately 464,000 customers in 20 counties in the northern part of Indiana. The operating results reflect the temperature-sensitive nature of customer demand with annual sales affected by temperatures in the northern part of Indiana. As a result, segment operating income is generally higher in the second and third quarters, reflecting cooling demand during the summer season.

Electric Supply
Refer to Note 17-D, "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on electric supply.

NiSource Inc.
Electric Operations

Regulatory Matters
Refer to Note 6, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on significant rate developments and cost recovery and trackers for the Electric Operations segment.

Environmental Matters
Currently, various environmental matters impact the Electric Operations segment. As of September 30, 2016 , liabilities have been recorded to cover probable environmental response actions. Refer to Note 17-C, "Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Electric Operations segment.

Transmission Upgrade Agreements
Refer to Note 17-D, "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding TUAs for the Electric Operations segment.

Weather
In general, NiSource calculates the weather-related revenue variance based on changing customer demand driven by weather variance from normal cooling degree days. NiSource's composite cooling degree days reported do not directly correlate to the weather-related dollar impact on the results of Electric Operations. Cooling degree days experienced during different times of the year may have more or less impact on volume and dollars depending on when they occur. When the detailed results are combined for reporting, there may be weather-related dollar impacts on operations when there is not an apparent or significant change in the aggregated NiSource composite cooling degree day comparison.

Weather in the Electric Operations' territories for the third quarter of 2016 was 19% warmer than normal and 29% warmer than the same period in 2015, increasing net revenues approximately $11.3 million for the quarter ended September 30, 2016 compared to 2015 .

Weather in the Electric Operations' territories for the nine months ended September 30, 2016 was 21% warmer than normal and 27% warmer than the same period in 2015, increasing net revenues approximately $11.9 million for the nine months ended September 30, 2016 compared to 2015 .

Sales
Electric Operations sales quantities for the third quarter of 2016 were 4,648.6 gwh, an increase of 196.7 gwh compared to the same period in 2015. The 4% increase is primarily attributable to warmer weather in the third quarter of 2016.

Electric Operations sales quantities for the nine months ended September 30, 2016 were 12,880.3 gwh, an increase of 69.2 gwh compared to the same period in 2015; a 1% increase.

Results of Operations
Quarter Ended September 30, 2016

Operating Income
For the third quarter of 2016, Electric Operations reported operating income of $112.8 million , an increase of $14.3 million from the comparable 2015 period.

Net revenues for the third quarter of 2016 were $323.8 million, an increase of $30.4 million from the same period in 2015. Of this increase, $13.5 million is due to continued regulatory and service investments resulting from increased capital spend on electric transmission projects and environmental investments, while $11.3 million is attributable to the effects of warmer weather. Additionally, net revenues increased due to higher regulatory and depreciation trackers, which are offset in expense, of $5.9 million.

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased fuel costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustment to "Other" gross revenues was a revenue increase of $16.1 million and a revenue increase of $11.3 million for the three months ended September 30, 2016 and 2015, respectively.

NiSource Inc.
Electric Operations

Operating expenses were $16.1 million higher than the comparable period reflecting increased outside service costs of $8.6 million, higher employee and administrative expenses of $7.0 million and increased regulatory and depreciation trackers, which are offset in net revenues, of $5.9 million. These increases in operating expense were partially offset by lower depreciation and amortization expense of $4.3 million driven by a TDSIC-related deferral in the third quarter of 2016 and reduced amortization of regulatory assets in 2016.

Results of Operations
Nine Months Ended September 30, 2016

Operating Income
For the nine months ended September 30, 2016 , Electric Operations reported operating income of $251.5 million , an increase of $37.3 million from the comparable 2015 period.

Net revenues for the nine months ended September 30, 2016 were $869.8 million, an increase of $47.2 million from the same period in 2015. Of this increase, $28.1 million is attributable to continued regulatory and service investments resulting from increased capital spend on electric transmission projects and environmental investments. Additionally, net revenues were higher due to increased regulatory and depreciation trackers, which are offset in expense, of $18.4 million and the effects of weather of $11.9 million. These increases were partially offset by $7.8 million of regulatory-deferred MISO costs which were fully amortized in the current year and increased fuel handling costs of $4.6 million.

At NIPSCO, the adjustment to "Other" gross revenues, as discussed above, was a revenue increase of $34.5 million and a revenue decrease of $13.4 million for the nine months ended September 30, 2016 and 2015, respectively.

Operating expenses were $9.9 million higher than the comparable period reflecting increased outside service costs of $18.8 million and higher regulatory and depreciation trackers, which are offset in net revenues, of $18.4 million. These increases in operating expense were partially offset by lower environmental costs of $10.0 million, decreased amortization expense of $7.2 million, lower other taxes of $6.0 million and decreased material and supplies expenses of $5.3 million.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

NiSource Inc.

For a discussion regarding quantitative and qualitative disclosures about market risk see "Management's Discussion and Analysis of Financial Condition and Results of Operations - Market Risk Disclosures."

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

NiSource's chief executive officer and its chief financial officer are responsible for evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). NiSource's disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including NiSource's chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon that evaluation, NiSource's chief executive officer and chief financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to provide reasonable assurance that financial information was processed, recorded and reported accurately.

Changes in Internal Controls

There have been no changes in NiSource's internal control over financial reporting during the fiscal quarter covered by this report that has materially affected, or is reasonably likely to materially affect, NiSource's internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

NiSource Inc.

The Company is party to certain claims and legal proceedings arising in the ordinary course of business, none of which is deemed to be individually material at this time. Due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on the Company's results of operations, financial position or liquidity. If one or more of such matters were decided against the Company, the effects could be material to the Company's results of operations in the period in which the Company would be required to record or adjust the related liability and could also be material to the Company's cash flows in the periods the Company would be required to pay such liability.

ITEM 1A. RISK FACTORS

NiSource Inc.

NiSource's operations and financial results are subject to various risks and uncertainties, including those disclosed in NiSource's most recent Annual Report on Form 10-K for the year ended December 31, 2015. There have been no material changes to such risk factors.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

The officers of NiSource and NIPSCO committed to the retirement of Bailly Generating Station units with the filing of the 2016 Integrated Resource Plan; however, such retirement is subject to the approval of MISO. Refer to Note 17-D, "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for a complete discussion of the planned retirements of the Bailly Generating Station units.

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ITEM 6. EXHIBITS

NiSource Inc.

(31.1)	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
(31.2)	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
(32.1)	Certification of Chief Executive Officer pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith). *
(32.2)	Certification of Chief Financial Officer pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith). *
(101.INS)	XBRL Instance Document
(101.SCH)	XBRL Schema Document
(101.CAL)	XBRL Calculation Linkbase Document
(101.LAB)	XBRL Labels Linkbase Document
(101.PRE)	XBRL Presentation Linkbase Document
(101.DEF)	XBRL Definition Linkbase Document

* Exhibit filed herewith.

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SIGNATURE

NiSource Inc.

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NiSource Inc.
(Registrant)

Date: November 1, 2016

By: /s/ Joseph W. Mulpas
Joseph W. Mulpas
Vice President and Chief Accounting Officer
(Principal Accounting Officer
and Duly Authorized Officer)

Exhibit 31.1

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Joseph Hamrock, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended September 30, 2016 ;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2016

By: /s/ Joseph Hamrock

Joseph Hamrock

President and Chief Executive Officer

Exhibit 31.2

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Donald E. Brown, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended September 30, 2016 ;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2016

By: /s/ Donald E. Brown

Donald E. Brown
Executive Vice President and Chief Financial Officer

Exhibit 32.1

Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending September 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph Hamrock, Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Joseph Hamrock

Joseph Hamrock
President and Chief Executive Officer

Date: November 1, 2016

Exhibit 32.2

Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending September 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Donald E. Brown, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Donald E. Brown

Donald E. Brown

Executive Vice President and Chief Financial Officer

Date: November 1, 2016

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-002:

Please supply copies of the Company's balance sheets for each month/quarter for the last two years.

Response:

Please see GAS-ROR-002 Attachment A, which provides the monthly Company balance sheets from December 2015 through November 2017.

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Dec - 2015
FDW Standard Report - For Internal Use Only

	Month: *Dec - 2015*	Previous Month	Variance	Month: *Dec - 2015*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$1,801,815,646.80	$1,751,170,397.06	$50,645,249.74	$1,801,815,646.80	$1,602,037,975.94	$199,777,670.86
Construction Work In Progress	$20,600,882.54	$27,823,620.22	($7,222,737.68)	$20,600,882.54	$15,335,088.00	$5,265,794.54
Total Utility Plant	**$1,822,416,529.34**	**$1,778,994,017.28**	**$43,422,512.06**	**$1,822,416,529.34**	**$1,617,373,063.94**	**$205,043,465.40**
Accum Prov - Amort and Depr	($372,792,109.96)	($369,350,901.14)	($3,441,208.82)	($372,792,109.96)	($347,678,815.73)	($25,113,294.23)
Net Utility Plant	**$1,449,624,419.38**	**$1,409,643,116.14**	**$39,981,303.24**	**$1,449,624,419.38**	**$1,269,694,248.21**	**$179,930,171.17**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,450,356,291.63**	**$1,410,374,988.39**	**$39,981,303.24**	**$1,450,356,291.63**	**$1,270,426,120.46**	**$179,930,171.17**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$18,747,420.33	$18,689,156.98	$58,263.35	$18,747,420.33	$18,198,818.84	$548,601.49
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$6,951,631.00	$9,481,744.55	($2,530,113.55)	$6,951,631.00	$6,800,785.00	$150,846.00
Other Property and Investments	**$25,707,397.82**	**$28,179,248.02**	**($2,471,850.20)**	**$25,707,397.82**	**$25,007,950.33**	**$699,447.49**
Current and Accrued Assets						
Cash	$2,007,674.17	$3,977,576.06	($1,969,901.89)	$2,007,674.17	$2,619,993.11	($612,318.94)
Special Deposits	-	-	-	-	-	-
Working Funds	$2,550.00	$2,550.00	$0.00	$2,550.00	$2,550.00	$0.00
Temp Cash Investments	$0.00	$0.00	$0.00	$0.00	$1,329,880.00	($1,329,880.00)
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	$0.00	$0.00	$0.00	$0.00	($0.32)	$0.32
Other Accounts Receivable	$0.16	$0.10	$0.06	$0.16	($0.66)	$0.82
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.33	($0.33)
NR from Associated Cos	$32,093,842.58	$26,879,022.54	$5,214,820.04	$32,093,842.58	$49,451,444.88	($17,357,602.30)
AR from Associated Cos	$165,777.31	$171,789.27	($6,011.96)	$165,777.31	$133,033.72	$32,743.59
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$750,306.70	$772,266.64	($21,959.94)	$750,306.70	$657,437.43	$92,869.27
Merchandise	-	-	-	-	-	-
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$79,249,491.96	$85,922,413.49	($6,672,921.53)	$79,249,491.96	$96,517,311.52	($17,267,819.56)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$2,871,890.98	$3,377,795.06	($505,904.08)	$2,871,890.98	$2,757,557.43	$114,333.55
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$24,130.23	$23,234.75	$895.48	$24,130.23	$238,529.18	($214,398.95)
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$117,165,664.09**	**$121,126,647.91**	**($3,960,983.82)**	**$117,165,664.09**	**$153,707,736.62**	**($36,542,072.53)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$271,735,885.80	$265,793,139.28	$5,942,746.52	$271,735,885.80	$265,720,438.74	$6,015,447.06
Preliminary Surveys	$3,059,484.05	$2,869,200.03	$190,284.02	$3,059,484.05	$3,478,322.00	($418,837.95)
Clearing Accounts	$0.00	$23,398.71	($23,398.71)	$0.00	$0.00	$0.00

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	Month: *Dec - 2015*	Previous Month	Variance	Month: *Dec - 2015*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$8,070,526.52	$8,007,364.50	$63,162.02	$8,070,526.52	$7,710,979.50	$359,547.02
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$67,356,767.32	$58,316,588.13	$9,040,179.19	$67,356,767.32	$65,891,764.87	$1,465,002.45
Unrecovered Purchase Gas Costs	($15,423,977.26)	($17,157,523.90)	$1,733,546.64	($15,423,977.26)	$2,175,020.92	($17,598,998.18)
Deferred Debits	**$334,798,686.43**	**$317,852,166.75**	**$16,946,519.68**	**$334,798,686.43**	**$344,976,526.03**	**($10,177,839.60)**
Assets and Other Debits	**$1,928,028,039.97**	**$1,877,533,051.07**	**$50,494,988.90**	**$1,928,028,039.97**	**$1,794,118,333.44**	**$133,909,706.53**
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	$7,889,827.00	$7,888,697.00	$1,130.00	$7,889,827.00	$7,720,355.00	$169,472.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$549,929,308.82	$538,878,142.46	$11,051,166.36	$549,929,308.82	$485,681,500.60	$64,247,808.22
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$602,946,935.82**	**$591,894,639.46**	**$11,052,296.36**	**$602,946,935.82**	**$538,529,655.60**	**$64,417,280.22**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$495,515,000.00	$495,515,000.00	$0.00	$495,515,000.00	$394,040,000.00	$101,475,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$495,515,000.00**	**$495,515,000.00**	**$0.00**	**$495,515,000.00**	**$394,040,000.00**	**$101,475,000.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$31,653,678.35	$12,825,929.49	$18,827,748.86	$31,653,678.35	$9,270,324.57	$22,383,353.78
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$131,188.00	$124,382.43	$6,805.57	$131,188.00	$104,659.48	$26,528.52
Accum Prov - Pension & Benefit	$20,002,464.00	$14,871,954.00	$5,130,510.00	$20,002,464.00	$13,201,508.00	$6,800,956.00
Accum Misc Operating Provision	$1,395,926.12	$1,395,931.80	($5.68)	$1,395,926.12	$1,193,507.56	$202,418.56
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$53,183,256.47**	**$29,218,197.72**	**$23,965,058.75**	**$53,183,256.47**	**$23,769,999.61**	**$29,413,256.86**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$27,818,193.47	$27,725,828.56	$92,364.91	$27,818,193.47	$26,345,164.38	$1,473,029.09
NP to Associated Cos	$18,525,000.00	$18,525,000.00	$0.00	$18,525,000.00	$47,350,000.00	($28,825,000.00)
AP to Associated Cos	$42,454,001.04	$39,785,264.84	$2,668,736.20	$42,454,001.04	$103,716,356.33	($61,262,355.29)
Customer Deposits	$3,369,186.68	$3,318,069.68	$51,117.00	$3,369,186.68	$3,370,024.68	($838.00)
Taxes Accrued	($838,023.90)	$7,398,147.02	($8,236,170.92)	($838,023.90)	$7,773,680.25	($8,611,704.15)
Interest Accrued	$322,894.81	$321,188.86	$1,705.95	$322,894.81	$370,472.19	($47,577.38)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$62,115.33	$76,382.32	($14,266.99)	$62,115.33	$422,172.93	($360,057.60)
Misc Current & Accrued Liab	$66,427,283.26	$69,027,880.64	($2,600,597.38)	$66,427,283.26	$67,508,725.01	($1,081,441.75)
Obligation Cap Lease - Current	$802,181.94	$399,905.12	$402,276.82	$802,181.94	$181,709.60	$620,472.34
Derivative Liability	$0.00	$0.00	$0.00	$0.00	$1,175,180.00	($1,175,180.00)
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$158,942,832.63**	**$166,577,667.04**	**($7,634,834.41)**	**$158,942,832.63**	**$258,213,485.37**	**($99,270,652.74)**
Deferred Credits						
Customer Adv. for Construction	$8,163,421.12	$8,067,288.44	$96,132.68	$8,163,421.12	$7,862,149.92	$301,271.20
Acc Defd Investment Tax Credit	$2,822,344.00	$2,852,364.00	($30,020.00)	$2,822,344.00	$3,182,584.00	($360,240.00)

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	Month: *Dec - 2015*	Previous Month	Variance	Month: *Dec - 2015*	December of Previous Year	Variance
Other Deferred Credits	$10,520,567.41	$9,614,273.80	$906,293.61	$10,520,567.41	$9,981,342.06	$539,225.35
Other Regulatory Liabilities	$46,193,355.97	$50,426,913.89	($4,233,557.92)	$46,193,355.97	$52,312,649.40	($6,119,293.43)
Accum Defer Inc Tax - Oth Prop	$541,321,567.45	$515,974,855.51	$25,346,711.94	$541,321,567.45	$495,086,366.86	$46,235,200.59
Accum Defer Inc Tax - Other	$8,418,759.10	$7,391,851.21	$1,026,907.89	$8,418,759.10	$11,140,100.62	($2,721,341.52)
Deferred Credits	**$617,440,015.05**	**$594,327,546.85**	**$23,112,468.20**	**$617,440,015.05**	**$579,565,192.86**	**$37,874,822.19**
Total Liabilities and Equity	**$1,928,028,039.97**	**$1,877,533,051.07**	**$50,494,988.90**	**$1,928,028,039.97**	**$1,794,118,333.44**	**$133,909,706.53**

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	Month: *Jan - 2016*	Previous Month	Variance	Month: *Jan - 2016*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$1,805,618,758.16	$1,801,815,646.80	$3,803,111.36	$1,805,618,758.16	$1,801,815,646.80	$3,803,111.36
Construction Work In Progress	$24,299,847.74	$20,600,882.54	$3,698,965.20	$24,299,847.74	$20,600,882.54	$3,698,965.20
Total Utility Plant	**$1,829,918,605.90**	**$1,822,416,529.34**	**$7,502,076.56**	**$1,829,918,605.90**	**$1,822,416,529.34**	**$7,502,076.56**
Accum Prov - Amort and Depr	($375,281,392.91)	($372,792,109.96)	($2,489,282.95)	($375,281,392.91)	($372,792,109.96)	($2,489,282.95)
Net Utility Plant	**$1,454,637,212.99**	**$1,449,624,419.38**	**$5,012,793.61**	**$1,454,637,212.99**	**$1,449,624,419.38**	**$5,012,793.61**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,455,369,085.24**	**$1,450,356,291.63**	**$5,012,793.61**	**$1,455,369,085.24**	**$1,450,356,291.63**	**$5,012,793.61**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$18,817,244.83	$18,747,420.33	$69,824.50	$18,817,244.83	$18,747,420.33	$69,824.50
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$7,103,599.96	$6,951,631.00	$151,968.96	$7,103,599.96	$6,951,631.00	$151,968.96
Other Property and Investments	**$25,929,191.28**	**$25,707,397.82**	**$221,793.46**	**$25,929,191.28**	**$25,707,397.82**	**$221,793.46**
Current and Accrued Assets						
Cash	$2,829,561.97	$2,007,674.17	$821,887.80	$2,829,561.97	$2,007,674.17	$821,887.80
Special Deposits	-	-	-	-	-	-
Working Funds	$2,550.00	$2,550.00	$0.00	$2,550.00	$2,550.00	$0.00
Temp Cash Investments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other Accounts Receivable	$0.10	$0.16	($0.06)	$0.10	$0.16	($0.06)
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$39,945,426.94	$32,093,842.58	$7,851,584.36	$39,945,426.94	$32,093,842.58	$7,851,584.36
AR from Associated Cos	$211,425.66	$165,777.31	$45,648.35	$211,425.66	$165,777.31	$45,648.35
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$750,084.17	$750,306.70	($222.53)	$750,084.17	$750,306.70	($222.53)
Merchandise	-	-	-	-	-	-
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$55,407,966.46	$79,249,491.96	($23,841,525.50)	$55,407,966.46	$79,249,491.96	($23,841,525.50)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$2,420,498.81	$2,871,890.98	($451,392.17)	$2,420,498.81	$2,871,890.98	($451,392.17)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$206,568.14	$24,130.23	$182,437.91	$206,568.14	$24,130.23	$182,437.91
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$101,774,082.25**	**$117,165,664.09**	**($15,391,581.84)**	**$101,774,082.25**	**$117,165,664.09**	**($15,391,581.84)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$271,704,213.18	$271,735,885.80	($31,672.62)	$271,704,213.18	$271,735,885.80	($31,672.62)
Preliminary Surveys	$3,154,610.82	$3,059,484.05	$95,126.77	$3,154,610.82	$3,059,484.05	$95,126.77
Clearing Accounts	$2,621.17	$0.00	$2,621.17	$2,621.17	$0.00	$2,621.17

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	Month: *Jan - 2016*	Previous Month	Variance	Month: *Jan - 2016*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$8,166,659.20	$8,070,526.52	$96,132.68	$8,166,659.20	$8,070,526.52	$96,132.68
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$66,883,665.70	$67,356,767.32	($473,101.62)	$66,883,665.70	$67,356,767.32	($473,101.62)
Unrecovered Purchase Gas Costs	($9,791,458.68)	($15,423,977.26)	$5,632,518.58	($9,791,458.68)	($15,423,977.26)	$5,632,518.58
Deferred Debits	**$340,120,311.39**	**$334,798,686.43**	**$5,321,624.96**	**$340,120,311.39**	**$334,798,686.43**	**$5,321,624.96**
Assets and Other Debits	**$1,923,192,670.16**	**$1,928,028,039.97**	**($4,835,369.81)**	**$1,923,192,670.16**	**$1,928,028,039.97**	**($4,835,369.81)**
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	$7,889,827.00	$7,889,827.00	$0.00	$7,889,827.00	$7,889,827.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$570,902,871.04	$549,929,308.82	$20,973,562.22	$570,902,871.04	$549,929,308.82	$20,973,562.22
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$623,920,498.04**	**$602,946,935.82**	**$20,973,562.22**	**$623,920,498.04**	**$602,946,935.82**	**$20,973,562.22**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$495,515,000.00	$495,515,000.00	$0.00	$495,515,000.00	$495,515,000.00	$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$495,515,000.00**	**$495,515,000.00**	**$0.00**	**$495,515,000.00**	**$495,515,000.00**	**$0.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$31,702,427.02	$31,653,678.35	$48,748.67	$31,702,427.02	$31,653,678.35	$48,748.67
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$124,499.00	$131,188.00	($6,689.00)	$124,499.00	$131,188.00	($6,689.00)
Accum Prov - Pension & Benefit	$19,954,662.00	$20,002,464.00	($47,802.00)	$19,954,662.00	$20,002,464.00	($47,802.00)
Accum Misc Operating Provision	$1,374,434.54	$1,395,926.12	($21,491.58)	$1,374,434.54	$1,395,926.12	($21,491.58)
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$53,156,022.56**	**$53,183,256.47**	**($27,233.91)**	**$53,156,022.56**	**$53,183,256.47**	**($27,233.91)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$23,960,763.08	$27,818,193.47	($3,857,430.39)	$23,960,763.08	$27,818,193.47	($3,857,430.39)
NP to Associated Cos	$18,525,000.00	$18,525,000.00	$0.00	$18,525,000.00	$18,525,000.00	$0.00
AP to Associated Cos	$18,607,755.37	$42,454,001.04	($23,846,245.67)	$18,607,755.37	$42,454,001.04	($23,846,245.67)
Customer Deposits	$3,346,562.68	$3,369,186.68	($22,624.00)	$3,346,562.68	$3,369,186.68	($22,624.00)
Taxes Accrued	$10,621,516.47	($838,023.90)	$11,459,540.37	$10,621,516.47	($838,023.90)	$11,459,540.37
Interest Accrued	$280,974.82	$322,894.81	($41,919.99)	$280,974.82	$322,894.81	($41,919.99)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$163,120.61	$62,115.33	$101,005.28	$163,120.61	$62,115.33	$101,005.28
Misc Current & Accrued Liab	$54,813,531.25	$66,427,283.26	($11,613,752.01)	$54,813,531.25	$66,427,283.26	($11,613,752.01)
Obligation Cap Lease - Current	$723,587.87	$802,181.94	($78,594.07)	$723,587.87	$802,181.94	($78,594.07)
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$131,042,812.15**	**$158,942,832.63**	**($27,900,020.48)**	**$131,042,812.15**	**$158,942,832.63**	**($27,900,020.48)**
Deferred Credits						
Customer Adv. for Construction	$8,162,763.38	$8,163,421.12	($657.74)	$8,162,763.38	$8,163,421.12	($657.74)
Acc Defd Investment Tax Credit	$2,792,324.00	$2,822,344.00	($30,020.00)	$2,792,324.00	$2,822,344.00	($30,020.00)

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
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	Month: *Jan - 2016*	Previous Month	Variance	Month: *Jan - 2016*	December of Previous Year	Variance
Other Deferred Credits	$10,506,708.37	$10,520,567.41	($13,859.04)	$10,506,708.37	$10,520,567.41	($13,859.04)
Other Regulatory Liabilities	$45,053,506.37	$46,193,355.97	($1,139,849.60)	$45,053,506.37	$46,193,355.97	($1,139,849.60)
Accum Defer Inc Tax - Oth Prop	$545,472,282.25	$541,321,567.45	$4,150,714.80	$545,472,282.25	$541,321,567.45	$4,150,714.80
Accum Defer Inc Tax - Other	$7,570,753.04	$8,418,759.10	($848,006.06)	$7,570,753.04	$8,418,759.10	($848,006.06)
Deferred Credits	**$619,558,337.41**	**$617,440,015.05**	**$2,118,322.36**	**$619,558,337.41**	**$617,440,015.05**	**$2,118,322.36**
Total Liabilities and Equity	**$1,923,192,670.16**	**$1,928,028,039.97**	**($4,835,369.81)**	**$1,923,192,670.16**	**$1,928,028,039.97**	**($4,835,369.81)**

Columbia Gas of Pennsylvania
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	Month: *Feb - 2016*	Previous Month	Variance	Month: *Feb - 2016*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$1,802,004,280.77	$1,805,618,758.16	($3,614,477.39)	$1,802,004,280.77	$1,801,815,646.80	$188,633.97
Construction Work In Progress	$31,439,614.26	$24,299,847.74	$7,139,766.52	$31,439,614.26	$20,600,882.54	$10,838,731.72
Total Utility Plant	**$1,833,443,895.03**	**$1,829,918,605.90**	**$3,525,289.13**	**$1,833,443,895.03**	**$1,822,416,529.34**	**$11,027,365.69**
Accum Prov - Amort and Depr	($378,527,024.01)	($375,281,392.91)	($3,245,631.10)	($378,527,024.01)	($372,792,109.96)	($5,734,914.05)
Net Utility Plant	**$1,454,916,871.02**	**$1,454,637,212.99**	**$279,658.03**	**$1,454,916,871.02**	**$1,449,624,419.38**	**$5,292,451.64**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,455,648,743.27**	**$1,455,369,085.24**	**$279,658.03**	**$1,455,648,743.27**	**$1,450,356,291.63**	**$5,292,451.64**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$18,908,962.35	$18,817,244.83	$91,717.52	$18,908,962.35	$18,747,420.33	$161,542.02
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$7,269,385.48	$7,103,599.96	$165,785.52	$7,269,385.48	$6,951,631.00	$317,754.48
Other Property and Investments	**$26,186,694.32**	**$25,929,191.28**	**$257,503.04**	**$26,186,694.32**	**$25,707,397.82**	**$479,296.50**
Current and Accrued Assets						
Cash	$4,968,811.24	$2,829,561.97	$2,139,249.27	$4,968,811.24	$2,007,674.17	$2,961,137.07
Special Deposits	-	-	-	-	-	-
Working Funds	$2,550.00	$2,550.00	$0.00	$2,550.00	$2,550.00	$0.00
Temp Cash Investments	$294,843.69	$0.00	$294,843.69	$294,843.69	$0.00	$294,843.69
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other Accounts Receivable	$0.10	$0.10	$0.00	$0.10	$0.16	($0.06)
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$21,269,252.04	$39,945,426.94	($18,676,174.90)	$21,269,252.04	$32,093,842.58	($10,824,590.54)
AR from Associated Cos	$42,507,543.32	$211,425.66	$42,296,117.66	$42,507,543.32	$165,777.31	$42,341,766.01
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$753,077.66	$750,084.17	$2,993.49	$753,077.66	$750,306.70	$2,770.96
Merchandise	-	-	-	-	-	-
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$38,040,534.32	$55,407,966.46	($17,367,432.14)	$38,040,534.32	$79,249,491.96	($41,208,957.64)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$2,641,536.26	$2,420,498.81	$221,037.45	$2,641,536.26	$2,871,890.98	($230,354.72)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$207,136.23	$206,568.14	$568.09	$207,136.23	$24,130.23	$183,006.00
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$110,685,284.86**	**$101,774,082.25**	**$8,911,202.61**	**$110,685,284.86**	**$117,165,664.09**	**($6,480,379.23)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$271,694,556.85	$271,704,213.18	($9,656.33)	$271,694,556.85	$271,735,885.80	($41,328.95)
Preliminary Surveys	$3,230,652.43	$3,154,610.82	$76,041.61	$3,230,652.43	$3,059,484.05	$171,168.38
Clearing Accounts	$5,898.49	$2,621.17	$3,277.32	$5,898.49	$0.00	$5,898.49

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
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	Month: *Feb - 2016*	Previous Month	Variance	Month: *Feb - 2016*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$8,165,825.15	$8,166,659.20	($834.05)	$8,165,825.15	$8,070,526.52	$95,298.63
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$65,898,880.40	$66,883,665.70	($984,785.30)	$65,898,880.40	$67,356,767.32	($1,457,886.92)
Unrecovered Purchase Gas Costs	($9,468,087.51)	($9,791,458.68)	$323,371.17	($9,468,087.51)	($15,423,977.26)	$5,955,889.75
Deferred Debits	**$339,527,725.81**	**$340,120,311.39**	**($592,585.58)**	**$339,527,725.81**	**$334,798,686.43**	**$4,729,039.38**
Assets and Other Debits	**$1,932,048,448.26**	**$1,923,192,670.16**	**$8,855,778.10**	**$1,932,048,448.26**	**$1,928,028,039.97**	**$4,020,408.29**
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	$7,889,827.00	$7,889,827.00	$0.00	$7,889,827.00	$7,889,827.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$589,866,301.26	$570,902,871.04	$18,963,430.22	$589,866,301.26	$549,929,308.82	$39,936,992.44
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$642,883,928.26**	**$623,920,498.04**	**$18,963,430.22**	**$642,883,928.26**	**$602,946,935.82**	**$39,936,992.44**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$495,515,000.00	$495,515,000.00	$0.00	$495,515,000.00	$495,515,000.00	$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$495,515,000.00**	**$495,515,000.00**	**$0.00**	**$495,515,000.00**	**$495,515,000.00**	**$0.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$21,470,999.37	$31,702,427.02	($10,231,427.65)	$21,470,999.37	$31,653,678.35	($10,182,678.98)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$112,821.00	$124,499.00	($11,678.00)	$112,821.00	$131,188.00	($18,367.00)
Accum Prov - Pension & Benefit	$19,906,860.00	$19,954,662.00	($47,802.00)	$19,906,860.00	$20,002,464.00	($95,604.00)
Accum Misc Operating Provision	$1,374,434.54	$1,374,434.54	$0.00	$1,374,434.54	$1,395,926.12	($21,491.58)
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$42,865,114.91**	**$53,156,022.56**	**($10,290,907.65)**	**$42,865,114.91**	**$53,183,256.47**	**($10,318,141.56)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$31,410,524.26	$23,960,763.08	$7,449,761.18	$31,410,524.26	$27,818,193.47	$3,592,330.79
NP to Associated Cos	$18,525,000.00	$18,525,000.00	$0.00	$18,525,000.00	$18,525,000.00	$0.00
AP to Associated Cos	$17,218,607.93	$18,607,755.37	($1,389,147.44)	$17,218,607.93	$42,454,001.04	($25,235,393.11)
Customer Deposits	$3,301,328.68	$3,346,562.68	($45,234.00)	$3,301,328.68	$3,369,186.68	($67,858.00)
Taxes Accrued	$18,749,242.68	$10,621,516.47	$8,127,726.21	$18,749,242.68	($838,023.90)	$19,587,266.58
Interest Accrued	$285,914.71	$280,974.82	$4,939.89	$285,914.71	$322,894.81	($36,980.10)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$253,573.45	$163,120.61	$90,452.84	$253,573.45	$62,115.33	$191,458.12
Misc Current & Accrued Liab	$39,401,623.01	$54,813,531.25	($15,411,908.24)	$39,401,623.01	$66,427,283.26	($27,025,660.25)
Obligation Cap Lease - Current	$587,475.92	$723,587.87	($136,111.95)	$587,475.92	$802,181.94	($214,706.02)
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$129,733,290.64**	**$131,042,812.15**	**($1,309,521.51)**	**$129,733,290.64**	**$158,942,832.63**	**($29,209,541.99)**
Deferred Credits						
Customer Adv. for Construction	$8,123,582.35	$8,162,763.38	($39,181.03)	$8,123,582.35	$8,163,421.12	($39,838.77)
Acc Defd Investment Tax Credit	$2,762,304.00	$2,792,324.00	($30,020.00)	$2,762,304.00	$2,822,344.00	($60,040.00)

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
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	Month: *Feb - 2016*	Previous Month	Variance	Month: *Feb - 2016*	December of Previous Year	Variance
Other Deferred Credits	$10,332,218.45	$10,506,708.37	($174,489.92)	$10,332,218.45	$10,520,567.41	($188,348.96)
Other Regulatory Liabilities	$42,431,482.96	$45,053,506.37	($2,622,023.41)	$42,431,482.96	$46,193,355.97	($3,761,873.01)
Accum Defer Inc Tax - Oth Prop	$549,633,273.19	$545,472,282.25	$4,160,990.94	$549,633,273.19	$541,321,567.45	$8,311,705.74
Accum Defer Inc Tax - Other	$7,768,253.50	$7,570,753.04	$197,500.46	$7,768,253.50	$8,418,759.10	($650,505.60)
Deferred Credits	**$621,051,114.45**	**$619,558,337.41**	**$1,492,777.04**	**$621,051,114.45**	**$617,440,015.05**	**$3,611,099.40**
Total Liabilities and Equity	**$1,932,048,448.26**	**$1,923,192,670.16**	**$8,855,778.10**	**$1,932,048,448.26**	**$1,928,028,039.97**	**$4,020,408.29**

All Companies
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Mar - 2016
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	Month: *Mar - 2016*	Previous Month	Variance	Month: *Mar - 2016*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$8,872,033,285.74	$8,821,687,383.82	$50,345,901.92	$8,872,033,285.74	$8,768,240,377.82	$103,792,907.92
Construction Work In Progress	$115,969,584.80	$107,135,293.05	$8,834,291.75	$115,969,584.80	$86,334,641.47	$29,634,943.33
Total Utility Plant	**$8,988,002,870.54**	**$8,928,822,676.87**	**$59,180,193.67**	**$8,988,002,870.54**	**$8,854,575,019.29**	**$133,427,851.25**
Accum Prov - Amort and Depr	($2,558,181,183.20)	($2,547,234,964.10)	($10,946,219.10)	($2,558,181,183.20)	($2,518,165,535.40)	($40,015,647.80)
Net Utility Plant	**$6,429,821,687.34**	**$6,381,587,712.77**	**$48,233,974.57**	**$6,429,821,687.34**	**$6,336,409,483.89**	**$93,412,203.45**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$6,430,553,559.59**	**$6,382,319,585.02**	**$48,233,974.57**	**$6,430,553,559.59**	**$6,337,141,356.14**	**$93,412,203.45**
Other Property and Investments						
Non Utility Other Property	$238,526.45	$238,526.45	$0.00	$238,526.45	$238,526.45	$0.00
Accum Prov - Deprec Oth Plant	($192,133.83)	($192,133.83)	$0.00	($192,133.83)	($192,133.83)	$0.00
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$53,870,529.64	$53,694,967.04	$175,562.60	$53,870,529.64	$53,284,087.35	$586,442.29
Other Investments	$25,000.00	$25,000.00	$0.00	$25,000.00	$25,000.00	$0.00
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$31,137,344.74	$31,289,650.44	($152,305.70)	$31,137,344.74	$29,954,515.00	$1,182,829.74
Other Property and Investments	**$85,079,267.00**	**$85,056,010.10**	**$23,256.90**	**$85,079,267.00**	**$83,309,994.97**	**$1,769,272.03**
Current and Accrued Assets						
Cash	$16,735,224.08	$25,579,296.15	($8,844,072.07)	$16,735,224.08	$10,439,930.97	$6,295,293.11
Special Deposits	$10,000.00	$10,000.00	$0.00	$10,000.00	$10,000.00	$0.00
Working Funds	$9,015.00	$9,015.00	$0.00	$9,015.00	$9,015.00	$0.00
Temp Cash Investments	$2,530,274.46	$3,258,533.37	($728,258.91)	$2,530,274.46	$3,822,474.06	($1,292,199.60)
Notes Receivable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Customer Accounts Receivable	$81,434,649.91	$101,778,232.14	($20,343,582.23)	$81,434,649.91	$72,359,840.46	$9,074,809.45
Other Accounts Receivable	$35,434,084.40	$42,548,265.50	($7,114,181.10)	$35,434,084.40	$39,091,628.75	($3,657,544.35)
Accum Prov Uncollectible - Cr	($10,205,827.72)	($8,891,664.64)	($1,314,163.08)	($10,205,827.72)	($5,335,115.83)	($4,870,711.89)
NR from Associated Cos	$3,904,018.33	$37,936,615.02	($34,032,596.69)	$3,904,018.33	$58,482,206.12	($54,578,187.79)
AR from Associated Cos	$184,261,425.34	$101,687,462.15	$82,573,963.19	$184,261,425.34	$67,942,507.55	$116,318,917.79
Fuel Stock	$4,095,792.07	$4,106,031.83	($10,239.76)	$4,095,792.07	$4,395,794.58	($300,002.51)
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Plant Materials & Supplies	$2,290,482.24	$2,276,496.36	$13,985.88	$2,290,482.24	$2,239,223.89	$51,258.35
Merchandise	$0.00	$0.00	$0.00	$0.00	$1,683.44	($1,683.44)
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Gas Stored Underground - Curr	$69,727,880.59	$100,153,578.70	($30,425,698.11)	$69,727,880.59	$234,403,701.80	($164,675,821.21)
LNG Stored & Held for Process	$737,322.67	$895,137.03	($157,814.36)	$737,322.67	$932,312.88	($194,990.21)
Prepayments	$14,448,904.34	$13,228,516.76	$1,220,387.58	$14,448,904.34	$13,665,886.51	$783,017.83
Interest & Dividends Rec	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Rent Receivable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Accrued Utility Revenues	$38,545,992.52	$62,754,943.78	($24,208,951.26)	$38,545,992.52	$55,314,341.31	($16,768,348.79)
Misc Current & Accrued Assets	$101,624,807.25	$109,442,418.84	($7,817,611.59)	$101,624,807.25	$74,285,359.09	$27,339,448.16
Derivative Instrument Assets	$222,930.62	$8,010.00	$214,920.62	$222,930.62	$560.00	$222,370.62
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$545,806,976.10**	**$596,780,887.99**	**($50,973,911.89)**	**$545,806,976.10**	**$632,061,350.58**	**($86,254,374.48)**
Deferred Debits						
Unamortized Debt Expense	$2,979,121.00	$3,001,220.00	($22,099.00)	$2,979,121.00	$0.00	$2,979,121.00
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$826,307,177.45	$810,621,821.71	$15,685,355.74	$826,307,177.45	$804,414,207.65	$21,892,969.80
Preliminary Surveys	$12,626,406.44	$12,460,629.59	$165,776.85	$12,626,406.44	$11,965,567.23	$660,839.21
Clearing Accounts	$50,499.23	$22,911.31	$27,587.92	$50,499.23	$0.00	$50,499.23

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	Month: *Mar - 2016*	Previous Month	Variance	Month: *Mar - 2016*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$46,163,590.46	$45,959,723.46	$203,867.00	$46,163,590.46	$45,090,735.06	$1,072,855.40
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$198,640,383.08	$201,981,135.25	($3,340,752.17)	$198,640,383.08	$202,553,497.63	($3,913,114.55)
Unrecovered Purchase Gas Costs	($3,127,829.94)	($2,727,003.92)	($400,826.02)	($3,127,829.94)	($8,828,059.54)	$5,700,229.60
Deferred Debits	**$1,083,639,347.72**	**$1,071,320,437.40**	**$12,318,910.32**	**$1,083,639,347.72**	**$1,055,195,948.03**	**$28,443,399.69**
Assets and Other Debits	**$8,145,079,150.41**	**$8,135,476,920.51**	**$9,602,229.90**	**$8,145,079,150.41**	**$8,107,708,649.72**	**$37,370,500.69**
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$293,551,101.00	$293,551,101.00	$0.00	$293,551,101.00	$293,551,101.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	$413,658,557.37	$413,658,557.37	$0.00	$413,658,557.37	$413,658,557.37	$0.00
Other Paid-in Capital	$113,857,342.68	$113,857,342.68	$0.00	$113,857,342.68	$113,857,342.68	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$1,763,572,102.82	$1,731,362,234.45	$32,209,868.37	$1,763,572,102.82	$1,616,057,341.97	$147,514,760.85
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	($8,119,247.92)	($8,260,305.82)	$141,057.90	($8,119,247.92)	($8,481,914.30)	$362,666.38
Proprietary Capital	**$2,576,519,855.95**	**$2,544,168,929.68**	**$32,350,926.27**	**$2,576,519,855.95**	**$2,428,642,428.72**	**$147,877,427.23**
Long Term Debt						
Bonds	$40,000,000.00	$40,000,000.00	$0.00	$40,000,000.00	$40,000,000.00	$0.00
Advances from Associated Cos	$1,802,946,000.00	$1,757,946,000.00	$45,000,000.00	$1,802,946,000.00	$1,762,156,000.00	$40,790,000.00
Other Long Term Debt	$219,400,000.00	$219,400,000.00	$0.00	$219,400,000.00	$219,400,000.00	$0.00
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	$0.00	$0.00	$0.00	$0.00	($3,045,418.00)	$3,045,418.00
Long Term Debt	**$2,062,346,000.00**	**$2,017,346,000.00**	**$45,000,000.00**	**$2,062,346,000.00**	**$2,018,510,582.00**	**$43,835,418.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$128,619,201.43	$128,934,670.78	($315,469.35)	$128,619,201.43	$138,622,817.26	($10,003,615.83)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$1,075,674.00	$811,945.00	$263,729.00	$1,075,674.00	$761,697.00	$313,977.00
Accum Prov - Pension & Benefit	$120,651,567.19	$120,928,847.68	($277,280.49)	$120,651,567.19	$122,213,647.00	($1,562,079.81)
Accum Misc Operating Provision	$6,624,284.23	$5,829,134.79	$795,149.44	$6,624,284.23	$5,930,094.60	$694,189.63
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$256,970,726.85**	**$256,504,598.25**	**$466,128.60**	**$256,970,726.85**	**$267,528,255.86**	**($10,557,529.01)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	$35,000,000.00	$35,000,000.00	$0.00	$35,000,000.00	$35,000,000.00	$0.00
Notes Payable	-	-	-	-	-	-
Accounts Payable	$200,335,016.88	$243,970,937.59	($43,635,920.71)	$200,335,016.88	$195,758,136.81	$4,576,880.07
NP to Associated Cos	$73,156,311.13	$67,985,000.00	$5,171,311.13	$73,156,311.13	$74,525,000.00	($1,368,688.87)
AP to Associated Cos	$220,564,582.52	$204,704,850.68	$15,859,731.84	$220,564,582.52	$275,111,147.40	($54,546,564.88)
Customer Deposits	$31,700,499.22	$32,128,950.39	($428,451.17)	$31,700,499.22	$31,997,846.80	($297,347.58)
Taxes Accrued	$135,115,431.48	$128,858,697.97	$6,256,733.51	$135,115,431.48	$110,027,584.73	$25,087,846.75
Interest Accrued	$2,492,851.50	$2,270,037.60	$222,813.90	$2,492,851.50	$2,831,748.96	($338,897.46)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$3,049,381.34	$4,271,432.55	($1,222,051.21)	$3,049,381.34	$2,893,418.69	$155,962.65
Misc Current & Accrued Liab	$230,960,101.67	$301,004,772.86	($70,044,671.19)	$230,960,101.67	$395,072,341.02	($164,112,239.35)
Obligation Cap Lease - Current	$3,274,092.28	$3,185,161.41	$88,930.87	$3,274,092.28	$3,475,726.67	($201,634.39)
Derivative Liability	$1,460,580.00	$2,050,620.00	($590,040.00)	$1,460,580.00	$2,579,090.00	($1,118,510.00)
Derivative Liability - Hedge	$99,790.00	$169,520.00	($69,730.00)	$99,790.00	$328,230.00	($228,440.00)
Current & Accrued Liabilities	**$937,208,638.02**	**$1,025,599,981.05**	**($88,391,343.03)**	**$937,208,638.02**	**$1,129,600,271.08**	**($192,391,633.06)**
Deferred Credits						
Customer Adv. for Construction	$43,216,554.80	$43,052,128.69	$164,426.11	$43,216,554.80	$42,819,455.27	$397,099.53
Acc Defd Investment Tax Credit	$11,121,078.00	$11,204,621.00	($83,543.00)	$11,121,078.00	$11,371,707.00	($250,629.00)

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	Month: *Mar - 2016*	Previous Month	Variance	Month: *Mar - 2016*	December of Previous Year	Variance
Other Deferred Credits	$61,804,110.74	$61,475,895.07	$328,215.67	$61,804,110.74	$61,865,031.09	($60,920.35)
Other Regulatory Liabilities	$112,329,636.02	$111,818,750.20	$510,885.82	$112,329,636.02	$124,770,289.35	($12,440,653.33)
Accum Defer Inc Tax - Oth Prop	$1,827,210,819.10	$1,813,215,943.57	$13,994,875.53	$1,827,210,819.10	$1,785,231,698.57	$41,979,120.53
Accum Defer Inc Tax - Other	$256,351,731.07	$251,090,073.14	$5,261,657.93	$256,351,731.07	$237,368,930.92	$18,982,800.15
Deferred Credits	**$2,312,033,929.73**	**$2,291,857,411.67**	**$20,176,518.06**	**$2,312,033,929.73**	**$2,263,427,112.20**	**$48,606,817.53**
Total Liabilities and Equity	**$8,145,079,150.55**	**$8,135,476,920.65**	**$9,602,229.90**	**$8,145,079,150.55**	**$8,107,708,649.86**	**$37,370,500.69**

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	Month: *Apr - 2016*	Previous Month	Variance	Month: *Apr - 2016*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$1,830,828,345.22	$1,820,539,150.31	$10,289,194.91	$1,830,828,345.22	$1,801,815,646.80	$29,012,698.42
Construction Work In Progress	$38,909,193.78	$29,124,367.64	$9,784,826.14	$38,909,193.78	$20,600,882.54	$18,308,311.24
Total Utility Plant	**$1,869,737,539.00**	**$1,849,663,517.95**	**$20,074,021.05**	**$1,869,737,539.00**	**$1,822,416,529.34**	**$47,321,009.66**
Accum Prov - Amort and Depr	($385,111,192.65)	($381,266,226.61)	($3,844,966.04)	($385,111,192.65)	($372,792,109.96)	($12,319,082.69)
Net Utility Plant	**$1,484,626,346.35**	**$1,468,397,291.34**	**$16,229,055.01**	**$1,484,626,346.35**	**$1,449,624,419.38**	**$35,001,926.97**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,485,358,218.60**	**$1,469,129,163.59**	**$16,229,055.01**	**$1,485,358,218.60**	**$1,450,356,291.63**	**$35,001,926.97**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$19,007,595.67	$18,959,152.66	$48,443.01	$19,007,595.67	$18,747,420.33	$260,175.34
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$7,373,204.01	$7,221,682.27	$151,521.74	$7,373,204.01	$6,951,631.00	$421,573.01
Other Property and Investments	**$26,389,146.17**	**$26,189,181.42**	**$199,964.75**	**$26,389,146.17**	**$25,707,397.82**	**$681,748.35**
Current and Accrued Assets						
Cash	$1,262,332.50	$1,610,144.89	($347,812.39)	$1,262,332.50	$2,007,674.17	($745,341.67)
Special Deposits	-	-	-	-	-	-
Working Funds	$2,550.00	$2,550.00	$0.00	$2,550.00	$2,550.00	$0.00
Temp Cash Investments	$482,913.70	$533,624.69	($50,710.99)	$482,913.70	$0.00	$482,913.70
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.16	($0.16)
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$15,146,225.52	$3,904,018.33	$11,242,207.19	$15,146,225.52	$32,093,842.58	($16,947,617.06)
AR from Associated Cos	$86,231,666.51	$108,612,590.36	($22,380,923.85)	$86,231,666.51	$165,777.31	$86,065,889.20
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$737,953.15	$753,106.12	($15,152.97)	$737,953.15	$750,306.70	($12,353.55)
Merchandise	-	-	-	-	-	-
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$32,776,115.43	$28,188,487.89	$4,587,627.54	$32,776,115.43	$79,249,491.96	($46,473,376.53)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$1,599,940.86	$2,972,868.13	($1,372,927.27)	$1,599,940.86	$2,871,890.98	($1,271,950.12)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$514,773.84	$218,391.18	$296,382.66	$514,773.84	$24,130.23	$490,643.61
Derivative Instrument Assets	$139,455.07	$176,220.62	($36,765.55)	$139,455.07	$0.00	$139,455.07
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$138,893,926.58**	**$146,972,002.21**	**($8,078,075.63)**	**$138,893,926.58**	**$117,165,664.09**	**$21,728,262.49**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$271,684,738.44	$271,623,649.15	$61,089.29	$271,684,738.44	$271,735,885.80	($51,147.36)
Preliminary Surveys	$3,280,275.22	$3,306,629.98	($26,354.76)	$3,280,275.22	$3,059,484.05	$220,791.17
Clearing Accounts	($951.98)	$542.28	($1,494.26)	($951.98)	$0.00	($951.98)

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	Month: *Apr - 2016*	Previous Month	Variance	Month: *Apr - 2016*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$8,156,572.30	$8,130,023.05	$26,549.25	$8,156,572.30	$8,070,526.52	$86,045.78
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$64,866,574.95	$64,181,307.93	$685,267.02	$64,866,574.95	$67,356,767.32	($2,490,192.37)
Unrecovered Purchase Gas Costs	($9,984,753.39)	($6,773,987.21)	($3,210,766.18)	($9,984,753.39)	($15,423,977.26)	$5,439,223.87
Deferred Debits	**$338,002,455.54**	**$340,468,165.18**	**($2,465,709.64)**	**$338,002,455.54**	**$334,798,686.43**	**$3,203,769.11**
Assets and Other Debits	**$1,988,643,746.89**	**$1,982,758,512.40**	**$5,885,234.49**	**$1,988,643,746.89**	**$1,928,028,039.97**	**$60,615,706.92**
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	$7,889,827.00	$7,889,827.00	$0.00	$7,889,827.00	$7,889,827.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$605,778,558.01	$600,886,333.80	$4,892,224.21	$605,778,558.01	$549,929,308.82	$55,849,249.19
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$658,796,185.01**	**$653,903,960.80**	**$4,892,224.21**	**$658,796,185.01**	**$602,946,935.82**	**$55,849,249.19**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$540,515,000.00	$540,515,000.00	$0.00	$540,515,000.00	$495,515,000.00	$45,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$540,515,000.00**	**$540,515,000.00**	**$0.00**	**$540,515,000.00**	**$495,515,000.00**	**$45,000,000.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$21,381,409.57	$21,418,540.24	($37,130.67)	$21,381,409.57	$31,653,678.35	($10,272,268.78)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$74,202.00	$81,712.00	($7,510.00)	$74,202.00	$131,188.00	($56,986.00)
Accum Prov - Pension & Benefit	$19,811,256.00	$19,859,058.00	($47,802.00)	$19,811,256.00	$20,002,464.00	($191,208.00)
Accum Misc Operating Provision	$1,551,774.92	$1,574,870.35	($23,095.43)	$1,551,774.92	$1,395,926.12	$155,848.80
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$42,818,642.49**	**$42,934,180.59**	**($115,538.10)**	**$42,818,642.49**	**$53,183,256.47**	**($10,364,613.98)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$32,455,893.11	$29,759,749.75	$2,696,143.36	$32,455,893.11	$27,818,193.47	$4,637,699.64
NP to Associated Cos	$18,525,000.00	$18,525,000.00	$0.00	$18,525,000.00	$18,525,000.00	$0.00
AP to Associated Cos	$21,697,266.13	$19,467,901.56	$2,229,364.57	$21,697,266.13	$42,454,001.04	($20,756,734.91)
Customer Deposits	$3,195,068.68	$3,241,782.68	($46,714.00)	$3,195,068.68	$3,369,186.68	($174,118.00)
Taxes Accrued	$20,227,952.51	$20,058,339.38	$169,613.13	$20,227,952.51	($838,023.90)	$21,065,976.41
Interest Accrued	$296,414.22	$291,581.32	$4,832.90	$296,414.22	$322,894.81	($26,480.59)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$67,298.87	($35,776.76)	$103,075.63	$67,298.87	$62,115.33	$5,183.54
Misc Current & Accrued Liab	$22,313,113.01	$29,161,787.06	($6,848,674.05)	$22,313,113.01	$66,427,283.26	($44,114,170.25)
Obligation Cap Lease - Current	$612,075.84	$609,782.09	$2,293.75	$612,075.84	$802,181.94	($190,106.10)
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$119,390,082.37**	**$121,080,147.08**	**($1,690,064.71)**	**$119,390,082.37**	**$158,942,832.63**	**($39,552,750.26)**
Deferred Credits						
Customer Adv. for Construction	$8,124,076.84	$8,125,819.32	($1,742.48)	$8,124,076.84	$8,163,421.12	($39,344.28)
Acc Defd Investment Tax Credit	$2,702,264.00	$2,732,284.00	($30,020.00)	$2,702,264.00	$2,822,344.00	($120,080.00)

Columbia Gas of Pennsylvania
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	Month: *Apr - 2016*	Previous Month	Variance	Month: *Apr - 2016*	December of Previous Year	Variance
Other Deferred Credits	$10,221,132.54	$10,250,882.54	($29,750.00)	$10,221,132.54	$10,520,567.41	($299,434.87)
Other Regulatory Liabilities	$40,427,476.34	$41,338,492.51	($911,016.17)	$40,427,476.34	$46,193,355.97	($5,765,879.63)
Accum Defer Inc Tax - Oth Prop	$557,963,248.18	$553,792,178.91	$4,171,069.27	$557,963,248.18	$541,321,567.45	$16,641,680.73
Accum Defer Inc Tax - Other	$7,685,639.12	$8,085,566.65	($399,927.53)	$7,685,639.12	$8,418,759.10	($733,119.98)
Deferred Credits	**$627,123,837.02**	**$624,325,223.93**	**$2,798,613.09**	**$627,123,837.02**	**$617,440,015.05**	**$9,683,821.97**
Total Liabilities and Equity	**$1,988,643,746.89**	**$1,982,758,512.40**	**$5,885,234.49**	**$1,988,643,746.89**	**$1,928,028,039.97**	**$60,615,706.92**

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	Month: *May - 2016*	Previous Month	Variance	Month: *May - 2016*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$1,844,285,993.76	$1,830,828,345.22	$13,457,648.54	$1,844,285,993.76	$1,801,815,646.80	$42,470,346.96
Construction Work In Progress	$43,313,236.02	$38,909,193.78	$4,404,042.24	$43,313,236.02	$20,600,882.54	$22,712,353.48
Total Utility Plant	**$1,887,599,229.78**	**$1,869,737,539.00**	**$17,861,690.78**	**$1,887,599,229.78**	**$1,822,416,529.34**	**$65,182,700.44**
Accum Prov - Amort and Depr	($386,683,737.81)	($385,111,192.65)	($1,572,545.16)	($386,683,737.81)	($372,792,109.96)	($13,891,627.85)
Net Utility Plant	**$1,500,915,491.97**	**$1,484,626,346.35**	**$16,289,145.62**	**$1,500,915,491.97**	**$1,449,624,419.38**	**$51,291,072.59**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,501,647,364.22**	**$1,485,358,218.60**	**$16,289,145.62**	**$1,501,647,364.22**	**$1,450,356,291.63**	**$51,291,072.59**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$19,043,399.46	$19,007,595.67	$35,803.79	$19,043,399.46	$18,747,420.33	$295,979.13
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$7,667,150.62	$7,373,204.01	$293,946.61	$7,667,150.62	$6,951,631.00	$715,519.62
Other Property and Investments	**$26,718,896.57**	**$26,389,146.17**	**$329,750.40**	**$26,718,896.57**	**$25,707,397.82**	**$1,011,498.75**
Current and Accrued Assets						
Cash	$2,294,298.29	$1,262,332.50	$1,031,965.79	$2,294,298.29	$2,007,674.17	$286,624.12
Special Deposits	-	-	-	-	-	-
Working Funds	$2,550.00	$2,550.00	$0.00	$2,550.00	$2,550.00	$0.00
Temp Cash Investments	$238,736.57	$482,913.70	($244,177.13)	$238,736.57	$0.00	$238,736.57
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.16	($0.16)
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$18,230,594.37	$15,146,225.52	$3,084,368.85	$18,230,594.37	$32,093,842.58	($13,863,248.21)
AR from Associated Cos	$60,280,948.35	$86,231,666.51	($25,950,718.16)	$60,280,948.35	$165,777.31	$60,115,171.04
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$740,713.94	$737,953.15	$2,760.79	$740,713.94	$750,306.70	($9,592.76)
Merchandise	$24.50	$0.00	$24.50	$24.50	$0.00	$24.50
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$38,772,479.50	$32,776,115.43	$5,996,364.07	$38,772,479.50	$79,249,491.96	($40,477,012.46)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$1,014,473.14	$1,599,940.86	($585,467.72)	$1,014,473.14	$2,871,890.98	($1,857,417.84)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$540,255.88	$514,773.84	$25,482.04	$540,255.88	$24,130.23	$516,125.65
Derivative Instrument Assets	$115,140.30	$139,455.07	($24,314.77)	$115,140.30	$0.00	$115,140.30
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$122,230,214.84**	**$138,893,926.58**	**($16,663,711.74)**	**$122,230,214.84**	**$117,165,664.09**	**$5,064,550.75**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$271,868,208.70	$271,684,738.44	$183,470.26	$271,868,208.70	$271,735,885.80	$132,322.90
Preliminary Surveys	$3,626,445.87	$3,280,275.22	$346,170.65	$3,626,445.87	$3,059,484.05	$566,961.82
Clearing Accounts	$2,163.47	($951.98)	$3,115.45	$2,163.47	$0.00	$2,163.47

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	Month: *May - 2016*	Previous Month	Variance	Month: *May - 2016*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$8,169,074.19	$8,156,572.30	$12,501.89	$8,169,074.19	$8,070,526.52	$98,547.67
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$66,020,286.57	$64,866,574.95	$1,153,711.62	$66,020,286.57	$67,356,767.32	($1,336,480.75)
Unrecovered Purchase Gas Costs	($7,480,040.69)	($9,984,753.39)	$2,504,712.70	($7,480,040.69)	($15,423,977.26)	$7,943,936.57
Deferred Debits	**$342,206,138.11**	**$338,002,455.54**	**$4,203,682.57**	**$342,206,138.11**	**$334,798,686.43**	**$7,407,451.68**
Assets and Other Debits	**$1,992,802,613.74**	**$1,988,643,746.89**	**$4,158,866.85**	**$1,992,802,613.74**	**$1,928,028,039.97**	**$64,774,573.77**
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	$7,889,827.00	$7,889,827.00	$0.00	$7,889,827.00	$7,889,827.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$605,128,292.75	$605,778,558.01	($650,265.26)	$605,128,292.75	$549,929,308.82	$55,198,983.93
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$658,145,919.75**	**$658,796,185.01**	**($650,265.26)**	**$658,145,919.75**	**$602,946,935.82**	**$55,198,983.93**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$540,515,000.00	$540,515,000.00	$0.00	$540,515,000.00	$495,515,000.00	$45,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$540,515,000.00**	**$540,515,000.00**	**$0.00**	**$540,515,000.00**	**$495,515,000.00**	**$45,000,000.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$21,344,086.42	$21,381,409.57	($37,323.15)	$21,344,086.42	$31,653,678.35	($10,309,591.93)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$88,096.00	$74,202.00	$13,894.00	$88,096.00	$131,188.00	($43,092.00)
Accum Prov - Pension & Benefit	$19,763,454.00	$19,811,256.00	($47,802.00)	$19,763,454.00	$20,002,464.00	($239,010.00)
Accum Misc Operating Provision	$1,520,560.96	$1,551,774.92	($31,213.96)	$1,520,560.96	$1,395,926.12	$124,634.84
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$42,716,197.38**	**$42,818,642.49**	**($102,445.11)**	**$42,716,197.38**	**$53,183,256.47**	**($10,467,059.09)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$33,590,267.09	$32,455,893.11	$1,134,373.98	$33,590,267.09	$27,818,193.47	$5,772,073.62
NP to Associated Cos	$18,525,000.00	$18,525,000.00	$0.00	$18,525,000.00	$18,525,000.00	$0.00
AP to Associated Cos	$22,458,669.39	$21,697,266.13	$761,403.26	$22,458,669.39	$42,454,001.04	($19,995,331.65)
Customer Deposits	$3,129,241.68	$3,195,068.68	($65,827.00)	$3,129,241.68	$3,369,186.68	($239,945.00)
Taxes Accrued	$16,315,046.69	$20,227,952.51	($3,912,905.82)	$16,315,046.69	($838,023.90)	$17,153,070.59
Interest Accrued	$300,784.45	$296,414.22	$4,370.23	$300,784.45	$322,894.81	($22,110.36)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$78,513.49	$67,298.87	$11,214.62	$78,513.49	$62,115.33	$16,398.16
Misc Current & Accrued Liab	$25,223,562.24	$22,313,113.01	$2,910,449.23	$25,223,562.24	$66,427,283.26	($41,203,721.02)
Obligation Cap Lease - Current	$614,386.02	$612,075.84	$2,310.18	$614,386.02	$802,181.94	($187,795.92)
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$120,235,471.05**	**$119,390,082.37**	**$845,388.68**	**$120,235,471.05**	**$158,942,832.63**	**($38,707,361.58)**
Deferred Credits						
Customer Adv. for Construction	$8,123,151.09	$8,124,076.84	($925.75)	$8,123,151.09	$8,163,421.12	($40,270.03)
Acc Defd Investment Tax Credit	$2,672,244.00	$2,702,264.00	($30,020.00)	$2,672,244.00	$2,822,344.00	($150,100.00)

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	Month: *May - 2016*	Previous Month	Variance	Month: *May - 2016*	December of Previous Year	Variance
Other Deferred Credits	$10,212,979.34	$10,221,132.54	($8,153.20)	$10,212,979.34	$10,520,567.41	($307,588.07)
Other Regulatory Liabilities	$40,270,433.64	$40,427,476.34	($157,042.70)	$40,270,433.64	$46,193,355.97	($5,922,922.33)
Accum Defer Inc Tax - Oth Prop	$562,177,387.40	$557,963,248.18	$4,214,139.22	$562,177,387.40	$541,321,567.45	$20,855,819.95
Accum Defer Inc Tax - Other	$7,733,830.09	$7,685,639.12	$48,190.97	$7,733,830.09	$8,418,759.10	($684,929.01)
Deferred Credits	**$631,190,025.56**	**$627,123,837.02**	**$4,066,188.54**	**$631,190,025.56**	**$617,440,015.05**	**$13,750,010.51**
Total Liabilities and Equity	**$1,992,802,613.74**	**$1,988,643,746.89**	**$4,158,866.85**	**$1,992,802,613.74**	**$1,928,028,039.97**	**$64,774,573.77**

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	Month: *Jun - 2016*	Previous Month	Variance	Month: *Jun - 2016*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$1,856,954,431.42	$1,844,285,993.76	$12,668,437.66	$1,856,954,431.42	$1,801,815,646.80	$55,138,784.62
Construction Work In Progress	$51,080,012.08	$43,313,236.02	$7,766,776.06	$51,080,012.08	$20,600,882.54	$30,479,129.54
Total Utility Plant	**$1,908,034,443.50**	**$1,887,599,229.78**	**$20,435,213.72**	**$1,908,034,443.50**	**$1,822,416,529.34**	**$85,617,914.16**
Accum Prov - Amort and Depr	($389,385,987.93)	($386,683,737.81)	($2,702,250.12)	($389,385,987.93)	($372,792,109.96)	($16,593,877.97)
Net Utility Plant	**$1,518,648,455.57**	**$1,500,915,491.97**	**$17,732,963.60**	**$1,518,648,455.57**	**$1,449,624,419.38**	**$69,024,036.19**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,519,380,327.82**	**$1,501,647,364.22**	**$17,732,963.60**	**$1,519,380,327.82**	**$1,450,356,291.63**	**$69,024,036.19**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$19,080,862.43	$19,043,399.46	$37,462.97	$19,080,862.43	$18,747,420.33	$333,442.10
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$7,601,831.56	$7,667,150.62	($65,319.06)	$7,601,831.56	$6,951,631.00	$650,200.56
Other Property and Investments	**$26,691,040.48**	**$26,718,896.57**	**($27,856.09)**	**$26,691,040.48**	**$25,707,397.82**	**$983,642.66**
Current and Accrued Assets						
Cash	$1,353,001.99	$2,294,298.29	($941,296.30)	$1,353,001.99	$2,007,674.17	($654,672.18)
Special Deposits	-	-	-	-	-	-
Working Funds	$2,550.00	$2,550.00	$0.00	$2,550.00	$2,550.00	$0.00
Temp Cash Investments	$128,226.67	$238,736.57	($110,509.90)	$128,226.67	$0.00	$128,226.67
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.16	($0.16)
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$9,984,984.85	$18,230,594.37	($8,245,609.52)	$9,984,984.85	$32,093,842.58	($22,108,857.73)
AR from Associated Cos	$29,938,954.33	$60,280,948.35	($30,341,994.02)	$29,938,954.33	$165,777.31	$29,773,177.02
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$732,857.18	$740,713.94	($7,856.76)	$732,857.18	$750,306.70	($17,449.52)
Merchandise	$98.38	$24.50	$73.88	$98.38	$0.00	$98.38
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$45,794,507.44	$38,772,479.50	$7,022,027.94	$45,794,507.44	$79,249,491.96	($33,454,984.52)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$512,752.96	$1,014,473.14	($501,720.18)	$512,752.96	$2,871,890.98	($2,359,138.02)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$670,195.12	$540,255.88	$129,939.24	$670,195.12	$24,130.23	$646,064.89
Derivative Instrument Assets	$77,837.04	$115,140.30	($37,303.26)	$77,837.04	$0.00	$77,837.04
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$89,195,965.96**	**$122,230,214.84**	**($33,034,248.88)**	**$89,195,965.96**	**$117,165,664.09**	**($27,969,698.13)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$271,118,096.69	$271,868,208.70	($750,112.01)	$271,118,096.69	$271,735,885.80	($617,789.11)
Preliminary Surveys	$3,372,107.54	$3,626,445.87	($254,338.33)	$3,372,107.54	$3,059,484.05	$312,623.49
Clearing Accounts	$2,583.39	$2,163.47	$419.92	$2,583.39	$0.00	$2,583.39

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	Month: *Jun - 2016*	Previous Month	Variance	Month: *Jun - 2016*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$7,942,861.03	$8,169,074.19	($226,213.16)	$7,942,861.03	$8,070,526.52	($127,665.49)
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$67,093,235.63	$66,020,286.57	$1,072,949.06	$67,093,235.63	$67,356,767.32	($263,531.69)
Unrecovered Purchase Gas Costs	($5,002,166.71)	($7,480,040.69)	$2,477,873.98	($5,002,166.71)	($15,423,977.26)	$10,421,810.55
Deferred Debits	**$344,526,717.57**	**$342,206,138.11**	**$2,320,579.46**	**$344,526,717.57**	**$334,798,686.43**	**$9,728,031.14**
Assets and Other Debits	**$1,979,794,051.83**	**$1,992,802,613.74**	**($13,008,561.91)**	**$1,979,794,051.83**	**$1,928,028,039.97**	**$51,766,011.86**
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	$7,889,827.00	$7,889,827.00	$0.00	$7,889,827.00	$7,889,827.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$601,664,400.99	$605,128,292.75	($3,463,891.76)	$601,664,400.99	$549,929,308.82	$51,735,092.17
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$654,682,027.99**	**$658,145,919.75**	**($3,463,891.76)**	**$654,682,027.99**	**$602,946,935.82**	**$51,735,092.17**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$540,515,000.00	$540,515,000.00	$0.00	$540,515,000.00	$495,515,000.00	$45,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$540,515,000.00**	**$540,515,000.00**	**$0.00**	**$540,515,000.00**	**$495,515,000.00**	**$45,000,000.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$21,290,131.54	$21,344,086.42	($53,954.88)	$21,290,131.54	$31,653,678.35	($10,363,546.81)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$115,227.00	$88,096.00	$27,131.00	$115,227.00	$131,188.00	($15,961.00)
Accum Prov - Pension & Benefit	$19,715,652.00	$19,763,454.00	($47,802.00)	$19,715,652.00	$20,002,464.00	($286,812.00)
Accum Misc Operating Provision	$1,545,693.30	$1,520,560.96	$25,132.34	$1,545,693.30	$1,395,926.12	$149,767.18
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$42,666,703.84**	**$42,716,197.38**	**($49,493.54)**	**$42,666,703.84**	**$53,183,256.47**	**($10,516,552.63)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$32,425,740.72	$33,590,267.09	($1,164,526.37)	$32,425,740.72	$27,818,193.47	$4,607,547.25
NP to Associated Cos	$18,525,000.00	$18,525,000.00	$0.00	$18,525,000.00	$18,525,000.00	$0.00
AP to Associated Cos	$10,524,873.36	$22,458,669.39	($11,933,796.03)	$10,524,873.36	$42,454,001.04	($31,929,127.68)
Customer Deposits	$3,067,075.68	$3,129,241.68	($62,166.00)	$3,067,075.68	$3,369,186.68	($302,111.00)
Taxes Accrued	$10,762,259.37	$16,315,046.69	($5,552,787.32)	$10,762,259.37	($838,023.90)	$11,600,283.27
Interest Accrued	$302,382.93	$300,784.45	$1,598.48	$302,382.93	$322,894.81	($20,511.88)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$42,929.68	$78,513.49	($35,583.81)	$42,929.68	$62,115.33	($19,185.65)
Misc Current & Accrued Liab	$31,210,342.61	$25,223,562.24	$5,986,780.37	$31,210,342.61	$66,427,283.26	($35,216,940.65)
Obligation Cap Lease - Current	$618,207.41	$614,386.02	$3,821.39	$618,207.41	$802,181.94	($183,974.53)
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$107,478,811.76**	**$120,235,471.05**	**($12,756,659.29)**	**$107,478,811.76**	**$158,942,832.63**	**($51,464,020.87)**
Deferred Credits						
Customer Adv. for Construction	$7,890,050.75	$8,123,151.09	($233,100.34)	$7,890,050.75	$8,163,421.12	($273,370.37)
Acc Defd Investment Tax Credit	$2,642,224.00	$2,672,244.00	($30,020.00)	$2,642,224.00	$2,822,344.00	($180,120.00)

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	Month: *Jun - 2016*	Previous Month	Variance	Month: *Jun - 2016*	December of Previous Year	Variance
Other Deferred Credits	$9,277,323.63	$10,212,979.34	($935,655.71)	$9,277,323.63	$10,520,567.41	($1,243,243.78)
Other Regulatory Liabilities	$40,513,467.54	$40,270,433.64	$243,033.90	$40,513,467.54	$46,193,355.97	($5,679,888.43)
Accum Defer Inc Tax - Oth Prop	$566,366,819.94	$562,177,387.40	$4,189,432.54	$566,366,819.94	$541,321,567.45	$25,045,252.49
Accum Defer Inc Tax - Other	$7,761,622.38	$7,733,830.09	$27,792.29	$7,761,622.38	$8,418,759.10	($657,136.72)
Deferred Credits	**$634,451,508.24**	**$631,190,025.56**	**$3,261,482.68**	**$634,451,508.24**	**$617,440,015.05**	**$17,011,493.19**
Total Liabilities and Equity	**$1,979,794,051.83**	**$1,992,802,613.74**	**($13,008,561.91)**	**$1,979,794,051.83**	**$1,928,028,039.97**	**$51,766,011.86**

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	Month: *Jul - 2016*	Previous Month	Variance	Month: *Jul - 2016*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$9,097,600,737.53	$9,026,915,496.01	$70,685,241.52	$9,097,600,737.53	$8,768,240,377.82	$329,360,359.71
Construction Work In Progress	$182,898,525.54	$169,776,359.45	$13,122,166.09	$182,898,525.54	$86,334,641.47	$96,563,884.07
Total Utility Plant	**$9,280,499,263.07**	**$9,196,691,855.46**	**$83,807,407.61**	**$9,280,499,263.07**	**$8,854,575,019.29**	**$425,924,243.78**
Accum Prov - Amort and Depr	($2,597,820,515.77)	($2,586,177,188.38)	($11,643,327.39)	($2,597,820,515.77)	($2,518,165,535.40)	($79,654,980.37)
Net Utility Plant	**$6,682,678,747.30**	**$6,610,514,667.08**	**$72,164,080.22**	**$6,682,678,747.30**	**$6,336,409,483.89**	**$346,269,263.41**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$6,683,410,619.55**	**$6,611,246,539.33**	**$72,164,080.22**	**$6,683,410,619.55**	**$6,337,141,356.14**	**$346,269,263.41**
Other Property and Investments						
Non Utility Other Property	$238,526.45	$238,526.45	$0.00	$238,526.45	$238,526.45	$0.00
Accum Prov - Deprec Oth Plant	($192,133.83)	($192,133.83)	$0.00	($192,133.83)	($192,133.83)	$0.00
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$54,360,612.25	$54,289,739.92	$70,872.33	$54,360,612.25	$53,284,087.35	$1,076,524.90
Other Investments	$25,000.00	$25,000.00	$0.00	$25,000.00	$25,000.00	$0.00
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$33,541,971.86	$32,875,781.78	$666,190.08	$33,541,971.86	$29,954,515.00	$3,587,456.86
Other Property and Investments	**$87,973,976.73**	**$87,236,914.32**	**$737,062.41**	**$87,973,976.73**	**$83,309,994.97**	**$4,663,981.76**
Current and Accrued Assets						
Cash	$6,500,554.56	$7,293,579.63	($793,025.07)	$6,500,554.56	$10,439,930.97	($3,939,376.41)
Special Deposits	$10,000.00	$10,000.00	$0.00	$10,000.00	$10,000.00	$0.00
Working Funds	$9,515.00	$9,515.00	$0.00	$9,515.00	$9,015.00	$500.00
Temp Cash Investments	$807,269.20	$885,378.58	($78,109.38)	$807,269.20	$3,822,474.06	($3,015,204.86)
Notes Receivable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Customer Accounts Receivable	$44,896,164.75	$47,249,925.32	($2,353,760.57)	$44,896,164.75	$72,359,840.46	($27,463,675.71)
Other Accounts Receivable	$25,535,107.74	$22,728,550.98	$2,806,556.76	$25,535,107.74	$39,091,628.75	($13,556,521.01)
Accum Prov Uncollectible - Cr	($10,293,322.26)	($10,925,255.01)	$631,932.75	($10,293,322.26)	($5,335,115.83)	($4,958,206.43)
NR from Associated Cos	$17,645,386.32	$9,984,984.85	$7,660,401.47	$17,645,386.32	$58,482,206.12	($40,836,819.80)
AR from Associated Cos	$66,516,657.26	$115,428,837.92	($48,912,180.66)	$66,516,657.26	$67,942,507.55	($1,425,850.29)
Fuel Stock	$3,685,905.70	$3,682,851.12	$3,054.58	$3,685,905.70	$4,395,794.58	($709,888.88)
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Plant Materials & Supplies	$2,284,209.54	$2,293,793.82	($9,584.28)	$2,284,209.54	$2,239,223.89	$44,985.65
Merchandise	$716.14	$716.14	$0.00	$716.14	$1,683.44	($967.30)
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Gas Stored Underground - Curr	$188,615,758.84	$141,005,310.50	$47,610,448.34	$188,615,758.84	$234,403,701.80	($45,787,942.96)
LNG Stored & Held for Process	$733,449.79	$664,637.69	$68,812.10	$733,449.79	$932,312.88	($198,863.09)
Prepayments	$15,593,301.72	$4,284,481.02	$11,308,820.70	$15,593,301.72	$13,665,886.51	$1,927,415.21
Interest & Dividends Rec	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Rent Receivable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Accrued Utility Revenues	$15,537,945.38	$15,777,847.60	($239,902.22)	$15,537,945.38	$55,314,341.31	($39,776,395.93)
Misc Current & Accrued Assets	$39,325,214.11	$55,885,742.33	($16,560,528.22)	$39,325,214.11	$74,285,359.09	($34,960,144.98)
Derivative Instrument Assets	$673,835.00	$691,167.04	($17,332.04)	$673,835.00	$560.00	$673,275.00
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$418,077,668.79**	**$416,952,064.53**	**$1,125,604.26**	**$418,077,668.79**	**$632,061,350.58**	**($213,983,681.79)**
Deferred Debits						
Unamortized Debt Expense	$2,890,725.00	$2,912,824.00	($22,099.00)	$2,890,725.00	$0.00	$2,890,725.00
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$853,678,698.11	$851,566,712.13	$2,111,985.98	$853,678,698.11	$804,414,207.65	$49,264,490.46
Preliminary Surveys	$12,634,899.34	$13,206,761.60	($571,862.26)	$12,634,899.34	$11,965,567.23	$669,332.11
Clearing Accounts	$214,521.86	$78,149.93	$136,371.93	$214,521.86	$0.00	$214,521.86

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	Month: *Jul - 2016*	Previous Month	Variance	Month: *Jul - 2016*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$47,210,999.25	$47,191,444.93	$19,554.32	$47,210,999.25	$45,090,735.06	$2,120,264.19
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$210,123,902.54	$206,868,857.62	$3,255,044.92	$210,123,902.54	$202,553,497.63	$7,570,404.91
Unrecovered Purchase Gas Costs	$9,700,650.19	$867,750.75	$8,832,899.44	$9,700,650.19	($8,828,059.54)	$18,528,709.73
Deferred Debits	**$1,136,454,396.29**	**$1,122,692,500.96**	**$13,761,895.33**	**$1,136,454,396.29**	**$1,055,195,948.03**	**$81,258,448.26**
Assets and Other Debits	**$8,325,916,661.36**	**$8,238,128,019.14**	**$87,788,642.22**	**$8,325,916,661.36**	**$8,107,708,649.72**	**$218,208,011.64**
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$293,551,101.00	$293,551,101.00	$0.00	$293,551,101.00	$293,551,101.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	$413,658,557.37	$413,658,557.37	$0.00	$413,658,557.37	$413,658,557.37	$0.00
Other Paid-in Capital	$113,857,342.68	$113,857,342.68	$0.00	$113,857,342.68	$113,857,342.68	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$1,791,103,641.23	$1,790,625,137.94	$478,503.29	$1,791,103,641.23	$1,616,057,341.97	$175,046,299.26
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	($7,805,385.78)	($7,868,614.50)	$63,228.72	($7,805,385.78)	($8,481,914.30)	$676,528.52
Proprietary Capital	**$2,604,365,256.50**	**$2,603,823,524.49**	**$541,732.01**	**$2,604,365,256.50**	**$2,428,642,428.72**	**$175,722,827.78**
Long Term Debt						
Bonds	$40,000,000.00	$40,000,000.00	$0.00	$40,000,000.00	$40,000,000.00	$0.00
Advances from Associated Cos	$1,802,946,000.00	$1,802,946,000.00	$0.00	$1,802,946,000.00	$1,762,156,000.00	$40,790,000.00
Other Long Term Debt	$277,400,000.00	$277,400,000.00	$0.00	$277,400,000.00	$219,400,000.00	$58,000,000.00
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	$0.00	$0.00	$0.00	$0.00	($3,045,418.00)	$3,045,418.00
Long Term Debt	**$2,120,346,000.00**	**$2,120,346,000.00**	**$0.00**	**$2,120,346,000.00**	**$2,018,510,582.00**	**$101,835,418.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$138,985,640.09	$127,692,859.15	$11,292,780.94	$138,985,640.09	$138,622,817.26	$362,822.83
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$1,055,031.00	$1,133,671.00	($78,640.00)	$1,055,031.00	$761,697.00	$293,334.00
Accum Prov - Pension & Benefit	$118,338,393.07	$118,905,030.19	($566,637.12)	$118,338,393.07	$122,213,647.00	($3,875,253.93)
Accum Misc Operating Provision	$6,695,485.50	$6,700,442.60	($4,957.10)	$6,695,485.50	$5,930,094.60	$765,390.90
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$265,074,549.66**	**$254,432,002.94**	**$10,642,546.72**	**$265,074,549.66**	**$267,528,255.86**	**($2,453,706.20)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	$0.00	$0.00	$0.00	$0.00	$35,000,000.00	($35,000,000.00)
Notes Payable	-	-	-	-	-	-
Accounts Payable	$130,384,910.60	$142,109,508.14	($11,724,597.54)	$130,384,910.60	$195,758,136.81	($65,373,226.21)
NP to Associated Cos	$68,003,604.91	$77,988,226.51	($9,984,621.60)	$68,003,604.91	$74,525,000.00	($6,521,395.09)
AP to Associated Cos	$414,220,680.40	$341,503,954.90	$72,716,725.50	$414,220,680.40	$275,111,147.40	$139,109,533.00
Customer Deposits	$28,086,540.29	$29,098,338.59	($1,011,798.30)	$28,086,540.29	$31,997,846.80	($3,911,306.51)
Taxes Accrued	$53,532,682.39	$73,006,586.94	($19,473,904.55)	$53,532,682.39	$110,027,584.73	($56,494,902.34)
Interest Accrued	$3,051,892.25	$2,829,643.27	$222,248.98	$3,051,892.25	$2,831,748.96	$220,143.29
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$1,407,440.97	$1,539,468.43	($132,027.46)	$1,407,440.97	$2,893,418.69	($1,485,977.72)
Misc Current & Accrued Liab	$253,420,455.39	$224,102,802.26	$29,317,653.13	$253,420,455.39	$395,072,341.02	($141,651,885.63)
Obligation Cap Lease - Current	$3,782,708.55	$3,483,078.18	$299,630.37	$3,782,708.55	$3,475,726.67	$306,981.88
Derivative Liability	$516,290.00	$506,350.00	$9,940.00	$516,290.00	$2,579,090.00	($2,062,800.00)
Derivative Liability - Hedge	$1,960.00	$13,490.00	($11,530.00)	$1,960.00	$328,230.00	($326,270.00)
Current & Accrued Liabilities	**$956,409,165.75**	**$896,181,447.22**	**$60,227,718.53**	**$956,409,165.75**	**$1,129,600,271.08**	**($173,191,105.33)**
Deferred Credits						
Customer Adv. for Construction	$43,277,583.65	$43,261,336.78	$16,246.87	$43,277,583.65	$42,819,455.27	$458,128.38
Acc Defd Investment Tax Credit	$10,788,428.00	$10,870,449.00	($82,021.00)	$10,788,428.00	$11,371,707.00	($583,279.00)

All Companies
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
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	Month: *Jul - 2016*	Previous Month	Variance	Month: *Jul - 2016*	December of Previous Year	Variance
Other Deferred Credits	$61,942,074.35	$61,843,045.33	$99,029.02	$61,942,074.35	$61,865,031.09	$77,043.26
Other Regulatory Liabilities	$112,055,141.79	$113,977,488.69	($1,922,346.90)	$112,055,141.79	$124,770,289.35	($12,715,147.56)
Accum Defer Inc Tax - Oth Prop	$1,883,222,475.12	$1,869,218,301.26	$14,004,173.86	$1,883,222,475.12	$1,785,231,698.57	$97,990,776.55
Accum Defer Inc Tax - Other	$268,435,985.68	$264,174,423.57	$4,261,562.11	$268,435,985.68	$237,368,930.92	$31,067,054.76
Deferred Credits	**$2,379,721,688.59**	**$2,363,345,044.63**	**$16,376,643.96**	**$2,379,721,688.59**	**$2,263,427,112.20**	**$116,294,576.39**
Total Liabilities and Equity	**$8,325,916,660.50**	**$8,238,128,019.28**	**$87,788,641.22**	**$8,325,916,660.50**	**$8,107,708,649.86**	**$218,208,010.64**

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
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	Month: *Aug - 2016*	Previous Month	Variance	Month: *Aug - 2016*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$1,893,515,018.51	$1,880,765,232.67	$12,749,785.84	$1,893,515,018.51	$1,801,815,646.80	$91,699,371.71
Construction Work In Progress	$68,488,307.23	$56,797,401.72	$11,690,905.51	$68,488,307.23	$20,600,882.54	$47,887,424.69
Total Utility Plant	**$1,962,003,325.74**	**$1,937,562,634.39**	**$24,440,691.35**	**$1,962,003,325.74**	**$1,822,416,529.34**	**$139,586,796.40**
Accum Prov - Amort and Depr	($395,237,747.64)	($392,009,853.84)	($3,227,893.80)	($395,237,747.64)	($372,792,109.96)	($22,445,637.68)
Net Utility Plant	**$1,566,765,578.10**	**$1,545,552,780.55**	**$21,212,797.55**	**$1,566,765,578.10**	**$1,449,624,419.38**	**$117,141,158.72**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,567,497,450.35**	**$1,546,284,652.80**	**$21,212,797.55**	**$1,567,497,450.35**	**$1,450,356,291.63**	**$117,141,158.72**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$19,119,336.34	$19,097,971.47	$21,364.87	$19,119,336.34	$18,747,420.33	$371,916.01
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$7,951,075.75	$7,758,991.33	$192,084.42	$7,951,075.75	$6,951,631.00	$999,444.75
Other Property and Investments	**$27,078,758.58**	**$26,865,309.29**	**$213,449.29**	**$27,078,758.58**	**$25,707,397.82**	**$1,371,360.76**
Current and Accrued Assets						
Cash	$922,963.64	$1,199,313.31	($276,349.67)	$922,963.64	$2,007,674.17	($1,084,710.53)
Special Deposits	-	-	-	-	-	-
Working Funds	$2,550.00	$2,550.00	$0.00	$2,550.00	$2,550.00	$0.00
Temp Cash Investments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.16	($0.16)
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$14,519,173.68	$17,645,386.32	($3,126,212.64)	$14,519,173.68	$32,093,842.58	($17,574,668.90)
AR from Associated Cos	$84,007.39	$113,663.47	($29,656.08)	$84,007.39	$165,777.31	($81,769.92)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$731,314.53	$726,738.57	$4,575.96	$731,314.53	$750,306.70	($18,992.17)
Merchandise	$0.00	$98.38	($98.38)	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$64,199,774.11	$56,112,531.52	$8,087,242.59	$64,199,774.11	$79,249,491.96	($15,049,717.85)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$2,689,048.94	$2,719,862.95	($30,814.01)	$2,689,048.94	$2,871,890.98	($182,842.04)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$62,406.03	$635,973.77	($573,567.74)	$62,406.03	$24,130.23	$38,275.80
Derivative Instrument Assets	$33,933.27	$54,125.00	($20,191.73)	$33,933.27	$0.00	$33,933.27
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$83,245,171.59**	**$79,210,243.29**	**$4,034,928.30**	**$83,245,171.59**	**$117,165,664.09**	**($33,920,492.50)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$270,557,327.90	$271,071,114.04	($513,786.14)	$270,557,327.90	$271,735,885.80	($1,178,557.90)
Preliminary Surveys	$3,308,469.44	$3,113,514.99	$194,954.45	$3,308,469.44	$3,059,484.05	$248,985.39
Clearing Accounts	$404.20	$2,636.43	($2,232.23)	$404.20	$0.00	$404.20

Columbia Gas of Pennsylvania
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Regulated - Account FERC Hierarchy
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	Month: *Aug - 2016*	Previous Month	Variance	Month: *Aug - 2016*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$7,920,655.94	$7,949,543.98	($28,888.04)	$7,920,655.94	$8,070,526.52	($149,870.58)
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$69,212,101.35	$67,902,278.56	$1,309,822.79	$69,212,101.35	$67,356,767.32	$1,855,334.03
Unrecovered Purchase Gas Costs	$3,128,021.34	($380,341.71)	$3,508,363.05	$3,128,021.34	($15,423,977.26)	$18,551,998.60
Deferred Debits	**$354,126,980.17**	**$349,658,746.29**	**$4,468,233.88**	**$354,126,980.17**	**$334,798,686.43**	**$19,328,293.74**
Assets and Other Debits	**$2,031,948,360.69**	**$2,002,018,951.67**	**$29,929,409.02**	**$2,031,948,360.69**	**$1,928,028,039.97**	**$103,920,320.72**
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	$7,889,827.00	$7,889,827.00	$0.00	$7,889,827.00	$7,889,827.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$594,479,491.15	$599,036,167.61	($4,556,676.46)	$594,479,491.15	$549,929,308.82	$44,550,182.33
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$647,497,118.15**	**$652,053,794.61**	**($4,556,676.46)**	**$647,497,118.15**	**$602,946,935.82**	**$44,550,182.33**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$540,515,000.00	$540,515,000.00	$0.00	$540,515,000.00	$495,515,000.00	$45,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$540,515,000.00**	**$540,515,000.00**	**$0.00**	**$540,515,000.00**	**$495,515,000.00**	**$45,000,000.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$31,268,002.85	$31,342,048.17	($74,045.32)	$31,268,002.85	$31,653,678.35	($385,675.50)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$89,512.00	$68,710.00	$20,802.00	$89,512.00	$131,188.00	($41,676.00)
Accum Prov - Pension & Benefit	$19,620,048.00	$19,667,850.00	($47,802.00)	$19,620,048.00	$20,002,464.00	($382,416.00)
Accum Misc Operating Provision	$1,542,355.86	$1,544,192.46	($1,836.60)	$1,542,355.86	$1,395,926.12	$146,429.74
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$52,519,918.71**	**$52,622,800.63**	**($102,881.92)**	**$52,519,918.71**	**$53,183,256.47**	**($663,337.76)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$33,908,808.90	$33,312,305.62	$596,503.28	$33,908,808.90	$27,818,193.47	$6,090,615.43
NP to Associated Cos	$18,525,000.00	$18,525,000.00	$0.00	$18,525,000.00	$18,525,000.00	$0.00
AP to Associated Cos	$43,200,331.99	$16,173,233.99	$27,027,098.00	$43,200,331.99	$42,454,001.04	$746,330.95
Customer Deposits	$3,008,585.68	$3,035,875.68	($27,290.00)	$3,008,585.68	$3,369,186.68	($360,601.00)
Taxes Accrued	($1,595,089.37)	$4,523,754.23	($6,118,843.60)	($1,595,089.37)	($838,023.90)	($757,065.47)
Interest Accrued	$306,671.54	$303,555.36	$3,116.18	$306,671.54	$322,894.81	($16,223.27)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$15,876.04	$19,735.07	($3,859.03)	$15,876.04	$62,115.33	($46,239.29)
Misc Current & Accrued Liab	$47,844,262.29	$39,764,481.22	$8,079,781.07	$47,844,262.29	$66,427,283.26	($18,583,020.97)
Obligation Cap Lease - Current	$842,205.63	$836,152.96	$6,052.67	$842,205.63	$802,181.94	$40,023.69
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$146,056,652.70**	**$116,494,094.13**	**$29,562,558.57**	**$146,056,652.70**	**$158,942,832.63**	**($12,886,179.93)**
Deferred Credits						
Customer Adv. for Construction	$7,841,321.82	$7,841,951.34	($629.52)	$7,841,321.82	$8,163,421.12	($322,099.30)
Acc Defd Investment Tax Credit	$2,582,184.00	$2,612,204.00	($30,020.00)	$2,582,184.00	$2,822,344.00	($240,160.00)

Columbia Gas of Pennsylvania
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	Month: *Aug - 2016*	Previous Month	Variance	Month: *Aug - 2016*	December of Previous Year	Variance
Other Deferred Credits	$9,267,975.79	$9,270,206.19	($2,230.40)	$9,267,975.79	$10,520,567.41	($1,252,591.62)
Other Regulatory Liabilities	$41,861,242.37	$41,242,277.65	$618,964.72	$41,861,242.37	$46,193,355.97	($4,332,113.60)
Accum Defer Inc Tax - Oth Prop	$574,908,400.71	$570,580,247.94	$4,328,152.77	$574,908,400.71	$541,321,567.45	$33,586,833.26
Accum Defer Inc Tax - Other	$8,898,546.44	$8,786,375.18	$112,171.26	$8,898,546.44	$8,418,759.10	$479,787.34
Deferred Credits	**$645,359,671.13**	**$640,333,262.30**	**$5,026,408.83**	**$645,359,671.13**	**$617,440,015.05**	**$27,919,656.08**
Total Liabilities and Equity	**$2,031,948,360.69**	**$2,002,018,951.67**	**$29,929,409.02**	**$2,031,948,360.69**	**$1,928,028,039.97**	**$103,920,320.72**

Columbia Gas of Pennsylvania
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	Month: *Sep - 2016*	Previous Month	Variance	Month: *Sep - 2016*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$1,915,780,766.31	$1,893,515,018.51	$22,265,747.80	$1,915,780,766.31	$1,801,815,646.80	$113,965,119.51
Construction Work In Progress	$66,772,046.64	$68,488,307.23	($1,716,260.59)	$66,772,046.64	$20,600,882.54	$46,171,164.10
Total Utility Plant	**$1,982,552,812.95**	**$1,962,003,325.74**	**$20,549,487.21**	**$1,982,552,812.95**	**$1,822,416,529.34**	**$160,136,283.61**
Accum Prov - Amort and Depr	($396,042,999.87)	($395,237,747.64)	($805,252.23)	($396,042,999.87)	($372,792,109.96)	($23,250,889.91)
Net Utility Plant	**$1,586,509,813.08**	**$1,566,765,578.10**	**$19,744,234.98**	**$1,586,509,813.08**	**$1,449,624,419.38**	**$136,885,393.70**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,587,241,685.33**	**$1,567,497,450.35**	**$19,744,234.98**	**$1,587,241,685.33**	**$1,450,356,291.63**	**$136,885,393.70**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$19,126,125.99	$19,119,336.34	$6,789.65	$19,126,125.99	$18,747,420.33	$378,705.66
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$7,872,921.76	$7,951,075.75	($78,153.99)	$7,872,921.76	$6,951,631.00	$921,290.76
Other Property and Investments	**$27,007,394.24**	**$27,078,758.58**	**($71,364.34)**	**$27,007,394.24**	**$25,707,397.82**	**$1,299,996.42**
Current and Accrued Assets						
Cash	$1,401,856.66	$922,963.64	$478,893.02	$1,401,856.66	$2,007,674.17	($605,817.51)
Special Deposits	-	-	-	-	-	-
Working Funds	$2,550.00	$2,550.00	$0.00	$2,550.00	$2,550.00	$0.00
Temp Cash Investments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.16	($0.16)
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$13,265,716.66	$14,519,173.68	($1,253,457.02)	$13,265,716.66	$32,093,842.58	($18,828,125.92)
AR from Associated Cos	$123,357.47	$84,007.39	$39,350.08	$123,357.47	$165,777.31	($42,419.84)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$746,445.64	$731,314.53	$15,131.11	$746,445.64	$750,306.70	($3,861.06)
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$73,367,555.05	$64,199,774.11	$9,167,780.94	$73,367,555.05	$79,249,491.96	($5,881,936.91)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$2,348,942.93	$2,689,048.94	($340,106.01)	$2,348,942.93	$2,871,890.98	($522,948.05)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$219,827.27	$62,406.03	$157,421.24	$219,827.27	$24,130.23	$195,697.04
Derivative Instrument Assets	$11,981.76	$33,933.27	($21,951.51)	$11,981.76	$0.00	$11,981.76
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$91,488,233.44**	**$83,245,171.59**	**$8,243,061.85**	**$91,488,233.44**	**$117,165,664.09**	**($25,677,430.65)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$270,610,477.30	$270,557,327.90	$53,149.40	$270,610,477.30	$271,735,885.80	($1,125,408.50)
Preliminary Surveys	$3,108,528.31	$3,308,469.44	($199,941.13)	$3,108,528.31	$3,059,484.05	$49,044.26
Clearing Accounts	$54.45	$404.20	($349.75)	$54.45	$0.00	$54.45

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	Month: *Sep - 2016*	Previous Month	Variance	Month: *Sep - 2016*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$7,926,057.60	$7,920,655.94	$5,401.66	$7,926,057.60	$8,070,526.52	($144,468.92)
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$69,105,942.48	$69,212,101.35	($106,158.87)	$69,105,942.48	$67,356,767.32	$1,749,175.16
Unrecovered Purchase Gas Costs	$6,706,312.11	$3,128,021.34	$3,578,290.77	$6,706,312.11	($15,423,977.26)	$22,130,289.37
Deferred Debits	**$357,457,372.25**	**$354,126,980.17**	**$3,330,392.08**	**$357,457,372.25**	**$334,798,686.43**	**$22,658,685.82**
Assets and Other Debits	**$2,063,194,685.26**	**$2,031,948,360.69**	**$31,246,324.57**	**$2,063,194,685.26**	**$1,928,028,039.97**	**$135,166,645.29**
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	$7,889,827.00	$7,889,827.00	$0.00	$7,889,827.00	$7,889,827.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$590,290,145.66	$594,479,491.15	($4,189,345.49)	$590,290,145.66	$549,929,308.82	$40,360,836.84
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$643,307,772.66**	**$647,497,118.15**	**($4,189,345.49)**	**$643,307,772.66**	**$602,946,935.82**	**$40,360,836.84**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$540,515,000.00	$540,515,000.00	$0.00	$540,515,000.00	$495,515,000.00	$45,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$540,515,000.00**	**$540,515,000.00**	**$0.00**	**$540,515,000.00**	**$495,515,000.00**	**$45,000,000.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$31,193,240.61	$31,268,002.85	($74,762.24)	$31,193,240.61	$31,653,678.35	($460,437.74)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$70,951.00	$89,512.00	($18,561.00)	$70,951.00	$131,188.00	($60,237.00)
Accum Prov - Pension & Benefit	$19,572,246.00	$19,620,048.00	($47,802.00)	$19,572,246.00	$20,002,464.00	($430,218.00)
Accum Misc Operating Provision	$1,532,224.56	$1,542,355.86	($10,131.30)	$1,532,224.56	$1,395,926.12	$136,298.44
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$52,368,662.17**	**$52,519,918.71**	**($151,256.54)**	**$52,368,662.17**	**$53,183,256.47**	**($814,594.30)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$37,703,621.16	$33,908,808.90	$3,794,812.26	$37,703,621.16	$27,818,193.47	$9,885,427.69
NP to Associated Cos	$18,525,000.00	$18,525,000.00	$0.00	$18,525,000.00	$18,525,000.00	$0.00
AP to Associated Cos	$67,995,529.83	$43,200,331.99	$24,795,197.84	$67,995,529.83	$42,454,001.04	$25,541,528.79
Customer Deposits	$3,013,714.68	$3,008,585.68	$5,129.00	$3,013,714.68	$3,369,186.68	($355,472.00)
Taxes Accrued	($11,376,912.77)	($1,595,089.37)	($9,781,823.40)	($11,376,912.77)	($838,023.90)	($10,538,888.87)
Interest Accrued	$309,319.44	$306,671.54	$2,647.90	$309,319.44	$322,894.81	($13,575.37)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$54,663.10	$15,876.04	$38,787.06	$54,663.10	$62,115.33	($7,452.23)
Misc Current & Accrued Liab	$57,069,327.70	$47,844,262.29	$9,225,065.41	$57,069,327.70	$66,427,283.26	($9,357,955.56)
Obligation Cap Lease - Current	$848,664.25	$842,205.63	$6,458.62	$848,664.25	$802,181.94	$46,482.31
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$174,142,927.39**	**$146,056,652.70**	**$28,086,274.69**	**$174,142,927.39**	**$158,942,832.63**	**$15,200,094.76**
Deferred Credits						
Customer Adv. for Construction	$7,829,439.52	$7,841,321.82	($11,882.30)	$7,829,439.52	$8,163,421.12	($333,981.60)
Acc Defd Investment Tax Credit	$2,552,164.00	$2,582,184.00	($30,020.00)	$2,552,164.00	$2,822,344.00	($270,180.00)

Columbia Gas of Pennsylvania
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	Month: *Sep - 2016*	Previous Month	Variance	Month: *Sep - 2016*	December of Previous Year	Variance
Other Deferred Credits	$9,262,932.73	$9,267,975.79	($5,043.06)	$9,262,932.73	$10,520,567.41	($1,257,634.68)
Other Regulatory Liabilities	$42,580,279.28	$41,861,242.37	$719,036.91	$42,580,279.28	$46,193,355.97	($3,613,076.69)
Accum Defer Inc Tax - Oth Prop	$579,106,737.93	$574,908,400.71	$4,198,337.22	$579,106,737.93	$541,321,567.45	$37,785,170.48
Accum Defer Inc Tax - Other	$11,528,769.58	$8,898,546.44	$2,630,223.14	$11,528,769.58	$8,418,759.10	$3,110,010.48
Deferred Credits	**$652,860,323.04**	**$645,359,671.13**	**$7,500,651.91**	**$652,860,323.04**	**$617,440,015.05**	**$35,420,307.99**
Total Liabilities and Equity	**$2,063,194,685.26**	**$2,031,948,360.69**	**$31,246,324.57**	**$2,063,194,685.26**	**$1,928,028,039.97**	**$135,166,645.29**

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	Month: *Oct - 2016*	Previous Month	Variance	Month: *Oct - 2016*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$1,938,388,608.06	$1,915,780,766.31	$22,607,841.75	$1,938,388,608.06	$1,801,815,646.80	$136,572,961.26
Construction Work In Progress	$65,514,821.77	$66,772,046.64	($1,257,224.87)	$65,514,821.77	$20,600,882.54	$44,913,939.23
Total Utility Plant	**$2,003,903,429.83**	**$1,982,552,812.95**	**$21,350,616.88**	**$2,003,903,429.83**	**$1,822,416,529.34**	**$181,486,900.49**
Accum Prov - Amort and Depr	($398,178,570.13)	($396,042,999.87)	($2,135,570.26)	($398,178,570.13)	($372,792,109.96)	($25,386,460.17)
Net Utility Plant	**$1,605,724,859.70**	**$1,586,509,813.08**	**$19,215,046.62**	**$1,605,724,859.70**	**$1,449,624,419.38**	**$156,100,440.32**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,606,456,731.95**	**$1,587,241,685.33**	**$19,215,046.62**	**$1,606,456,731.95**	**$1,450,356,291.63**	**$156,100,440.32**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$19,145,269.80	$19,126,125.99	$19,143.81	$19,145,269.80	$18,747,420.33	$397,849.47
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$7,960,632.41	$7,872,921.76	$87,710.65	$7,960,632.41	$6,951,631.00	$1,009,001.41
Other Property and Investments	**$27,114,248.70**	**$27,007,394.24**	**$106,854.46**	**$27,114,248.70**	**$25,707,397.82**	**$1,406,850.88**
Current and Accrued Assets						
Cash	$1,811,562.74	$1,401,856.66	$409,706.08	$1,811,562.74	$2,007,674.17	($196,111.43)
Special Deposits	-	-	-	-	-	-
Working Funds	$2,550.00	$2,550.00	$0.00	$2,550.00	$2,550.00	$0.00
Temp Cash Investments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.16	($0.16)
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$21,962,091.74	$13,265,716.66	$8,696,375.08	$21,962,091.74	$32,093,842.58	($10,131,750.84)
AR from Associated Cos	$195,791.53	$123,357.47	$72,434.06	$195,791.53	$165,777.31	$30,014.22
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$752,395.49	$746,445.64	$5,949.85	$752,395.49	$750,306.70	$2,088.79
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$76,148,385.17	$73,367,555.05	$2,780,830.12	$76,148,385.17	$79,249,491.96	($3,101,106.79)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$3,377,640.59	$2,348,942.93	$1,028,697.66	$3,377,640.59	$2,871,890.98	$505,749.61
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$62,398.80	$219,827.27	($157,428.47)	$62,398.80	$24,130.23	$38,268.57
Derivative Instrument Assets	$0.00	$11,981.76	($11,981.76)	$0.00	$0.00	$0.00
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$104,312,816.06**	**$91,488,233.44**	**$12,824,582.62**	**$104,312,816.06**	**$117,165,664.09**	**($12,852,848.03)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$272,375,483.69	$270,610,477.30	$1,765,006.39	$272,375,483.69	$271,735,885.80	$639,597.89
Preliminary Surveys	$3,267,086.91	$3,108,528.31	$158,558.60	$3,267,086.91	$3,059,484.05	$207,602.86
Clearing Accounts	($222.16)	$54.45	($276.61)	($222.16)	$0.00	($222.16)

Columbia Gas of Pennsylvania
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	Month: *Oct - 2016*	Previous Month	Variance	Month: *Oct - 2016*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$7,839,958.33	$7,926,057.60	($86,099.27)	$7,839,958.33	$8,070,526.52	($230,568.19)
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$75,978,883.77	$69,105,942.48	$6,872,941.29	$75,978,883.77	$67,356,767.32	$8,622,116.45
Unrecovered Purchase Gas Costs	$10,774,024.05	$6,706,312.11	$4,067,711.94	$10,774,024.05	($15,423,977.26)	$26,198,001.31
Deferred Debits	**$370,235,214.59**	**$357,457,372.25**	**$12,777,842.34**	**$370,235,214.59**	**$334,798,686.43**	**$35,436,528.16**
Assets and Other Debits	**$2,108,119,011.30**	**$2,063,194,685.26**	**$44,924,326.04**	**$2,108,119,011.30**	**$1,928,028,039.97**	**$180,090,971.33**
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	$7,889,827.00	$7,889,827.00	$0.00	$7,889,827.00	$7,889,827.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$590,553,864.14	$590,290,145.66	$263,718.48	$590,553,864.14	$549,929,308.82	$40,624,555.32
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$643,571,491.14**	**$643,307,772.66**	**$263,718.48**	**$643,571,491.14**	**$602,946,935.82**	**$40,624,555.32**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$540,515,000.00	$540,515,000.00	$0.00	$540,515,000.00	$495,515,000.00	$45,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$540,515,000.00**	**$540,515,000.00**	**$0.00**	**$540,515,000.00**	**$495,515,000.00**	**$45,000,000.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$31,118,124.24	$31,193,240.61	($75,116.37)	$31,118,124.24	$31,653,678.35	($535,554.11)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$67,809.00	$70,951.00	($3,142.00)	$67,809.00	$131,188.00	($63,379.00)
Accum Prov - Pension & Benefit	$19,524,444.00	$19,572,246.00	($47,802.00)	$19,524,444.00	$20,002,464.00	($478,020.00)
Accum Misc Operating Provision	$1,532,576.18	$1,532,224.56	$351.62	$1,532,576.18	$1,395,926.12	$136,650.06
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$52,242,953.42**	**$52,368,662.17**	**($125,708.75)**	**$52,242,953.42**	**$53,183,256.47**	**($940,303.05)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$35,194,349.44	$37,703,621.16	($2,509,271.72)	$35,194,349.44	$27,818,193.47	$7,376,155.97
NP to Associated Cos	$18,525,000.00	$18,525,000.00	$0.00	$18,525,000.00	$18,525,000.00	$0.00
AP to Associated Cos	$97,240,271.73	$67,995,529.83	$29,244,741.90	$97,240,271.73	$42,454,001.04	$54,786,270.69
Customer Deposits	$3,053,822.68	$3,013,714.68	$40,108.00	$3,053,822.68	$3,369,186.68	($315,364.00)
Taxes Accrued	($23,840,963.98)	($11,376,912.77)	($12,464,051.21)	($23,840,963.98)	($838,023.90)	($23,002,940.08)
Interest Accrued	$311,500.49	$309,319.44	$2,181.05	$311,500.49	$322,894.81	($11,394.32)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$65,172.92	$54,663.10	$10,509.82	$65,172.92	$62,115.33	$3,057.59
Misc Current & Accrued Liab	$66,708,025.27	$57,069,327.70	$9,638,697.57	$66,708,025.27	$66,427,283.26	$280,742.01
Obligation Cap Lease - Current	$855,164.20	$848,664.25	$6,499.95	$855,164.20	$802,181.94	$52,982.26
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$198,112,342.75**	**$174,142,927.39**	**$23,969,415.36**	**$198,112,342.75**	**$158,942,832.63**	**$39,169,510.12**
Deferred Credits						
Customer Adv. for Construction	$7,910,465.59	$7,829,439.52	$81,026.07	$7,910,465.59	$8,163,421.12	($252,955.53)
Acc Defd Investment Tax Credit	$2,522,144.00	$2,552,164.00	($30,020.00)	$2,522,144.00	$2,822,344.00	($300,200.00)

Columbia Gas of Pennsylvania
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	Month: *Oct - 2016*	Previous Month	Variance	Month: *Oct - 2016*	December of Previous Year	Variance
Other Deferred Credits	$9,258,686.35	$9,262,932.73	($4,246.38)	$9,258,686.35	$10,520,567.41	($1,261,881.06)
Other Regulatory Liabilities	$46,178,380.01	$42,580,279.28	$3,598,100.73	$46,178,380.01	$46,193,355.97	($14,975.96)
Accum Defer Inc Tax - Oth Prop	$593,172,877.19	$579,106,737.93	$14,066,139.26	$593,172,877.19	$541,321,567.45	$51,851,309.74
Accum Defer Inc Tax - Other	$14,634,670.85	$11,528,769.58	$3,105,901.27	$14,634,670.85	$8,418,759.10	$6,215,911.75
Deferred Credits	**$673,677,223.99**	**$652,860,323.04**	**$20,816,900.95**	**$673,677,223.99**	**$617,440,015.05**	**$56,237,208.94**
Total Liabilities and Equity	**$2,108,119,011.30**	**$2,063,194,685.26**	**$44,924,326.04**	**$2,108,119,011.30**	**$1,928,028,039.97**	**$180,090,971.33**

Columbia Gas of Pennsylvania
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Regulated - Account FERC Hierarchy
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	Month: *Nov - 2016*	Previous Month	Variance	Month: *Nov - 2016*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$1,954,535,775.35	$1,938,388,608.06	$16,147,167.29	$1,954,535,775.35	$1,801,815,646.80	$152,720,128.55
Construction Work In Progress	$69,022,063.07	$65,514,821.77	$3,507,241.30	$69,022,063.07	$20,600,882.54	$48,421,180.53
Total Utility Plant	**$2,023,557,838.42**	**$2,003,903,429.83**	**$19,654,408.59**	**$2,023,557,838.42**	**$1,822,416,529.34**	**$201,141,309.08**
Accum Prov - Amort and Depr	($400,248,140.92)	($398,178,570.13)	($2,069,570.79)	($400,248,140.92)	($372,792,109.96)	($27,456,030.96)
Net Utility Plant	**$1,623,309,697.50**	**$1,605,724,859.70**	**$17,584,837.80**	**$1,623,309,697.50**	**$1,449,624,419.38**	**$173,685,278.12**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,624,041,569.75**	**$1,606,456,731.95**	**$17,584,837.80**	**$1,624,041,569.75**	**$1,450,356,291.63**	**$173,685,278.12**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$19,182,044.35	$19,145,269.80	$36,774.55	$19,182,044.35	$18,747,420.33	$434,624.02
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$8,045,015.69	$7,960,632.41	$84,383.28	$8,045,015.69	$6,951,631.00	$1,093,384.69
Other Property and Investments	**$27,235,406.53**	**$27,114,248.70**	**$121,157.83**	**$27,235,406.53**	**$25,707,397.82**	**$1,528,008.71**
Current and Accrued Assets						
Cash	$1,348,686.81	$1,811,562.74	($462,875.93)	$1,348,686.81	$2,007,674.17	($658,987.36)
Special Deposits	-	-	-	-	-	-
Working Funds	$2,550.00	$2,550.00	$0.00	$2,550.00	$2,550.00	$0.00
Temp Cash Investments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.16	($0.16)
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$25,070,757.27	$21,962,091.74	$3,108,665.53	$25,070,757.27	$32,093,842.58	($7,023,085.31)
AR from Associated Cos	$100,830.63	$195,791.53	($94,960.90)	$100,830.63	$165,777.31	($64,946.68)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$699,748.84	$752,395.49	($52,646.65)	$699,748.84	$750,306.70	($50,557.86)
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$70,405,748.86	$76,148,385.17	($5,742,636.31)	$70,405,748.86	$79,249,491.96	($8,843,743.10)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$3,274,141.25	$3,377,640.59	($103,499.34)	$3,274,141.25	$2,871,890.98	$402,250.27
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$19,639.08	$62,398.80	($42,759.72)	$19,639.08	$24,130.23	($4,491.15)
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$100,922,102.74**	**$104,312,816.06**	**($3,390,713.32)**	**$100,922,102.74**	**$117,165,664.09**	**($16,243,561.35)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$272,739,780.71	$272,375,483.69	$364,297.02	$272,739,780.71	$271,735,885.80	$1,003,894.91
Preliminary Surveys	$3,425,098.67	$3,267,086.91	$158,011.76	$3,425,098.67	$3,059,484.05	$365,614.62
Clearing Accounts	($2,262.47)	($222.16)	($2,040.31)	($2,262.47)	$0.00	($2,262.47)

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	Month: *Nov - 2016*	Previous Month	Variance	Month: *Nov - 2016*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$4,888,797.63	$7,839,958.33	($2,951,160.70)	$4,888,797.63	$8,070,526.52	($3,181,728.89)
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$75,065,271.46	$75,978,883.77	($913,612.31)	$75,065,271.46	$67,356,767.32	$7,708,504.14
Unrecovered Purchase Gas Costs	$11,286,205.71	$10,774,024.05	$512,181.66	$11,286,205.71	($15,423,977.26)	$26,710,182.97
Deferred Debits	**$367,402,891.71**	**$370,235,214.59**	**($2,832,322.88)**	**$367,402,891.71**	**$334,798,686.43**	**$32,604,205.28**
Assets and Other Debits	**$2,119,601,970.73**	**$2,108,119,011.30**	**$11,482,959.43**	**$2,119,601,970.73**	**$1,928,028,039.97**	**$191,573,930.76**
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	$7,889,827.00	$7,889,827.00	$0.00	$7,889,827.00	$7,889,827.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$597,204,428.14	$590,553,864.14	$6,650,564.00	$597,204,428.14	$549,929,308.82	$47,275,119.32
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$650,222,055.14**	**$643,571,491.14**	**$6,650,564.00**	**$650,222,055.14**	**$602,946,935.82**	**$47,275,119.32**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$540,515,000.00	$540,515,000.00	$0.00	$540,515,000.00	$495,515,000.00	$45,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$540,515,000.00**	**$540,515,000.00**	**$0.00**	**$540,515,000.00**	**$495,515,000.00**	**$45,000,000.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$31,042,651.51	$31,118,124.24	($75,472.73)	$31,042,651.51	$31,653,678.35	($611,026.84)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$79,470.00	$67,809.00	$11,661.00	$79,470.00	$131,188.00	($51,718.00)
Accum Prov - Pension & Benefit	$21,656,599.44	$19,524,444.00	$2,132,155.44	$21,656,599.44	$20,002,464.00	$1,654,135.44
Accum Misc Operating Provision	$0.00	$1,532,576.18	($1,532,576.18)	$0.00	$1,395,926.12	($1,395,926.12)
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$52,778,720.95**	**$52,242,953.42**	**$535,767.53**	**$52,778,720.95**	**$53,183,256.47**	**($404,535.52)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$28,710,266.57	$35,194,349.44	($6,484,082.87)	$28,710,266.57	$27,818,193.47	$892,073.10
NP to Associated Cos	$0.00	$18,525,000.00	($18,525,000.00)	$0.00	$18,525,000.00	($18,525,000.00)
AP to Associated Cos	$122,551,120.23	$97,240,271.73	$25,310,848.50	$122,551,120.23	$42,454,001.04	$80,097,119.19
Customer Deposits	$3,075,474.68	$3,053,822.68	$21,652.00	$3,075,474.68	$3,369,186.68	($293,712.00)
Taxes Accrued	($24,864,838.42)	($23,840,963.98)	($1,023,874.44)	($24,864,838.42)	($838,023.90)	($24,026,814.52)
Interest Accrued	$314,151.03	$311,500.49	$2,650.54	$314,151.03	$322,894.81	($8,743.78)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$157,287.82	$65,172.92	$92,114.90	$157,287.82	$62,115.33	$95,172.49
Misc Current & Accrued Liab	$70,369,396.06	$66,708,025.27	$3,661,370.79	$70,369,396.06	$66,427,283.26	$3,942,112.80
Obligation Cap Lease - Current	$861,705.86	$855,164.20	$6,541.66	$861,705.86	$802,181.94	$59,523.92
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$201,174,563.83**	**$198,112,342.75**	**$3,062,221.08**	**$201,174,563.83**	**$158,942,832.63**	**$42,231,731.20**
Deferred Credits						
Customer Adv. for Construction	$4,891,758.35	$7,910,465.59	($3,018,707.24)	$4,891,758.35	$8,163,421.12	($3,271,662.77)
Acc Defd Investment Tax Credit	$2,492,124.00	$2,522,144.00	($30,020.00)	$2,492,124.00	$2,822,344.00	($330,220.00)

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	Month: *Nov - 2016*	Previous Month	Variance	Month: *Nov - 2016*	December of Previous Year	Variance
Other Deferred Credits	$8,597,532.64	$9,258,686.35	($661,153.71)	$8,597,532.64	$10,520,567.41	($1,923,034.77)
Other Regulatory Liabilities	$46,341,503.87	$46,178,380.01	$163,123.86	$46,341,503.87	$46,193,355.97	$148,147.90
Accum Defer Inc Tax - Oth Prop	$597,997,316.69	$593,172,877.19	$4,824,439.50	$597,997,316.69	$541,321,567.45	$56,675,749.24
Accum Defer Inc Tax - Other	$14,591,395.26	$14,634,670.85	($43,275.59)	$14,591,395.26	$8,418,759.10	$6,172,636.16
Deferred Credits	**$674,911,630.81**	**$673,677,223.99**	**$1,234,406.82**	**$674,911,630.81**	**$617,440,015.05**	**$57,471,615.76**
Total Liabilities and Equity	**$2,119,601,970.73**	**$2,108,119,011.30**	**$11,482,959.43**	**$2,119,601,970.73**	**$1,928,028,039.97**	**$191,573,930.76**

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	Month: *Dec - 2016*	Previous Month	Variance	Month: *Dec - 2016*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,013,906,812.97	$1,954,535,775.35	$59,371,037.62	$2,013,906,812.97	$1,801,815,646.80	$212,091,166.17
Construction Work In Progress	$20,719,516.66	$69,022,063.07	($48,302,546.41)	$20,719,516.66	$20,600,882.54	$118,634.12
Total Utility Plant	**$2,034,626,329.63**	**$2,023,557,838.42**	**$11,068,491.21**	**$2,034,626,329.63**	**$1,822,416,529.34**	**$212,209,800.29**
Accum Prov - Amort and Depr	($401,188,111.08)	($400,248,140.92)	($939,970.16)	($401,188,111.08)	($372,792,109.96)	($28,396,001.12)
Net Utility Plant	**$1,633,438,218.55**	**$1,623,309,697.50**	**$10,128,521.05**	**$1,633,438,218.55**	**$1,449,624,419.38**	**$183,813,799.17**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,634,170,090.80**	**$1,624,041,569.75**	**$10,128,521.05**	**$1,634,170,090.80**	**$1,450,356,291.63**	**$183,813,799.17**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$19,212,453.72	$19,182,044.35	$30,409.37	$19,212,453.72	$18,747,420.33	$465,033.39
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$5,379,904.00	$8,045,015.69	($2,665,111.69)	$5,379,904.00	$6,951,631.00	($1,571,727.00)
Other Property and Investments	**$24,600,704.21**	**$27,235,406.53**	**($2,634,702.32)**	**$24,600,704.21**	**$25,707,397.82**	**($1,106,693.61)**
Current and Accrued Assets						
Cash	$3,066,603.60	$1,348,686.81	$1,717,916.79	$3,066,603.60	$2,007,674.17	$1,058,929.43
Special Deposits	-	-	-	-	-	-
Working Funds	$2,550.00	$2,550.00	$0.00	$2,550.00	$2,550.00	$0.00
Temp Cash Investments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.16	($0.16)
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$51,653,848.59	$25,070,757.27	$26,583,091.32	$51,653,848.59	$32,093,842.58	$19,560,006.01
AR from Associated Cos	$200,310.32	$100,830.63	$99,479.69	$200,310.32	$165,777.31	$34,533.01
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$749,077.56	$699,748.84	$49,328.72	$749,077.56	$750,306.70	($1,229.14)
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$58,603,721.86	$70,405,748.86	($11,802,027.00)	$58,603,721.86	$79,249,491.96	($20,645,770.10)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$2,773,274.01	$3,274,141.25	($500,867.24)	$2,773,274.01	$2,871,890.98	($98,616.97)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$65,923.42	$19,639.08	$46,284.34	$65,923.42	$24,130.23	$41,793.19
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$117,115,309.36**	**$100,922,102.74**	**$16,193,206.62**	**$117,115,309.36**	**$117,165,664.09**	**($50,354.73)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$274,999,214.90	$272,739,780.71	$2,259,434.19	$274,999,214.90	$271,735,885.80	$3,263,329.10
Preliminary Surveys	$3,556,944.54	$3,425,098.67	$131,845.87	$3,556,944.54	$3,059,484.05	$497,460.49
Clearing Accounts	$0.00	($2,262.47)	$2,262.47	$0.00	$0.00	$0.00

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	Month: *Dec - 2016*	Previous Month	Variance	Month: *Dec - 2016*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$4,901,644.03	$4,888,797.63	$12,846.40	$4,901,644.03	$8,070,526.52	($3,168,882.49)
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$87,864,056.03	$75,065,271.46	$12,798,784.57	$87,864,056.03	$67,356,767.32	$20,507,288.71
Unrecovered Purchase Gas Costs	$12,666,996.42	$11,286,205.71	$1,380,790.71	$12,666,996.42	($15,423,977.26)	$28,090,973.68
Deferred Debits	**$383,988,855.92**	**$367,402,891.71**	**$16,585,964.21**	**$383,988,855.92**	**$334,798,686.43**	**$49,190,169.49**
Assets and Other Debits	**$2,159,874,960.29**	**$2,119,601,970.73**	**$40,272,989.56**	**$2,159,874,960.29**	**$1,928,028,039.97**	**$231,846,920.32**
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	$7,889,827.00	$7,889,827.00	$0.00	$7,889,827.00	$7,889,827.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$616,758,449.56	$597,204,428.14	$19,554,021.42	$616,758,449.56	$549,929,308.82	$66,829,140.74
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$669,776,076.56**	**$650,222,055.14**	**$19,554,021.42**	**$669,776,076.56**	**$602,946,935.82**	**$66,829,140.74**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$540,515,000.00	$540,515,000.00	$0.00	$540,515,000.00	$495,515,000.00	$45,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$540,515,000.00**	**$540,515,000.00**	**$0.00**	**$540,515,000.00**	**$495,515,000.00**	**$45,000,000.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$30,966,820.18	$31,042,651.51	($75,831.33)	$30,966,820.18	$31,653,678.35	($686,858.17)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$91,750.00	$79,470.00	$12,280.00	$91,750.00	$131,188.00	($39,438.00)
Accum Prov - Pension & Benefit	$20,955,288.88	$21,656,599.44	($701,310.56)	$20,955,288.88	$20,002,464.00	$952,824.88
Accum Misc Operating Provision	$0.00	$0.00	$0.00	$0.00	$1,395,926.12	($1,395,926.12)
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$52,013,859.06**	**$52,778,720.95**	**($764,861.89)**	**$52,013,859.06**	**$53,183,256.47**	**($1,169,397.41)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$33,370,866.03	$28,710,266.57	$4,660,599.46	$33,370,866.03	$27,818,193.47	$5,552,672.56
NP to Associated Cos	$0.00	$0.00	$0.00	$0.00	$18,525,000.00	($18,525,000.00)
AP to Associated Cos	$122,402,576.88	$122,551,120.23	($148,543.35)	$122,402,576.88	$42,454,001.04	$79,948,575.84
Customer Deposits	$3,130,589.68	$3,075,474.68	$55,115.00	$3,130,589.68	$3,369,186.68	($238,597.00)
Taxes Accrued	($415,340.00)	($24,864,838.42)	$24,449,498.42	($415,340.00)	($838,023.90)	$422,683.90
Interest Accrued	$317,560.66	$314,151.03	$3,409.63	$317,560.66	$322,894.81	($5,334.15)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$463,695.46	$157,287.82	$306,407.64	$463,695.46	$62,115.33	$401,580.13
Misc Current & Accrued Liab	$65,624,790.12	$70,369,396.06	($4,744,605.94)	$65,624,790.12	$66,427,283.26	($802,493.14)
Obligation Cap Lease - Current	$868,289.61	$861,705.86	$6,583.75	$868,289.61	$802,181.94	$66,107.67
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$225,763,028.44**	**$201,174,563.83**	**$24,588,464.61**	**$225,763,028.44**	**$158,942,832.63**	**$66,820,195.81**
Deferred Credits						
Customer Adv. for Construction	$4,901,549.22	$4,891,758.35	$9,790.87	$4,901,549.22	$8,163,421.12	($3,261,871.90)
Acc Defd Investment Tax Credit	$2,462,104.00	$2,492,124.00	($30,020.00)	$2,462,104.00	$2,822,344.00	($360,240.00)

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	Month: *Dec - 2016*	Previous Month	Variance	Month: *Dec - 2016*	December of Previous Year	Variance
Other Deferred Credits	$7,881,641.40	$8,597,532.64	($715,891.24)	$7,881,641.40	$10,520,567.41	($2,638,926.01)
Other Regulatory Liabilities	$41,758,882.89	$46,341,503.87	($4,582,620.98)	$41,758,882.89	$46,193,355.97	($4,434,473.08)
Accum Defer Inc Tax - Oth Prop	$600,841,162.73	$597,997,316.69	$2,843,846.04	$600,841,162.73	$541,321,567.45	$59,519,595.28
Accum Defer Inc Tax - Other	$13,961,655.99	$14,591,395.26	($629,739.27)	$13,961,655.99	$8,418,759.10	$5,542,896.89
Deferred Credits	**$671,806,996.23**	**$674,911,630.81**	**($3,104,634.58)**	**$671,806,996.23**	**$617,440,015.05**	**$54,366,981.18**
Total Liabilities and Equity	**$2,159,874,960.29**	**$2,119,601,970.73**	**$40,272,989.56**	**$2,159,874,960.29**	**$1,928,028,039.97**	**$231,846,920.32**

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	Month: *Jan - 2017*	Previous Month	Variance	Month: *Jan - 2017*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,012,812,464.57	$2,013,906,812.97	($1,094,348.40)	$2,012,812,464.57	$2,013,906,812.97	($1,094,348.40)
Construction Work In Progress	$28,962,316.79	$20,719,516.66	$8,242,800.13	$28,962,316.79	$20,719,516.66	$8,242,800.13
Total Utility Plant	**$2,041,774,781.36**	**$2,034,626,329.63**	**$7,148,451.73**	**$2,041,774,781.36**	**$2,034,626,329.63**	**$7,148,451.73**
Accum Prov - Amort and Depr	($401,409,694.83)	($401,188,111.08)	($221,583.75)	($401,409,694.83)	($401,188,111.08)	($221,583.75)
Net Utility Plant	**$1,640,365,086.53**	**$1,633,438,218.55**	**$6,926,867.98**	**$1,640,365,086.53**	**$1,633,438,218.55**	**$6,926,867.98**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,641,096,958.78**	**$1,634,170,090.80**	**$6,926,867.98**	**$1,641,096,958.78**	**$1,634,170,090.80**	**$6,926,867.98**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$19,276,653.10	$19,212,453.72	$64,199.38	$19,276,653.10	$19,212,453.72	$64,199.38
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$5,525,689.73	$5,379,904.00	$145,785.73	$5,525,689.73	$5,379,904.00	$145,785.73
Other Property and Investments	**$24,810,689.32**	**$24,600,704.21**	**$209,985.11**	**$24,810,689.32**	**$24,600,704.21**	**$209,985.11**
Current and Accrued Assets						
Cash	$3,536,069.05	$3,066,603.60	$469,465.45	$3,536,069.05	$3,066,603.60	$469,465.45
Special Deposits	-	-	-	-	-	-
Working Funds	$2,550.00	$2,550.00	$0.00	$2,550.00	$2,550.00	$0.00
Temp Cash Investments	$336,267.02	$0.00	$336,267.02	$336,267.02	$0.00	$336,267.02
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$24,621,716.03	$51,653,848.59	($27,032,132.56)	$24,621,716.03	$51,653,848.59	($27,032,132.56)
AR from Associated Cos	$35,541,496.27	$200,310.32	$35,341,185.95	$35,541,496.27	$200,310.32	$35,341,185.95
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$744,865.81	$749,077.56	($4,211.75)	$744,865.81	$749,077.56	($4,211.75)
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$43,917,651.86	$58,603,721.86	($14,686,070.00)	$43,917,651.86	$58,603,721.86	($14,686,070.00)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$2,332,573.68	$2,773,274.01	($440,700.33)	$2,332,573.68	$2,773,274.01	($440,700.33)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$210,813.53	$65,923.42	$144,890.11	$210,813.53	$65,923.42	$144,890.11
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$111,244,003.25**	**$117,115,309.36**	**($5,871,306.11)**	**$111,244,003.25**	**$117,115,309.36**	**($5,871,306.11)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$275,291,722.77	$274,999,214.90	$292,507.87	$275,291,722.77	$274,999,214.90	$292,507.87
Preliminary Surveys	$3,648,296.11	$3,556,944.54	$91,351.57	$3,648,296.11	$3,556,944.54	$91,351.57
Clearing Accounts	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

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	Month: *Jan - 2017*	Previous Month	Variance	Month: *Jan - 2017*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$4,898,239.17	$4,901,644.03	($3,404.86)	$4,898,239.17	$4,901,644.03	($3,404.86)
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$85,668,115.17	$87,864,056.03	($2,195,940.86)	$85,668,115.17	$87,864,056.03	($2,195,940.86)
Unrecovered Purchase Gas Costs	$8,190,848.99	$12,666,996.42	($4,476,147.43)	$8,190,848.99	$12,666,996.42	($4,476,147.43)
Deferred Debits	**$377,697,222.21**	**$383,988,855.92**	**($6,291,633.71)**	**$377,697,222.21**	**$383,988,855.92**	**($6,291,633.71)**
Assets and Other Debits	**$2,154,848,873.56**	**$2,159,874,960.29**	**($5,026,086.73)**	**$2,154,848,873.56**	**$2,159,874,960.29**	**($5,026,086.73)**
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	$7,889,827.00	$7,889,827.00	$0.00	$7,889,827.00	$7,889,827.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$640,183,382.96	$616,758,449.56	$23,424,933.40	$640,183,382.96	$616,758,449.56	$23,424,933.40
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$693,201,009.96**	**$669,776,076.56**	**$23,424,933.40**	**$693,201,009.96**	**$669,776,076.56**	**$23,424,933.40**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$625,515,000.00	$540,515,000.00	$85,000,000.00	$625,515,000.00	$540,515,000.00	$85,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$625,515,000.00**	**$540,515,000.00**	**$85,000,000.00**	**$625,515,000.00**	**$540,515,000.00**	**$85,000,000.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$30,890,628.00	$30,966,820.18	($76,192.18)	$30,890,628.00	$30,966,820.18	($76,192.18)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$105,619.00	$91,750.00	$13,869.00	$105,619.00	$91,750.00	$13,869.00
Accum Prov - Pension & Benefit	$20,874,808.20	$20,955,288.88	($80,480.68)	$20,874,808.20	$20,955,288.88	($80,480.68)
Accum Misc Operating Provision	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$51,871,055.20**	**$52,013,859.06**	**($142,803.86)**	**$51,871,055.20**	**$52,013,859.06**	**($142,803.86)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$33,905,354.66	$33,370,866.03	$534,488.63	$33,905,354.66	$33,370,866.03	$534,488.63
NP to Associated Cos	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
AP to Associated Cos	$12,146,349.20	$122,402,576.88	($110,256,227.68)	$12,146,349.20	$122,402,576.88	($110,256,227.68)
Customer Deposits	$3,015,860.68	$3,130,589.68	($114,729.00)	$3,015,860.68	$3,130,589.68	($114,729.00)
Taxes Accrued	$10,699,973.04	($415,340.00)	$11,115,313.04	$10,699,973.04	($415,340.00)	$11,115,313.04
Interest Accrued	$273,728.93	$317,560.66	($43,831.73)	$273,728.93	$317,560.66	($43,831.73)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$691,774.96	$463,695.46	$228,079.50	$691,774.96	$463,695.46	$228,079.50
Misc Current & Accrued Liab	$50,463,890.33	$65,624,790.12	($15,160,899.79)	$50,463,890.33	$65,624,790.12	($15,160,899.79)
Obligation Cap Lease - Current	$874,915.82	$868,289.61	$6,626.21	$874,915.82	$868,289.61	$6,626.21
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$112,071,847.62**	**$225,763,028.44**	**($113,691,180.82)**	**$112,071,847.62**	**$225,763,028.44**	**($113,691,180.82)**
Deferred Credits						
Customer Adv. for Construction	$5,055,934.81	$4,901,549.22	$154,385.59	$5,055,934.81	$4,901,549.22	$154,385.59
Acc Defd Investment Tax Credit	$2,432,085.00	$2,462,104.00	($30,019.00)	$2,432,085.00	$2,462,104.00	($30,019.00)

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	Month: *Jan - 2017*	Previous Month	Variance	Month: *Jan - 2017*	December of Previous Year	Variance
Other Deferred Credits	$7,667,222.34	$7,881,641.40	($214,419.06)	$7,667,222.34	$7,881,641.40	($214,419.06)
Other Regulatory Liabilities	$38,695,492.17	$41,758,882.89	($3,063,390.72)	$38,695,492.17	$41,758,882.89	($3,063,390.72)
Accum Defer Inc Tax - Oth Prop	$606,638,047.98	$600,841,162.73	$5,796,885.25	$606,638,047.98	$600,841,162.73	$5,796,885.25
Accum Defer Inc Tax - Other	$11,701,178.48	$13,961,655.99	($2,260,477.51)	$11,701,178.48	$13,961,655.99	($2,260,477.51)
Deferred Credits	**$672,189,960.78**	**$671,806,996.23**	**$382,964.55**	**$672,189,960.78**	**$671,806,996.23**	**$382,964.55**
Total Liabilities and Equity	**$2,154,848,873.56**	**$2,159,874,960.29**	**($5,026,086.73)**	**$2,154,848,873.56**	**$2,159,874,960.29**	**($5,026,086.73)**

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	Month: *Feb - 2017*	Previous Month	Variance	Month: *Feb - 2017*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,020,059,516.41	$2,012,812,464.57	$7,247,051.84	$2,020,059,516.41	$2,013,906,812.97	$6,152,703.44
Construction Work In Progress	$34,690,820.40	$28,962,316.79	$5,728,503.61	$34,690,820.40	$20,719,516.66	$13,971,303.74
Total Utility Plant	**$2,054,750,336.81**	**$2,041,774,781.36**	**$12,975,555.45**	**$2,054,750,336.81**	**$2,034,626,329.63**	**$20,124,007.18**
Accum Prov - Amort and Depr	($405,255,639.06)	($401,409,694.83)	($3,845,944.23)	($405,255,639.06)	($401,188,111.08)	($4,067,527.98)
Net Utility Plant	**$1,649,494,697.75**	**$1,640,365,086.53**	**$9,129,611.22**	**$1,649,494,697.75**	**$1,633,438,218.55**	**$16,056,479.20**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,650,226,570.00**	**$1,641,096,958.78**	**$9,129,611.22**	**$1,650,226,570.00**	**$1,634,170,090.80**	**$16,056,479.20**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$19,311,988.36	$19,276,653.10	$35,335.26	$19,311,988.36	$19,212,453.72	$99,534.64
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$5,797,924.80	$5,525,689.73	$272,235.07	$5,797,924.80	$5,379,904.00	$418,020.80
Other Property and Investments	**$25,118,259.65**	**$24,810,689.32**	**$307,570.33**	**$25,118,259.65**	**$24,600,704.21**	**$517,555.44**
Current and Accrued Assets						
Cash	$3,181,612.74	$3,536,069.05	($354,456.31)	$3,181,612.74	$3,066,603.60	$115,009.14
Special Deposits	-	-	-	-	-	-
Working Funds	$2,550.00	$2,550.00	$0.00	$2,550.00	$2,550.00	$0.00
Temp Cash Investments	$325,549.41	$336,267.02	($10,717.61)	$325,549.41	$0.00	$325,549.41
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$21,269,154.13	$24,621,716.03	($3,352,561.90)	$21,269,154.13	$51,653,848.59	($30,384,694.46)
AR from Associated Cos	$57,898,419.06	$35,541,496.27	$22,356,922.79	$57,898,419.06	$200,310.32	$57,698,108.74
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$761,320.77	$744,865.81	$16,454.96	$761,320.77	$749,077.56	$12,243.21
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$35,078,666.59	$43,917,651.86	($8,838,985.27)	$35,078,666.59	$58,603,721.86	($23,525,055.27)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$4,460,374.11	$2,332,573.68	$2,127,800.43	$4,460,374.11	$2,773,274.01	$1,687,100.10
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$196,548.96	$210,813.53	($14,264.57)	$196,548.96	$65,923.42	$130,625.54
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$123,174,195.77**	**$111,244,003.25**	**$11,930,192.52**	**$123,174,195.77**	**$117,115,309.36**	**$6,058,886.41**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$276,010,137.43	$275,291,722.77	$718,414.66	$276,010,137.43	$274,999,214.90	$1,010,922.53
Preliminary Surveys	$3,276,440.66	$3,648,296.11	($371,855.45)	$3,276,440.66	$3,556,944.54	($280,503.88)
Clearing Accounts	($1,067.11)	$0.00	($1,067.11)	($1,067.11)	$0.00	($1,067.11)

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	Month: *Feb - 2017*	Previous Month	Variance	Month: *Feb - 2017*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$5,060,881.15	$4,898,239.17	$162,641.98	$5,060,881.15	$4,901,644.03	$159,237.12
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$84,044,922.80	$85,668,115.17	($1,623,192.37)	$84,044,922.80	$87,864,056.03	($3,819,133.23)
Unrecovered Purchase Gas Costs	$1,636,112.98	$8,190,848.99	($6,554,736.01)	$1,636,112.98	$12,666,996.42	($11,030,883.44)
Deferred Debits	**$370,027,427.91**	**$377,697,222.21**	**($7,669,794.30)**	**$370,027,427.91**	**$383,988,855.92**	**($13,961,428.01)**
Assets and Other Debits	**$2,168,546,453.33**	**$2,154,848,873.56**	**$13,697,579.77**	**$2,168,546,453.33**	**$2,159,874,960.29**	**$8,671,493.04**
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	$7,889,827.00	$7,889,827.00	$0.00	$7,889,827.00	$7,889,827.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$659,508,638.41	$640,183,382.96	$19,325,255.45	$659,508,638.41	$616,758,449.56	$42,750,188.85
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$712,526,265.41**	**$693,201,009.96**	**$19,325,255.45**	**$712,526,265.41**	**$669,776,076.56**	**$42,750,188.85**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$625,515,000.00	$625,515,000.00	$0.00	$625,515,000.00	$540,515,000.00	$85,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$625,515,000.00**	**$625,515,000.00**	**$0.00**	**$625,515,000.00**	**$540,515,000.00**	**$85,000,000.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$30,814,072.66	$30,890,628.00	($76,555.34)	$30,814,072.66	$30,966,820.18	($152,747.52)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$112,994.00	$105,619.00	$7,375.00	$112,994.00	$91,750.00	$21,244.00
Accum Prov - Pension & Benefit	$20,803,460.71	$20,874,808.20	($71,347.49)	$20,803,460.71	$20,955,288.88	($151,828.17)
Accum Misc Operating Provision	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$51,730,527.37**	**$51,871,055.20**	**($140,527.83)**	**$51,730,527.37**	**$52,013,859.06**	**($283,331.69)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$30,885,105.44	$33,905,354.66	($3,020,249.22)	$30,885,105.44	$33,370,866.03	($2,485,760.59)
NP to Associated Cos	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
AP to Associated Cos	$15,071,482.92	$12,146,349.20	$2,925,133.72	$15,071,482.92	$122,402,576.88	($107,331,093.96)
Customer Deposits	$2,921,331.68	$3,015,860.68	($94,529.00)	$2,921,331.68	$3,130,589.68	($209,258.00)
Taxes Accrued	$18,368,243.65	$10,699,973.04	$7,668,270.61	$18,368,243.65	($415,340.00)	$18,783,583.65
Interest Accrued	$278,572.48	$273,728.93	$4,843.55	$278,572.48	$317,560.66	($38,988.18)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$457,822.06	$691,774.96	($233,952.90)	$457,822.06	$463,695.46	($5,873.40)
Misc Current & Accrued Liab	$36,088,659.98	$50,463,890.33	($14,375,230.35)	$36,088,659.98	$65,624,790.12	($29,536,130.14)
Obligation Cap Lease - Current	$881,584.90	$874,915.82	$6,669.08	$881,584.90	$868,289.61	$13,295.29
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$104,952,803.11**	**$112,071,847.62**	**($7,119,044.51)**	**$104,952,803.11**	**$225,763,028.44**	**($120,810,225.33)**
Deferred Credits						
Customer Adv. for Construction	$5,067,943.97	$5,055,934.81	$12,009.16	$5,067,943.97	$4,901,549.22	$166,394.75
Acc Defd Investment Tax Credit	$2,402,066.00	$2,432,085.00	($30,019.00)	$2,402,066.00	$2,462,104.00	($60,038.00)

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	Month: *Feb - 2017*	Previous Month	Variance	Month: *Feb - 2017*	December of Previous Year	Variance
Other Deferred Credits	$7,658,903.38	$7,667,222.34	($8,318.96)	$7,658,903.38	$7,881,641.40	($222,738.02)
Other Regulatory Liabilities	$35,797,205.92	$38,695,492.17	($2,898,286.25)	$35,797,205.92	$41,758,882.89	($5,961,676.97)
Accum Defer Inc Tax - Oth Prop	$612,857,480.23	$606,638,047.98	$6,219,432.25	$612,857,480.23	$600,841,162.73	$12,016,317.50
Accum Defer Inc Tax - Other	$10,038,257.94	$11,701,178.48	($1,662,920.54)	$10,038,257.94	$13,961,655.99	($3,923,398.05)
Deferred Credits	**$673,821,857.44**	**$672,189,960.78**	**$1,631,896.66**	**$673,821,857.44**	**$671,806,996.23**	**$2,014,861.21**
Total Liabilities and Equity	**$2,168,546,453.33**	**$2,154,848,873.56**	**$13,697,579.77**	**$2,168,546,453.33**	**$2,159,874,960.29**	**$8,671,493.04**

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	Month: *Mar - 2017*	Previous Month	Variance	Month: *Mar - 2017*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,027,102,605.10	$2,020,059,516.41	$7,043,088.69	$2,027,102,605.10	$2,013,906,812.97	$13,195,792.13
Construction Work In Progress	$45,825,381.12	$34,690,820.40	$11,134,560.72	$45,825,381.12	$20,719,516.66	$25,105,864.46
Total Utility Plant	**$2,072,927,986.22**	**$2,054,750,336.81**	**$18,177,649.41**	**$2,072,927,986.22**	**$2,034,626,329.63**	**$38,301,656.59**
Accum Prov - Amort and Depr	($408,308,603.61)	($405,255,639.06)	($3,052,964.55)	($408,308,603.61)	($401,188,111.08)	($7,120,492.53)
Net Utility Plant	**$1,664,619,382.61**	**$1,649,494,697.75**	**$15,124,684.86**	**$1,664,619,382.61**	**$1,633,438,218.55**	**$31,181,164.06**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,665,351,254.86**	**$1,650,226,570.00**	**$15,124,684.86**	**$1,665,351,254.86**	**$1,634,170,090.80**	**$31,181,164.06**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$19,349,431.63	$19,311,988.36	$37,443.27	$19,349,431.63	$19,212,453.72	$136,977.91
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$5,744,848.99	$5,797,924.80	($53,075.81)	$5,744,848.99	$5,379,904.00	$364,944.99
Other Property and Investments	**$25,102,627.11**	**$25,118,259.65**	**($15,632.54)**	**$25,102,627.11**	**$24,600,704.21**	**$501,922.90**
Current and Accrued Assets						
Cash	$3,120,142.07	$3,181,612.74	($61,470.67)	$3,120,142.07	$3,066,603.60	$53,538.47
Special Deposits	-	-	-	-	-	-
Working Funds	$2,550.00	$2,550.00	$0.00	$2,550.00	$2,550.00	$0.00
Temp Cash Investments	$1,544,547.89	$325,549.41	$1,218,998.48	$1,544,547.89	$0.00	$1,544,547.89
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other Accounts Receivable	$253,000.00	$0.00	$253,000.00	$253,000.00	$0.00	$253,000.00
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$10,076,892.01	$21,269,154.13	($11,192,262.12)	$10,076,892.01	$51,653,848.59	($41,576,956.58)
AR from Associated Cos	$89,630,693.16	$57,898,419.06	$31,732,274.10	$89,630,693.16	$200,310.32	$89,430,382.84
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$772,106.47	$761,320.77	$10,785.70	$772,106.47	$749,077.56	$23,028.91
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$20,348,804.91	$35,078,666.59	($14,729,861.68)	$20,348,804.91	$58,603,721.86	($38,254,916.95)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$1,968,968.03	$4,460,374.11	($2,491,406.08)	$1,968,968.03	$2,773,274.01	($804,305.98)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$235,537.24	$196,548.96	$38,988.28	$235,537.24	$65,923.42	$169,613.82
Derivative Instrument Assets	$54,426.00	$0.00	$54,426.00	$54,426.00	$0.00	$54,426.00
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$128,007,667.78**	**$123,174,195.77**	**$4,833,472.01**	**$128,007,667.78**	**$117,115,309.36**	**$10,892,358.42**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$276,919,742.70	$276,010,137.43	$909,605.27	$276,919,742.70	$274,999,214.90	$1,920,527.80
Preliminary Surveys	$3,477,121.13	$3,276,440.66	$200,680.47	$3,477,121.13	$3,556,944.54	($79,823.41)
Clearing Accounts	$110.93	($1,067.11)	$1,178.04	$110.93	$0.00	$110.93

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	Month: *Mar - 2017*	Previous Month	Variance	Month: *Mar - 2017*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$5,056,881.46	$5,060,881.15	($3,999.69)	$5,056,881.46	$4,901,644.03	$155,237.43
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$82,922,502.96	$84,044,922.80	($1,122,419.84)	$82,922,502.96	$87,864,056.03	($4,941,553.07)
Unrecovered Purchase Gas Costs	($4,174,900.83)	$1,636,112.98	($5,811,013.81)	($4,174,900.83)	$12,666,996.42	($16,841,897.25)
Deferred Debits	**$364,201,458.35**	**$370,027,427.91**	**($5,825,969.56)**	**$364,201,458.35**	**$383,988,855.92**	**($19,787,397.57)**
Assets and Other Debits	**$2,182,663,008.10**	**$2,168,546,453.33**	**$14,116,554.77**	**$2,182,663,008.10**	**$2,159,874,960.29**	**$22,788,047.81**
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	$7,889,827.00	$7,889,827.00	$0.00	$7,889,827.00	$7,889,827.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$673,648,773.52	$659,508,638.41	$14,140,135.11	$673,648,773.52	$616,758,449.56	$56,890,323.96
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$726,666,400.52**	**$712,526,265.41**	**$14,140,135.11**	**$726,666,400.52**	**$669,776,076.56**	**$56,890,323.96**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$625,515,000.00	$625,515,000.00	$0.00	$625,515,000.00	$540,515,000.00	$85,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$625,515,000.00**	**$625,515,000.00**	**$0.00**	**$625,515,000.00**	**$540,515,000.00**	**$85,000,000.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$30,737,151.86	$30,814,072.66	($76,920.80)	$30,737,151.86	$30,966,820.18	($229,668.32)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$94,550.00	$112,994.00	($18,444.00)	$94,550.00	$91,750.00	$2,800.00
Accum Prov - Pension & Benefit	$20,874,925.87	$20,803,460.71	$71,465.16	$20,874,925.87	$20,955,288.88	($80,363.01)
Accum Misc Operating Provision	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$51,706,627.73**	**$51,730,527.37**	**($23,899.64)**	**$51,706,627.73**	**$52,013,859.06**	**($307,231.33)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$30,451,364.21	$30,885,105.44	($433,741.23)	$30,451,364.21	$33,370,866.03	($2,919,501.82)
NP to Associated Cos	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
AP to Associated Cos	$19,192,004.74	$15,071,482.92	$4,120,521.82	$19,192,004.74	$122,402,576.88	($103,210,572.14)
Customer Deposits	$2,841,722.68	$2,921,331.68	($79,609.00)	$2,841,722.68	$3,130,589.68	($288,867.00)
Taxes Accrued	$17,465,845.97	$18,368,243.65	($902,397.68)	$17,465,845.97	($415,340.00)	$17,881,185.97
Interest Accrued	$284,064.27	$278,572.48	$5,491.79	$284,064.27	$317,560.66	($33,496.39)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$439,179.83	$457,822.06	($18,642.23)	$439,179.83	$463,695.46	($24,515.63)
Misc Current & Accrued Liab	$24,758,939.53	$36,088,659.98	($11,329,720.45)	$24,758,939.53	$65,624,790.12	($40,865,850.59)
Obligation Cap Lease - Current	$888,297.24	$881,584.90	$6,712.34	$888,297.24	$868,289.61	$20,007.63
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$96,321,418.47**	**$104,952,803.11**	**($8,631,384.64)**	**$96,321,418.47**	**$225,763,028.44**	**($129,441,609.97)**
Deferred Credits						
Customer Adv. for Construction	$5,053,735.10	$5,067,943.97	($14,208.87)	$5,053,735.10	$4,901,549.22	$152,185.88
Acc Defd Investment Tax Credit	$2,372,047.00	$2,402,066.00	($30,019.00)	$2,372,047.00	$2,462,104.00	($90,057.00)

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	Month: *Mar - 2017*	Previous Month	Variance	Month: *Mar - 2017*	December of Previous Year	Variance
Other Deferred Credits	$7,720,538.11	$7,658,903.38	$61,634.73	$7,720,538.11	$7,881,641.40	($161,103.29)
Other Regulatory Liabilities	$34,913,927.02	$35,797,205.92	($883,278.90)	$34,913,927.02	$41,758,882.89	($6,844,955.87)
Accum Defer Inc Tax - Oth Prop	$618,654,467.45	$612,857,480.23	$5,796,987.22	$618,654,467.45	$600,841,162.73	$17,813,304.72
Accum Defer Inc Tax - Other	$13,738,846.70	$10,038,257.94	$3,700,588.76	$13,738,846.70	$13,961,655.99	($222,809.29)
Deferred Credits	**$682,453,561.38**	**$673,821,857.44**	**$8,631,703.94**	**$682,453,561.38**	**$671,806,996.23**	**$10,646,565.15**
Total Liabilities and Equity	**$2,182,663,008.10**	**$2,168,546,453.33**	**$14,116,554.77**	**$2,182,663,008.10**	**$2,159,874,960.29**	**$22,788,047.81**

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	Month: *Apr - 2017*	Previous Month	Variance	Month: *Apr - 2017*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,041,837,251.39	$2,027,102,605.10	$14,734,646.29	$2,041,837,251.39	$2,013,906,812.97	$27,930,438.42
Construction Work In Progress	$50,179,867.26	$45,825,381.12	$4,354,486.14	$50,179,867.26	$20,719,516.66	$29,460,350.60
Total Utility Plant	**$2,092,017,118.65**	**$2,072,927,986.22**	**$19,089,132.43**	**$2,092,017,118.65**	**$2,034,626,329.63**	**$57,390,789.02**
Accum Prov - Amort and Depr	($411,408,024.39)	($408,308,603.61)	($3,099,420.78)	($411,408,024.39)	($401,188,111.08)	($10,219,913.31)
Net Utility Plant	**$1,680,609,094.26**	**$1,664,619,382.61**	**$15,989,711.65**	**$1,680,609,094.26**	**$1,633,438,218.55**	**$47,170,875.71**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,681,340,966.51**	**$1,665,351,254.86**	**$15,989,711.65**	**$1,681,340,966.51**	**$1,634,170,090.80**	**$47,170,875.71**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$19,380,647.71	$19,349,431.63	$31,216.08	$19,380,647.71	$19,212,453.72	$168,193.99
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$5,911,485.75	$5,744,848.99	$166,636.76	$5,911,485.75	$5,379,904.00	$531,581.75
Other Property and Investments	**$25,300,479.95**	**$25,102,627.11**	**$197,852.84**	**$25,300,479.95**	**$24,600,704.21**	**$699,775.74**
Current and Accrued Assets						
Cash	$2,393,690.51	$3,120,142.07	($726,451.56)	$2,393,690.51	$3,066,603.60	($672,913.09)
Special Deposits	-	-	-	-	-	-
Working Funds	$2,550.00	$2,550.00	$0.00	$2,550.00	$2,550.00	$0.00
Temp Cash Investments	$1,790,414.36	$1,544,547.89	$245,866.47	$1,790,414.36	$0.00	$1,790,414.36
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other Accounts Receivable	$253,000.00	$253,000.00	$0.00	$253,000.00	$0.00	$253,000.00
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$3,234,062.63	$10,076,892.01	($6,842,829.38)	$3,234,062.63	$51,653,848.59	($48,419,785.96)
AR from Associated Cos	$82,193,620.51	$89,630,693.16	($7,437,072.65)	$82,193,620.51	$200,310.32	$81,993,310.19
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$780,506.74	$772,106.47	$8,400.27	$780,506.74	$749,077.56	$31,429.18
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$28,327,157.69	$20,348,804.91	$7,978,352.78	$28,327,157.69	$58,603,721.86	($30,276,564.17)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$1,470,734.92	$1,968,968.03	($498,233.11)	$1,470,734.92	$2,773,274.01	($1,302,539.09)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$811,797.18	$235,537.24	$576,259.94	$811,797.18	$65,923.42	$745,873.76
Derivative Instrument Assets	$42,132.16	$54,426.00	($12,293.84)	$42,132.16	$0.00	$42,132.16
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$121,299,666.70**	**$128,007,667.78**	**($6,708,001.08)**	**$121,299,666.70**	**$117,115,309.36**	**$4,184,357.34**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$277,334,648.16	$276,919,742.70	$414,905.46	$277,334,648.16	$274,999,214.90	$2,335,433.26
Preliminary Surveys	$3,554,477.20	$3,477,121.13	$77,356.07	$3,554,477.20	$3,556,944.54	($2,467.34)
Clearing Accounts	$117.05	$110.93	$6.12	$117.05	$0.00	$117.05

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	Month: *Apr - 2017*	Previous Month	Variance	Month: *Apr - 2017*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$5,056,607.29	$5,056,881.46	($274.17)	$5,056,607.29	$4,901,644.03	$154,963.26
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$83,442,459.71	$82,922,502.96	$519,956.75	$83,442,459.71	$87,864,056.03	($4,421,596.32)
Unrecovered Purchase Gas Costs	($5,587,941.18)	($4,174,900.83)	($1,413,040.35)	($5,587,941.18)	$12,666,996.42	($18,254,937.60)
Deferred Debits	**$363,800,368.23**	**$364,201,458.35**	**($401,090.12)**	**$363,800,368.23**	**$383,988,855.92**	**($20,188,487.69)**
Assets and Other Debits	**$2,191,741,481.39**	**$2,182,663,008.10**	**$9,078,473.29**	**$2,191,741,481.39**	**$2,159,874,960.29**	**$31,866,521.10**
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	$7,889,827.00	$7,889,827.00	$0.00	$7,889,827.00	$7,889,827.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$677,160,495.97	$673,648,773.52	$3,511,722.45	$677,160,495.97	$616,758,449.56	$60,402,046.41
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$730,178,122.97**	**$726,666,400.52**	**$3,511,722.45**	**$730,178,122.97**	**$669,776,076.56**	**$60,402,046.41**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$625,515,000.00	$625,515,000.00	$0.00	$625,515,000.00	$540,515,000.00	$85,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$625,515,000.00**	**$625,515,000.00**	**$0.00**	**$625,515,000.00**	**$540,515,000.00**	**$85,000,000.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$30,654,837.12	$30,737,151.86	($82,314.74)	$30,654,837.12	$30,966,820.18	($311,983.06)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$123,534.00	$94,550.00	$28,984.00	$123,534.00	$91,750.00	$31,784.00
Accum Prov - Pension & Benefit	$20,797,858.09	$20,874,925.87	($77,067.78)	$20,797,858.09	$20,955,288.88	($157,430.79)
Accum Misc Operating Provision	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$51,576,229.21**	**$51,706,627.73**	**($130,398.52)**	**$51,576,229.21**	**$52,013,859.06**	**($437,629.85)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$37,202,298.36	$30,451,364.21	$6,750,934.15	$37,202,298.36	$33,370,866.03	$3,831,432.33
NP to Associated Cos	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
AP to Associated Cos	$20,168,645.78	$19,192,004.74	$976,641.04	$20,168,645.78	$122,402,576.88	($102,233,931.10)
Customer Deposits	$2,782,641.69	$2,841,722.68	($59,080.99)	$2,782,641.69	$3,130,589.68	($347,947.99)
Taxes Accrued	$14,019,740.83	$17,465,845.97	($3,446,105.14)	$14,019,740.83	($415,340.00)	$14,435,080.83
Interest Accrued	$288,193.99	$284,064.27	$4,129.72	$288,193.99	$317,560.66	($29,366.67)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$339,676.88	$439,179.83	($99,502.95)	$339,676.88	$463,695.46	($124,018.58)
Misc Current & Accrued Liab	$22,060,671.59	$24,758,939.53	($2,698,267.94)	$22,060,671.59	$65,624,790.12	($43,564,118.53)
Obligation Cap Lease - Current	$899,984.40	$888,297.24	$11,687.16	$899,984.40	$868,289.61	$31,694.79
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$97,761,853.52**	**$96,321,418.47**	**$1,440,435.05**	**$97,761,853.52**	**$225,763,028.44**	**($128,001,174.92)**
Deferred Credits						
Customer Adv. for Construction	$5,046,057.56	$5,053,735.10	($7,677.54)	$5,046,057.56	$4,901,549.22	$144,508.34
Acc Defd Investment Tax Credit	$2,342,028.00	$2,372,047.00	($30,019.00)	$2,342,028.00	$2,462,104.00	($120,076.00)

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	Month: *Apr - 2017*	Previous Month	Variance	Month: *Apr - 2017*	December of Previous Year	Variance
Other Deferred Credits	$7,717,429.65	$7,720,538.11	($3,108.46)	$7,717,429.65	$7,881,641.40	($164,211.75)
Other Regulatory Liabilities	$32,955,661.36	$34,913,927.02	($1,958,265.66)	$32,955,661.36	$41,758,882.89	($8,803,221.53)
Accum Defer Inc Tax - Oth Prop	$624,451,383.14	$618,654,467.45	$5,796,915.69	$624,451,383.14	$600,841,162.73	$23,610,220.41
Accum Defer Inc Tax - Other	$14,197,715.98	$13,738,846.70	$458,869.28	$14,197,715.98	$13,961,655.99	$236,059.99
Deferred Credits	**$686,710,275.69**	**$682,453,561.38**	**$4,256,714.31**	**$686,710,275.69**	**$671,806,996.23**	**$14,903,279.46**
Total Liabilities and Equity	**$2,191,741,481.39**	**$2,182,663,008.10**	**$9,078,473.29**	**$2,191,741,481.39**	**$2,159,874,960.29**	**$31,866,521.10**

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	Month: *May - 2017*	Previous Month	Variance	Month: *May - 2017*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,054,286,258.42	$2,041,837,251.39	$12,449,007.03	$2,054,286,258.42	$2,013,906,812.97	$40,379,445.45
Construction Work In Progress	$59,164,981.01	$50,179,867.26	$8,985,113.75	$59,164,981.01	$20,719,516.66	$38,445,464.35
Total Utility Plant	**$2,113,451,239.43**	**$2,092,017,118.65**	**$21,434,120.78**	**$2,113,451,239.43**	**$2,034,626,329.63**	**$78,824,909.80**
Accum Prov - Amort and Depr	($414,302,526.61)	($411,408,024.39)	($2,894,502.22)	($414,302,526.61)	($401,188,111.08)	($13,114,415.53)
Net Utility Plant	**$1,699,148,712.82**	**$1,680,609,094.26**	**$18,539,618.56**	**$1,699,148,712.82**	**$1,633,438,218.55**	**$65,710,494.27**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,699,880,585.07**	**$1,681,340,966.51**	**$18,539,618.56**	**$1,699,880,585.07**	**$1,634,170,090.80**	**$65,710,494.27**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$19,404,297.13	$19,380,647.71	$23,649.42	$19,404,297.13	$19,212,453.72	$191,843.41
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$6,068,989.01	$5,911,485.75	$157,503.26	$6,068,989.01	$5,379,904.00	$689,085.01
Other Property and Investments	**$25,481,632.63**	**$25,300,479.95**	**$181,152.68**	**$25,481,632.63**	**$24,600,704.21**	**$880,928.42**
Current and Accrued Assets						
Cash	$920,681.96	$2,393,690.51	($1,473,008.55)	$920,681.96	$3,066,603.60	($2,145,921.64)
Special Deposits	-	-	-	-	-	-
Working Funds	$2,550.00	$2,550.00	$0.00	$2,550.00	$2,550.00	$0.00
Temp Cash Investments	$463,085.96	$1,790,414.36	($1,327,328.40)	$463,085.96	$0.00	$463,085.96
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other Accounts Receivable	$253,000.00	$253,000.00	$0.00	$253,000.00	$0.00	$253,000.00
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$8,376,910.88	$3,234,062.63	$5,142,848.25	$8,376,910.88	$51,653,848.59	($43,276,937.71)
AR from Associated Cos	$57,232,263.50	$82,193,620.51	($24,961,357.01)	$57,232,263.50	$200,310.32	$57,031,953.18
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$786,427.42	$780,506.74	$5,920.68	$786,427.42	$749,077.56	$37,349.86
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$38,209,126.02	$28,327,157.69	$9,881,968.33	$38,209,126.02	$58,603,721.86	($20,394,595.84)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$972,501.81	$1,470,734.92	($498,233.11)	$972,501.81	$2,773,274.01	($1,800,772.20)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$856,785.49	$811,797.18	$44,988.31	$856,785.49	$65,923.42	$790,862.07
Derivative Instrument Assets	$56,966.26	$42,132.16	$14,834.10	$56,966.26	$0.00	$56,966.26
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$108,130,299.30**	**$121,299,666.70**	**($13,169,367.40)**	**$108,130,299.30**	**$117,115,309.36**	**($8,985,010.06)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$278,740,963.07	$277,334,648.16	$1,406,314.91	$278,740,963.07	$274,999,214.90	$3,741,748.17
Preliminary Surveys	$3,577,132.83	$3,554,477.20	$22,655.63	$3,577,132.83	$3,556,944.54	$20,188.29
Clearing Accounts	($1,566.53)	$117.05	($1,683.58)	($1,566.53)	$0.00	($1,566.53)

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	Month: *May - 2017*	Previous Month	Variance	Month: *May - 2017*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$5,061,459.10	$5,056,607.29	$4,851.81	$5,061,459.10	$4,901,644.03	$159,815.07
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$84,536,705.11	$83,442,459.71	$1,094,245.40	$84,536,705.11	$87,864,056.03	($3,327,350.92)
Unrecovered Purchase Gas Costs	($3,033,832.17)	($5,587,941.18)	$2,554,109.01	($3,033,832.17)	$12,666,996.42	($15,700,828.59)
Deferred Debits	**$368,880,861.41**	**$363,800,368.23**	**$5,080,493.18**	**$368,880,861.41**	**$383,988,855.92**	**($15,107,994.51)**
Assets and Other Debits	**$2,202,373,378.41**	**$2,191,741,481.39**	**$10,631,897.02**	**$2,202,373,378.41**	**$2,159,874,960.29**	**$42,498,418.12**
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	$7,889,827.00	$7,889,827.00	$0.00	$7,889,827.00	$7,889,827.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$675,619,962.08	$677,160,495.97	($1,540,533.89)	$675,619,962.08	$616,758,449.56	$58,861,512.52
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$728,637,589.08**	**$730,178,122.97**	**($1,540,533.89)**	**$728,637,589.08**	**$669,776,076.56**	**$58,861,512.52**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$625,515,000.00	$625,515,000.00	$0.00	$625,515,000.00	$540,515,000.00	$85,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$625,515,000.00**	**$625,515,000.00**	**$0.00**	**$625,515,000.00**	**$540,515,000.00**	**$85,000,000.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$30,572,130.77	$30,654,837.12	($82,706.35)	$30,572,130.77	$30,966,820.18	($394,689.41)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$129,435.00	$123,534.00	$5,901.00	$129,435.00	$91,750.00	$37,685.00
Accum Prov - Pension & Benefit	$20,666,761.51	$20,797,858.09	($131,096.58)	$20,666,761.51	$20,955,288.88	($288,527.37)
Accum Misc Operating Provision	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$51,368,327.28**	**$51,576,229.21**	**($207,901.93)**	**$51,368,327.28**	**$52,013,859.06**	**($645,531.78)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$40,589,750.10	$37,202,298.36	$3,387,451.74	$40,589,750.10	$33,370,866.03	$7,218,884.07
NP to Associated Cos	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
AP to Associated Cos	$23,061,059.62	$20,168,645.78	$2,892,413.84	$23,061,059.62	$122,402,576.88	($99,341,517.26)
Customer Deposits	$2,708,998.69	$2,782,641.69	($73,643.00)	$2,708,998.69	$3,130,589.68	($421,590.99)
Taxes Accrued	$7,937,547.55	$14,019,740.83	($6,082,193.28)	$7,937,547.55	($415,340.00)	$8,352,887.55
Interest Accrued	$291,281.01	$288,193.99	$3,087.02	$291,281.01	$317,560.66	($26,279.65)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$114,148.27	$339,676.88	($225,528.61)	$114,148.27	$463,695.46	($349,547.19)
Misc Current & Accrued Liab	$27,801,287.78	$22,060,671.59	$5,740,616.19	$27,801,287.78	$65,624,790.12	($37,823,502.34)
Obligation Cap Lease - Current	$911,736.69	$899,984.40	$11,752.29	$911,736.69	$868,289.61	$43,447.08
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$103,415,809.71**	**$97,761,853.52**	**$5,653,956.19**	**$103,415,809.71**	**$225,763,028.44**	**($122,347,218.73)**
Deferred Credits						
Customer Adv. for Construction	$5,044,632.49	$5,046,057.56	($1,425.07)	$5,044,632.49	$4,901,549.22	$143,083.27
Acc Defd Investment Tax Credit	$2,312,009.00	$2,342,028.00	($30,019.00)	$2,312,009.00	$2,462,104.00	($150,095.00)

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	Month: *May - 2017*	Previous Month	Variance	Month: *May - 2017*	December of Previous Year	Variance
Other Deferred Credits	$7,700,155.53	$7,717,429.65	($17,274.12)	$7,700,155.53	$7,881,641.40	($181,485.87)
Other Regulatory Liabilities	$33,703,109.42	$32,955,661.36	$747,448.06	$33,703,109.42	$41,758,882.89	($8,055,773.47)
Accum Defer Inc Tax - Oth Prop	$630,248,297.73	$624,451,383.14	$5,796,914.59	$630,248,297.73	$600,841,162.73	$29,407,135.00
Accum Defer Inc Tax - Other	$14,428,448.17	$14,197,715.98	$230,732.19	$14,428,448.17	$13,961,655.99	$466,792.18
Deferred Credits	**$693,436,652.34**	**$686,710,275.69**	**$6,726,376.65**	**$693,436,652.34**	**$671,806,996.23**	**$21,629,656.11**
Total Liabilities and Equity	**$2,202,373,378.41**	**$2,191,741,481.39**	**$10,631,897.02**	**$2,202,373,378.41**	**$2,159,874,960.29**	**$42,498,418.12**

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	Month: *Jun - 2017*	Previous Month	Variance	Month: *Jun - 2017*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,069,845,626.30	$2,054,286,258.42	$15,559,367.88	$2,069,845,626.30	$2,013,906,812.97	$55,938,813.33
Construction Work In Progress	$69,192,840.18	$59,164,981.01	$10,027,859.17	$69,192,840.18	$20,719,516.66	$48,473,323.52
Total Utility Plant	**$2,139,038,466.48**	**$2,113,451,239.43**	**$25,587,227.05**	**$2,139,038,466.48**	**$2,034,626,329.63**	**$104,412,136.85**
Accum Prov - Amort and Depr	($416,362,339.74)	($414,302,526.61)	($2,059,813.13)	($416,362,339.74)	($401,188,111.08)	($15,174,228.66)
Net Utility Plant	**$1,722,676,126.74**	**$1,699,148,712.82**	**$23,527,413.92**	**$1,722,676,126.74**	**$1,633,438,218.55**	**$89,237,908.19**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,723,407,998.99**	**$1,699,880,585.07**	**$23,527,413.92**	**$1,723,407,998.99**	**$1,634,170,090.80**	**$89,237,908.19**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$19,421,450.54	$19,404,297.13	$17,153.41	$19,421,450.54	$19,212,453.72	$208,996.82
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$5,987,958.80	$6,068,989.01	($81,030.21)	$5,987,958.80	$5,379,904.00	$608,054.80
Other Property and Investments	**$25,417,755.83**	**$25,481,632.63**	**($63,876.80)**	**$25,417,755.83**	**$24,600,704.21**	**$817,051.62**
Current and Accrued Assets						
Cash	$1,760,540.65	$920,681.96	$839,858.69	$1,760,540.65	$3,066,603.60	($1,306,062.95)
Special Deposits	-	-	-	-	-	-
Working Funds	$2,550.00	$2,550.00	$0.00	$2,550.00	$2,550.00	$0.00
Temp Cash Investments	$43,739.79	$463,085.96	($419,346.17)	$43,739.79	$0.00	$43,739.79
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other Accounts Receivable	$253,000.00	$253,000.00	$0.00	$253,000.00	$0.00	$253,000.00
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$7,151,514.92	$8,376,910.88	($1,225,395.96)	$7,151,514.92	$51,653,848.59	($44,502,333.67)
AR from Associated Cos	$9,923,328.23	$57,232,263.50	($47,308,935.27)	$9,923,328.23	$200,310.32	$9,723,017.91
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$794,707.40	$786,427.42	$8,279.98	$794,707.40	$749,077.56	$45,629.84
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$49,046,845.39	$38,209,126.02	$10,837,719.37	$49,046,845.39	$58,603,721.86	($9,556,876.47)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$1,646,988.78	$972,501.81	$674,486.97	$1,646,988.78	$2,773,274.01	($1,126,285.23)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$539,735.68	$856,785.49	($317,049.81)	$539,735.68	$65,923.42	$473,812.26
Derivative Instrument Assets	$35,009.11	$56,966.26	($21,957.15)	$35,009.11	$0.00	$35,009.11
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$71,197,959.95**	**$108,130,299.30**	**($36,932,339.35)**	**$71,197,959.95**	**$117,115,309.36**	**($45,917,349.41)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$279,817,107.10	$278,740,963.07	$1,076,144.03	$279,817,107.10	$274,999,214.90	$4,817,892.20
Preliminary Surveys	$3,350,381.19	$3,577,132.83	($226,751.64)	$3,350,381.19	$3,556,944.54	($206,563.35)
Clearing Accounts	$0.00	($1,566.53)	$1,566.53	$0.00	$0.00	$0.00

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	Month: *Jun - 2017*	Previous Month	Variance	Month: *Jun - 2017*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$5,061,847.42	$5,061,459.10	$388.32	$5,061,847.42	$4,901,644.03	$160,203.39
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$87,303,266.04	$84,536,705.11	$2,766,560.93	$87,303,266.04	$87,864,056.03	($560,789.99)
Unrecovered Purchase Gas Costs	($684,270.50)	($3,033,832.17)	$2,349,561.67	($684,270.50)	$12,666,996.42	($13,351,266.92)
Deferred Debits	**$374,848,331.25**	**$368,880,861.41**	**$5,967,469.84**	**$374,848,331.25**	**$383,988,855.92**	**($9,140,524.67)**
Assets and Other Debits	**$2,194,872,046.02**	**$2,202,373,378.41**	**($7,501,332.39)**	**$2,194,872,046.02**	**$2,159,874,960.29**	**$34,997,085.73**
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	$7,889,827.00	$7,889,827.00	$0.00	$7,889,827.00	$7,889,827.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$671,385,292.88	$675,619,962.08	($4,234,669.20)	$671,385,292.88	$616,758,449.56	$54,626,843.32
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$724,402,919.88**	**$728,637,589.08**	**($4,234,669.20)**	**$724,402,919.88**	**$669,776,076.56**	**$54,626,843.32**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$625,515,000.00	$625,515,000.00	$0.00	$625,515,000.00	$540,515,000.00	$85,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$625,515,000.00**	**$625,515,000.00**	**$0.00**	**$625,515,000.00**	**$540,515,000.00**	**$85,000,000.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$30,488,269.08	$30,572,130.77	($83,861.69)	$30,488,269.08	$30,966,820.18	($478,551.10)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$107,061.00	$129,435.00	($22,374.00)	$107,061.00	$91,750.00	$15,311.00
Accum Prov - Pension & Benefit	$20,611,830.30	$20,666,761.51	($54,931.21)	$20,611,830.30	$20,955,288.88	($343,458.58)
Accum Misc Operating Provision	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$51,207,160.38**	**$51,368,327.28**	**($161,166.90)**	**$51,207,160.38**	**$52,013,859.06**	**($806,698.68)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$41,570,412.19	$40,589,750.10	$980,662.09	$41,570,412.19	$33,370,866.03	$8,199,546.16
NP to Associated Cos	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
AP to Associated Cos	$13,661,503.60	$23,061,059.62	($9,399,556.02)	$13,661,503.60	$122,402,576.88	($108,741,073.28)
Customer Deposits	$2,699,121.69	$2,708,998.69	($9,877.00)	$2,699,121.69	$3,130,589.68	($431,467.99)
Taxes Accrued	$1,474,109.21	$7,937,547.55	($6,463,438.34)	$1,474,109.21	($415,340.00)	$1,889,449.21
Interest Accrued	$294,941.86	$291,281.01	$3,660.85	$294,941.86	$317,560.66	($22,618.80)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$111,238.65	$114,148.27	($2,909.62)	$111,238.65	$463,695.46	($352,456.81)
Misc Current & Accrued Liab	$32,038,195.61	$27,801,287.78	$4,236,907.83	$32,038,195.61	$65,624,790.12	($33,586,594.51)
Obligation Cap Lease - Current	$923,554.63	$911,736.69	$11,817.94	$923,554.63	$868,289.61	$55,265.02
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$92,773,077.44**	**$103,415,809.71**	**($10,642,732.27)**	**$92,773,077.44**	**$225,763,028.44**	**($132,989,951.00)**
Deferred Credits						
Customer Adv. for Construction	$5,110,040.60	$5,044,632.49	$65,408.11	$5,110,040.60	$4,901,549.22	$208,491.38
Acc Defd Investment Tax Credit	$2,281,993.00	$2,312,009.00	($30,016.00)	$2,281,993.00	$2,462,104.00	($180,111.00)

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	Month: *Jun - 2017*	Previous Month	Variance	Month: *Jun - 2017*	December of Previous Year	Variance
Other Deferred Credits	$8,575,682.03	$7,700,155.53	$875,526.50	$8,575,682.03	$7,881,641.40	$694,040.63
Other Regulatory Liabilities	$33,997,133.78	$33,703,109.42	$294,024.36	$33,997,133.78	$41,758,882.89	($7,761,749.11)
Accum Defer Inc Tax - Oth Prop	$636,045,209.76	$630,248,297.73	$5,796,912.03	$636,045,209.76	$600,841,162.73	$35,204,047.03
Accum Defer Inc Tax - Other	$14,963,829.15	$14,428,448.17	$535,380.98	$14,963,829.15	$13,961,655.99	$1,002,173.16
Deferred Credits	**$700,973,888.32**	**$693,436,652.34**	**$7,537,235.98**	**$700,973,888.32**	**$671,806,996.23**	**$29,166,892.09**
Total Liabilities and Equity	**$2,194,872,046.02**	**$2,202,373,378.41**	**($7,501,332.39)**	**$2,194,872,046.02**	**$2,159,874,960.29**	**$34,997,085.73**

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	Month: *Jul - 2017*	Previous Month	Variance	Month: *Jul - 2017*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,080,840,779.13	$2,069,845,626.30	$10,995,152.83	$2,080,840,779.13	$2,013,906,812.97	$66,933,966.16
Construction Work In Progress	$82,048,316.36	$69,192,840.18	$12,855,476.18	$82,048,316.36	$20,719,516.66	$61,328,799.70
Total Utility Plant	**$2,162,889,095.49**	**$2,139,038,466.48**	**$23,850,629.01**	**$2,162,889,095.49**	**$2,034,626,329.63**	**$128,262,765.86**
Accum Prov - Amort and Depr	($418,356,802.19)	($416,362,339.74)	($1,994,462.45)	($418,356,802.19)	($401,188,111.08)	($17,168,691.11)
Net Utility Plant	**$1,744,532,293.30**	**$1,722,676,126.74**	**$21,856,166.56**	**$1,744,532,293.30**	**$1,633,438,218.55**	**$111,094,074.75**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,745,264,165.55**	**$1,723,407,998.99**	**$21,856,166.56**	**$1,745,264,165.55**	**$1,634,170,090.80**	**$111,094,074.75**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$19,436,345.00	$19,421,450.54	$14,894.46	$19,436,345.00	$19,212,453.72	$223,891.28
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$6,022,573.66	$5,987,958.80	$34,614.86	$6,022,573.66	$5,379,904.00	$642,669.66
Other Property and Investments	**$25,467,265.15**	**$25,417,755.83**	**$49,509.32**	**$25,467,265.15**	**$24,600,704.21**	**$866,560.94**
Current and Accrued Assets						
Cash	$2,028,962.06	$1,760,540.65	$268,421.41	$2,028,962.06	$3,066,603.60	($1,037,641.54)
Special Deposits	-	-	-	-	-	-
Working Funds	$2,550.00	$2,550.00	$0.00	$2,550.00	$2,550.00	$0.00
Temp Cash Investments	$0.00	$43,739.79	($43,739.79)	$0.00	$0.00	$0.00
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other Accounts Receivable	$253,000.00	$253,000.00	$0.00	$253,000.00	$0.00	$253,000.00
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$11,838,147.17	$7,151,514.92	$4,686,632.25	$11,838,147.17	$51,653,848.59	($39,815,701.42)
AR from Associated Cos	$107,686.94	$9,923,328.23	($9,815,641.29)	$107,686.94	$200,310.32	($92,623.38)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$809,676.49	$794,707.40	$14,969.09	$809,676.49	$749,077.56	$60,598.93
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$58,969,167.65	$49,046,845.39	$9,922,322.26	$58,969,167.65	$58,603,721.86	$365,445.79
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$2,806,813.89	$1,646,988.78	$1,159,825.11	$2,806,813.89	$2,773,274.01	$33,539.88
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$279,665.66	$539,735.68	($260,070.02)	$279,665.66	$65,923.42	$213,742.24
Derivative Instrument Assets	$22,244.71	$35,009.11	($12,764.40)	$22,244.71	$0.00	$22,244.71
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$77,117,914.57**	**$71,197,959.95**	**$5,919,954.62**	**$77,117,914.57**	**$117,115,309.36**	**($39,997,394.79)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$275,162,057.74	$279,817,107.10	($4,655,049.36)	$275,162,057.74	$274,999,214.90	$162,842.84
Preliminary Surveys	$3,380,861.61	$3,350,381.19	$30,480.42	$3,380,861.61	$3,556,944.54	($176,082.93)
Clearing Accounts	($3,416.71)	$0.00	($3,416.71)	($3,416.71)	$0.00	($3,416.71)

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	Month: *Jul - 2017*	Previous Month	Variance	Month: *Jul - 2017*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$5,120,773.54	$5,061,847.42	$58,926.12	$5,120,773.54	$4,901,644.03	$219,129.51
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$88,893,921.12	$87,303,266.04	$1,590,655.08	$88,893,921.12	$87,864,056.03	$1,029,865.09
Unrecovered Purchase Gas Costs	$2,153,011.27	($684,270.50)	$2,837,281.77	$2,153,011.27	$12,666,996.42	($10,513,985.15)
Deferred Debits	**$374,707,208.57**	**$374,848,331.25**	**($141,122.68)**	**$374,707,208.57**	**$383,988,855.92**	**($9,281,647.35)**
Assets and Other Debits	**$2,222,556,553.84**	**$2,194,872,046.02**	**$27,684,507.82**	**$2,222,556,553.84**	**$2,159,874,960.29**	**$62,681,593.55**
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	$7,889,827.00	$7,889,827.00	$0.00	$7,889,827.00	$7,889,827.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$667,431,978.71	$671,385,292.88	($3,953,314.17)	$667,431,978.71	$616,758,449.56	$50,673,529.15
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$720,449,605.71**	**$724,402,919.88**	**($3,953,314.17)**	**$720,449,605.71**	**$669,776,076.56**	**$50,673,529.15**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$625,515,000.00	$625,515,000.00	$0.00	$625,515,000.00	$540,515,000.00	$85,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$625,515,000.00**	**$625,515,000.00**	**$0.00**	**$625,515,000.00**	**$540,515,000.00**	**$85,000,000.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$30,403,114.63	$30,488,269.08	($85,154.45)	$30,403,114.63	$30,966,820.18	($563,705.55)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$112,650.00	$107,061.00	$5,589.00	$112,650.00	$91,750.00	$20,900.00
Accum Prov - Pension & Benefit	$20,403,652.43	$20,611,830.30	($208,177.87)	$20,403,652.43	$20,955,288.88	($551,636.45)
Accum Misc Operating Provision	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$50,919,417.06**	**$51,207,160.38**	**($287,743.32)**	**$50,919,417.06**	**$52,013,859.06**	**($1,094,442.00)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$42,023,077.19	$41,570,412.19	$452,665.00	$42,023,077.19	$33,370,866.03	$8,652,211.16
NP to Associated Cos	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
AP to Associated Cos	$41,664,013.39	$13,661,503.60	$28,002,509.79	$41,664,013.39	$122,402,576.88	($80,738,563.49)
Customer Deposits	$2,700,716.69	$2,699,121.69	$1,595.00	$2,700,716.69	$3,130,589.68	($429,872.99)
Taxes Accrued	$5,157,729.32	$1,474,109.21	$3,683,620.11	$5,157,729.32	($415,340.00)	$5,573,069.32
Interest Accrued	$298,357.15	$294,941.86	$3,415.29	$298,357.15	$317,560.66	($19,203.51)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$76,972.41	$111,238.65	($34,266.24)	$76,972.41	$463,695.46	($386,723.05)
Misc Current & Accrued Liab	$40,496,861.47	$32,038,195.61	$8,458,665.86	$40,496,861.47	$65,624,790.12	($25,127,928.65)
Obligation Cap Lease - Current	$935,451.86	$923,554.63	$11,897.23	$935,451.86	$868,289.61	$67,162.25
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$133,353,179.48**	**$92,773,077.44**	**$40,580,102.04**	**$133,353,179.48**	**$225,763,028.44**	**($92,409,848.96)**
Deferred Credits						
Customer Adv. for Construction	$5,093,879.50	$5,110,040.60	($16,161.10)	$5,093,879.50	$4,901,549.22	$192,330.28
Acc Defd Investment Tax Credit	$2,256,753.00	$2,281,993.00	($25,240.00)	$2,256,753.00	$2,462,104.00	($205,351.00)

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	Month: *Jul - 2017*	Previous Month	Variance	Month: *Jul - 2017*	December of Previous Year	Variance
Other Deferred Credits	$8,568,208.37	$8,575,682.03	($7,473.66)	$8,568,208.37	$7,881,641.40	$686,566.97
Other Regulatory Liabilities	$32,720,129.86	$33,997,133.78	($1,277,003.92)	$32,720,129.86	$41,758,882.89	($9,038,753.03)
Accum Defer Inc Tax - Oth Prop	$633,135,011.33	$636,045,209.76	($2,910,198.43)	$633,135,011.33	$600,841,162.73	$32,293,848.60
Accum Defer Inc Tax - Other	$10,545,369.53	$14,963,829.15	($4,418,459.62)	$10,545,369.53	$13,961,655.99	($3,416,286.46)
Deferred Credits	**$692,319,351.59**	**$700,973,888.32**	**($8,654,536.73)**	**$692,319,351.59**	**$671,806,996.23**	**$20,512,355.36**
Total Liabilities and Equity	**$2,222,556,553.84**	**$2,194,872,046.02**	**$27,684,507.82**	**$2,222,556,553.84**	**$2,159,874,960.29**	**$62,681,593.55**

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	Month: *Aug - 2017*	Previous Month	Variance	Month: *Aug - 2017*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,099,942,742.53	$2,080,840,779.13	$19,101,963.40	$2,099,942,742.53	$2,013,906,812.97	$86,035,929.56
Construction Work In Progress	$92,052,343.34	$82,048,316.36	$10,004,026.98	$92,052,343.34	$20,719,516.66	$71,332,826.68
Total Utility Plant	**$2,191,995,085.87**	**$2,162,889,095.49**	**$29,105,990.38**	**$2,191,995,085.87**	**$2,034,626,329.63**	**$157,368,756.24**
Accum Prov - Amort and Depr	($422,121,215.74)	($418,356,802.19)	($3,764,413.55)	($422,121,215.74)	($401,188,111.08)	($20,933,104.66)
Net Utility Plant	**$1,769,873,870.13**	**$1,744,532,293.30**	**$25,341,576.83**	**$1,769,873,870.13**	**$1,633,438,218.55**	**$136,435,651.58**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,770,605,742.38**	**$1,745,264,165.55**	**$25,341,576.83**	**$1,770,605,742.38**	**$1,634,170,090.80**	**$136,435,651.58**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$19,459,522.22	$19,436,345.00	$23,177.22	$19,459,522.22	$19,212,453.72	$247,068.50
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$6,261,919.01	$6,022,573.66	$239,345.35	$6,261,919.01	$5,379,904.00	$882,015.01
Other Property and Investments	**$25,729,787.72**	**$25,467,265.15**	**$262,522.57**	**$25,729,787.72**	**$24,600,704.21**	**$1,129,083.51**
Current and Accrued Assets						
Cash	$1,061,985.74	$2,028,962.06	($966,976.32)	$1,061,985.74	$3,066,603.60	($2,004,617.86)
Special Deposits	-	-	-	-	-	-
Working Funds	$2,550.00	$2,550.00	$0.00	$2,550.00	$2,550.00	$0.00
Temp Cash Investments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other Accounts Receivable	$253,000.00	$253,000.00	$0.00	$253,000.00	$0.00	$253,000.00
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$9,364,362.81	$11,838,147.17	($2,473,784.36)	$9,364,362.81	$51,653,848.59	($42,289,485.78)
AR from Associated Cos	$99,737.45	$107,686.94	($7,949.49)	$99,737.45	$200,310.32	($100,572.87)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$816,686.82	$809,676.49	$7,010.33	$816,686.82	$749,077.56	$67,609.26
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$72,520,868.80	$58,969,167.65	$13,551,701.15	$72,520,868.80	$58,603,721.86	$13,917,146.94
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$3,588,909.29	$2,806,813.89	$782,095.40	$3,588,909.29	$2,773,274.01	$815,635.28
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$722,180.57	$279,665.66	$442,514.91	$722,180.57	$65,923.42	$656,257.15
Derivative Instrument Assets	$4,360.05	$22,244.71	($17,884.66)	$4,360.05	$0.00	$4,360.05
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$88,434,641.53**	**$77,117,914.57**	**$11,316,726.96**	**$88,434,641.53**	**$117,115,309.36**	**($28,680,667.83)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$275,115,190.08	$275,162,057.74	($46,867.66)	$275,115,190.08	$274,999,214.90	$115,975.18
Preliminary Surveys	$3,224,438.85	$3,380,861.61	($156,422.76)	$3,224,438.85	$3,556,944.54	($332,505.69)
Clearing Accounts	$0.00	($3,416.71)	$3,416.71	$0.00	$0.00	$0.00

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	Month: *Aug - 2017*	Previous Month	Variance	Month: *Aug - 2017*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$5,072,208.70	$5,120,773.54	($48,564.84)	$5,072,208.70	$4,901,644.03	$170,564.67
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$97,898,431.03	$88,893,921.12	$9,004,509.91	$97,898,431.03	$87,864,056.03	$10,034,375.00
Unrecovered Purchase Gas Costs	$5,382,948.75	$2,153,011.27	$3,229,937.48	$5,382,948.75	$12,666,996.42	($7,284,047.67)
Deferred Debits	**$386,693,217.41**	**$374,707,208.57**	**$11,986,008.84**	**$386,693,217.41**	**$383,988,855.92**	**$2,704,361.49**
Assets and Other Debits	**$2,271,463,389.04**	**$2,222,556,553.84**	**$48,906,835.20**	**$2,271,463,389.04**	**$2,159,874,960.29**	**$111,588,428.75**
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	$7,889,827.00	$7,889,827.00	$0.00	$7,889,827.00	$7,889,827.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$662,839,910.98	$667,431,978.71	($4,592,067.73)	$662,839,910.98	$616,758,449.56	$46,081,461.42
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$715,857,537.98**	**$720,449,605.71**	**($4,592,067.73)**	**$715,857,537.98**	**$669,776,076.56**	**$46,081,461.42**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$625,515,000.00	$625,515,000.00	$0.00	$625,515,000.00	$540,515,000.00	$85,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$625,515,000.00**	**$625,515,000.00**	**$0.00**	**$625,515,000.00**	**$540,515,000.00**	**$85,000,000.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$30,317,554.49	$30,403,114.63	($85,560.14)	$30,317,554.49	$30,966,820.18	($649,265.69)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$138,942.00	$112,650.00	$26,292.00	$138,942.00	$91,750.00	$47,192.00
Accum Prov - Pension & Benefit	$20,310,436.20	$20,403,652.43	($93,216.23)	$20,310,436.20	$20,955,288.88	($644,852.68)
Accum Misc Operating Provision	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$50,766,932.69**	**$50,919,417.06**	**($152,484.37)**	**$50,766,932.69**	**$52,013,859.06**	**($1,246,926.37)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$46,269,421.54	$42,023,077.19	$4,246,344.35	$46,269,421.54	$33,370,866.03	$12,898,555.51
NP to Associated Cos	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
AP to Associated Cos	$73,888,714.71	$41,664,013.39	$32,224,701.32	$73,888,714.71	$122,402,576.88	($48,513,862.17)
Customer Deposits	$2,691,350.69	$2,700,716.69	($9,366.00)	$2,691,350.69	$3,130,589.68	($439,238.99)
Taxes Accrued	$3,888,419.22	$5,157,729.32	($1,269,310.10)	$3,888,419.22	($415,340.00)	$4,303,759.22
Interest Accrued	$300,728.11	$298,357.15	$2,370.96	$300,728.11	$317,560.66	($16,832.55)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$65,004.66	$76,972.41	($11,967.75)	$65,004.66	$463,695.46	($398,690.80)
Misc Current & Accrued Liab	$50,942,525.24	$40,496,861.47	$10,445,663.77	$50,942,525.24	$65,624,790.12	($14,682,264.88)
Obligation Cap Lease - Current	$946,966.68	$935,451.86	$11,514.82	$946,966.68	$868,289.61	$78,677.07
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$178,993,130.85**	**$133,353,179.48**	**$45,639,951.37**	**$178,993,130.85**	**$225,763,028.44**	**($46,769,897.59)**
Deferred Credits						
Customer Adv. for Construction	$5,039,435.31	$5,093,879.50	($54,444.19)	$5,039,435.31	$4,901,549.22	$137,886.09
Acc Defd Investment Tax Credit	$2,231,513.00	$2,256,753.00	($25,240.00)	$2,231,513.00	$2,462,104.00	($230,591.00)

Columbia Gas of Pennsylvania
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	Month: *Aug - 2017*	Previous Month	Variance	Month: *Aug - 2017*	December of Previous Year	Variance
Other Deferred Credits	$8,555,127.34	$8,568,208.37	($13,081.03)	$8,555,127.34	$7,881,641.40	$673,485.94
Other Regulatory Liabilities	$33,701,277.98	$32,720,129.86	$981,148.12	$33,701,277.98	$41,758,882.89	($8,057,604.91)
Accum Defer Inc Tax - Oth Prop	$638,367,914.62	$633,135,011.33	$5,232,903.29	$638,367,914.62	$600,841,162.73	$37,526,751.89
Accum Defer Inc Tax - Other	$12,435,519.27	$10,545,369.53	$1,890,149.74	$12,435,519.27	$13,961,655.99	($1,526,136.72)
Deferred Credits	**$700,330,787.52**	**$692,319,351.59**	**$8,011,435.93**	**$700,330,787.52**	**$671,806,996.23**	**$28,523,791.29**
Total Liabilities and Equity	**$2,271,463,389.04**	**$2,222,556,553.84**	**$48,906,835.20**	**$2,271,463,389.04**	**$2,159,874,960.29**	**$111,588,428.75**

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	Month: *Sep - 2017*	Previous Month	Variance	Month: *Sep - 2017*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,118,099,949.72	$2,099,942,742.53	$18,157,207.19	$2,118,099,949.72	$2,013,906,812.97	$104,193,136.75
Construction Work In Progress	$106,611,653.39	$92,052,343.34	$14,559,310.05	$106,611,653.39	$20,719,516.66	$85,892,136.73
Total Utility Plant	**$2,224,711,603.11**	**$2,191,995,085.87**	**$32,716,517.24**	**$2,224,711,603.11**	**$2,034,626,329.63**	**$190,085,273.48**
Accum Prov - Amort and Depr	($425,402,862.82)	($422,121,215.74)	($3,281,647.08)	($425,402,862.82)	($401,188,111.08)	($24,214,751.74)
Net Utility Plant	**$1,799,308,740.29**	**$1,769,873,870.13**	**$29,434,870.16**	**$1,799,308,740.29**	**$1,633,438,218.55**	**$165,870,521.74**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,800,040,612.54**	**$1,770,605,742.38**	**$29,434,870.16**	**$1,800,040,612.54**	**$1,634,170,090.80**	**$165,870,521.74**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$19,481,341.07	$19,459,522.22	$21,818.85	$19,481,341.07	$19,212,453.72	$268,887.35
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$6,121,456.33	$6,261,919.01	($140,462.68)	$6,121,456.33	$5,379,904.00	$741,552.33
Other Property and Investments	**$25,611,143.89**	**$25,729,787.72**	**($118,643.83)**	**$25,611,143.89**	**$24,600,704.21**	**$1,010,439.68**
Current and Accrued Assets						
Cash	$1,836,085.99	$1,061,985.74	$774,100.25	$1,836,085.99	$3,066,603.60	($1,230,517.61)
Special Deposits	-	-	-	-	-	-
Working Funds	$2,550.00	$2,550.00	$0.00	$2,550.00	$2,550.00	$0.00
Temp Cash Investments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other Accounts Receivable	$259,771.29	$253,000.00	$6,771.29	$259,771.29	$0.00	$259,771.29
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$9,445,845.75	$9,364,362.81	$81,482.94	$9,445,845.75	$51,653,848.59	($42,208,002.84)
AR from Associated Cos	$102,602.71	$99,737.45	$2,865.26	$102,602.71	$200,310.32	($97,707.61)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$829,229.47	$816,686.82	$12,542.65	$829,229.47	$749,077.56	$80,151.91
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$81,401,127.43	$72,520,868.80	$8,880,258.63	$81,401,127.43	$58,603,721.86	$22,797,405.57
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$2,316,872.33	$3,588,909.29	($1,272,036.96)	$2,316,872.33	$2,773,274.01	($456,401.68)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$80,208.23	$722,180.57	($641,972.34)	$80,208.23	$65,923.42	$14,284.81
Derivative Instrument Assets	$0.00	$4,360.05	($4,360.05)	$0.00	$0.00	$0.00
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$96,274,293.20**	**$88,434,641.53**	**$7,839,651.67**	**$96,274,293.20**	**$117,115,309.36**	**($20,841,016.16)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$273,287,614.92	$275,115,190.08	($1,827,575.16)	$273,287,614.92	$274,999,214.90	($1,711,599.98)
Preliminary Surveys	$3,094,660.56	$3,224,438.85	($129,778.29)	$3,094,660.56	$3,556,944.54	($462,283.98)
Clearing Accounts	$63.00	$0.00	$63.00	$63.00	$0.00	$63.00

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	Month: *Sep - 2017*	Previous Month	Variance	Month: *Sep - 2017*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$5,070,280.76	$5,072,208.70	($1,927.94)	$5,070,280.76	$4,901,644.03	$168,636.73
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$110,006,828.93	$97,898,431.03	$12,108,397.90	$110,006,828.93	$87,864,056.03	$22,142,772.90
Unrecovered Purchase Gas Costs	$7,921,762.18	$5,382,948.75	$2,538,813.43	$7,921,762.18	$12,666,996.42	($4,745,234.24)
Deferred Debits	**$399,381,210.35**	**$386,693,217.41**	**$12,687,992.94**	**$399,381,210.35**	**$383,988,855.92**	**$15,392,354.43**
Assets and Other Debits	**$2,321,307,259.98**	**$2,271,463,389.04**	**$49,843,870.94**	**$2,321,307,259.98**	**$2,159,874,960.29**	**$161,432,299.69**
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	$7,889,827.00	$7,889,827.00	$0.00	$7,889,827.00	$7,889,827.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$653,143,540.09	$662,839,910.98	($9,696,370.89)	$653,143,540.09	$616,758,449.56	$36,385,090.53
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$706,161,167.09**	**$715,857,537.98**	**($9,696,370.89)**	**$706,161,167.09**	**$669,776,076.56**	**$36,385,090.53**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$625,515,000.00	$625,515,000.00	$0.00	$625,515,000.00	$540,515,000.00	$85,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$625,515,000.00**	**$625,515,000.00**	**$0.00**	**$625,515,000.00**	**$540,515,000.00**	**$85,000,000.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$30,231,586.11	$30,317,554.49	($85,968.38)	$30,231,586.11	$30,966,820.18	($735,234.07)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$160,760.00	$138,942.00	$21,818.00	$160,760.00	$91,750.00	$69,010.00
Accum Prov - Pension & Benefit	$4,837,375.02	$20,310,436.20	($15,473,061.18)	$4,837,375.02	$20,955,288.88	($16,117,913.86)
Accum Misc Operating Provision	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$35,229,721.13**	**$50,766,932.69**	**($15,537,211.56)**	**$35,229,721.13**	**$52,013,859.06**	**($16,784,137.93)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$39,762,097.54	$46,269,421.54	($6,507,324.00)	$39,762,097.54	$33,370,866.03	$6,391,231.51
NP to Associated Cos	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
AP to Associated Cos	$126,719,121.35	$73,888,714.71	$52,830,406.64	$126,719,121.35	$122,402,576.88	$4,316,544.47
Customer Deposits	$2,746,973.69	$2,691,350.69	$55,623.00	$2,746,973.69	$3,130,589.68	($383,615.99)
Taxes Accrued	$2,990,145.24	$3,888,419.22	($898,273.98)	$2,990,145.24	($415,340.00)	$3,405,485.24
Interest Accrued	$303,619.22	$300,728.11	$2,891.11	$303,619.22	$317,560.66	($13,941.44)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$89,207.29	$65,004.66	$24,202.63	$89,207.29	$463,695.46	($374,488.17)
Misc Current & Accrued Liab	$59,171,387.84	$50,942,525.24	$8,228,862.60	$59,171,387.84	$65,624,790.12	($6,453,402.28)
Obligation Cap Lease - Current	$958,172.82	$946,966.68	$11,206.14	$958,172.82	$868,289.61	$89,883.21
Derivative Liability	$5,549.10	$0.00	$5,549.10	$5,549.10	$0.00	$5,549.10
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$232,746,274.09**	**$178,993,130.85**	**$53,753,143.24**	**$232,746,274.09**	**$225,763,028.44**	**$6,983,245.65**
Deferred Credits						
Customer Adv. for Construction	$5,037,462.97	$5,039,435.31	($1,972.34)	$5,037,462.97	$4,901,549.22	$135,913.75
Acc Defd Investment Tax Credit	$2,206,273.00	$2,231,513.00	($25,240.00)	$2,206,273.00	$2,462,104.00	($255,831.00)

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	Month: *Sep - 2017*	Previous Month	Variance	Month: *Sep - 2017*	December of Previous Year	Variance
Other Deferred Credits	$8,565,781.09	$8,555,127.34	$10,653.75	$8,565,781.09	$7,881,641.40	$684,139.69
Other Regulatory Liabilities	$48,774,335.62	$33,701,277.98	$15,073,057.64	$48,774,335.62	$41,758,882.89	$7,015,452.73
Accum Defer Inc Tax - Oth Prop	$643,600,816.74	$638,367,914.62	$5,232,902.12	$643,600,816.74	$600,841,162.73	$42,759,654.01
Accum Defer Inc Tax - Other	$13,470,428.25	$12,435,519.27	$1,034,908.98	$13,470,428.25	$13,961,655.99	($491,227.74)
Deferred Credits	**$721,655,097.67**	**$700,330,787.52**	**$21,324,310.15**	**$721,655,097.67**	**$671,806,996.23**	**$49,848,101.44**
Total Liabilities and Equity	**$2,321,307,259.98**	**$2,271,463,389.04**	**$49,843,870.94**	**$2,321,307,259.98**	**$2,159,874,960.29**	**$161,432,299.69**

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	Month: *Oct - 2017*	Previous Month	Variance	Month: *Oct - 2017*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,185,570,870.54	$2,118,099,949.72	$67,470,920.82	$2,185,570,870.54	$2,013,906,812.97	$171,664,057.57
Construction Work In Progress	$64,801,180.73	$106,611,653.39	($41,810,472.66)	$64,801,180.73	$20,719,516.66	$44,081,664.07
Total Utility Plant	**$2,250,372,051.27**	**$2,224,711,603.11**	**$25,660,448.16**	**$2,250,372,051.27**	**$2,034,626,329.63**	**$215,745,721.64**
Accum Prov - Amort and Depr	($428,808,411.90)	($425,402,862.82)	($3,405,549.08)	($428,808,411.90)	($401,188,111.08)	($27,620,300.82)
Net Utility Plant	**$1,821,563,639.37**	**$1,799,308,740.29**	**$22,254,899.08**	**$1,821,563,639.37**	**$1,633,438,218.55**	**$188,125,420.82**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,822,295,511.62**	**$1,800,040,612.54**	**$22,254,899.08**	**$1,822,295,511.62**	**$1,634,170,090.80**	**$188,125,420.82**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$19,497,309.65	$19,481,341.07	$15,968.58	$19,497,309.65	$19,212,453.72	$284,855.93
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$6,359,365.59	$6,121,456.33	$237,909.26	$6,359,365.59	$5,379,904.00	$979,461.59
Other Property and Investments	**$25,865,021.73**	**$25,611,143.89**	**$253,877.84**	**$25,865,021.73**	**$24,600,704.21**	**$1,264,317.52**
Current and Accrued Assets						
Cash	$1,369,162.13	$1,836,085.99	($466,923.86)	$1,369,162.13	$3,066,603.60	($1,697,441.47)
Special Deposits	-	-	-	-	-	-
Working Funds	$2,550.00	$2,550.00	$0.00	$2,550.00	$2,550.00	$0.00
Temp Cash Investments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other Accounts Receivable	$253,000.00	$259,771.29	($6,771.29)	$253,000.00	$0.00	$253,000.00
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$11,613,907.91	$9,445,845.75	$2,168,062.16	$11,613,907.91	$51,653,848.59	($40,039,940.68)
AR from Associated Cos	$22,194.66	$102,602.71	($80,408.05)	$22,194.66	$200,310.32	($178,115.66)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$839,100.66	$829,229.47	$9,871.19	$839,100.66	$749,077.56	$90,023.10
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$84,068,705.13	$81,401,127.43	$2,667,577.70	$84,068,705.13	$58,603,721.86	$25,464,983.27
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$3,358,523.93	$2,316,872.33	$1,041,651.60	$3,358,523.93	$2,773,274.01	$585,249.92
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$58,848.31	$80,208.23	($21,359.92)	$58,848.31	$65,923.42	($7,075.11)
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$101,585,992.73**	**$96,274,293.20**	**$5,311,699.53**	**$101,585,992.73**	**$117,115,309.36**	**($15,529,316.63)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$273,342,002.39	$273,287,614.92	$54,387.47	$273,342,002.39	$274,999,214.90	($1,657,212.51)
Preliminary Surveys	$3,349,769.09	$3,094,660.56	$255,108.53	$3,349,769.09	$3,556,944.54	($207,175.45)
Clearing Accounts	$7,322.90	$63.00	$7,259.90	$7,322.90	$0.00	$7,322.90

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
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	Month: *Oct - 2017*	Previous Month	Variance	Month: *Oct - 2017*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$5,058,157.11	$5,070,280.76	($12,123.65)	$5,058,157.11	$4,901,644.03	$156,513.08
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$117,512,422.82	$110,006,828.93	$7,505,593.89	$117,512,422.82	$87,864,056.03	$29,648,366.79
Unrecovered Purchase Gas Costs	$9,116,102.79	$7,921,762.18	$1,194,340.61	$9,116,102.79	$12,666,996.42	($3,550,893.63)
Deferred Debits	**$408,385,777.10**	**$399,381,210.35**	**$9,004,566.75**	**$408,385,777.10**	**$383,988,855.92**	**$24,396,921.18**
Assets and Other Debits	**$2,358,132,303.18**	**$2,321,307,259.98**	**$36,825,043.20**	**$2,358,132,303.18**	**$2,159,874,960.29**	**$198,257,342.89**
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	$7,889,827.00	$7,889,827.00	$0.00	$7,889,827.00	$7,889,827.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$651,692,093.76	$653,143,540.09	($1,451,446.33)	$651,692,093.76	$616,758,449.56	$34,933,644.20
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$704,709,720.76**	**$706,161,167.09**	**($1,451,446.33)**	**$704,709,720.76**	**$669,776,076.56**	**$34,933,644.20**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$625,515,000.00	$625,515,000.00	$0.00	$625,515,000.00	$540,515,000.00	$85,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$625,515,000.00**	**$625,515,000.00**	**$0.00**	**$625,515,000.00**	**$540,515,000.00**	**$85,000,000.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$30,145,206.91	$30,231,586.11	($86,379.20)	$30,145,206.91	$30,966,820.18	($821,613.27)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$146,059.00	$160,760.00	($14,701.00)	$146,059.00	$91,750.00	$54,309.00
Accum Prov - Pension & Benefit	$4,647,364.70	$4,837,375.02	($190,010.32)	$4,647,364.70	$20,955,288.88	($16,307,924.18)
Accum Misc Operating Provision	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$34,938,630.61**	**$35,229,721.13**	**($291,090.52)**	**$34,938,630.61**	**$52,013,859.06**	**($17,075,228.45)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$38,595,958.45	$39,762,097.54	($1,166,139.09)	$38,595,958.45	$33,370,866.03	$5,225,092.42
NP to Associated Cos	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
AP to Associated Cos	$151,881,177.18	$126,719,121.35	$25,162,055.83	$151,881,177.18	$122,402,576.88	$29,478,600.30
Customer Deposits	$2,842,284.69	$2,746,973.69	$95,311.00	$2,842,284.69	$3,130,589.68	($288,304.99)
Taxes Accrued	($532,469.09)	$2,990,145.24	($3,522,614.33)	($532,469.09)	($415,340.00)	($117,129.09)
Interest Accrued	$305,942.49	$303,619.22	$2,323.27	$305,942.49	$317,560.66	($11,618.17)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$75,822.65	$89,207.29	($13,384.64)	$75,822.65	$463,695.46	($387,872.81)
Misc Current & Accrued Liab	$68,698,464.83	$59,171,387.84	$9,527,076.99	$68,698,464.83	$65,624,790.12	$3,073,674.71
Obligation Cap Lease - Current	$969,435.65	$958,172.82	$11,262.83	$969,435.65	$868,289.61	$101,146.04
Derivative Liability	$0.00	$5,549.10	($5,549.10)	$0.00	$0.00	$0.00
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$262,836,616.85**	**$232,746,274.09**	**$30,090,342.76**	**$262,836,616.85**	**$225,763,028.44**	**$37,073,588.41**
Deferred Credits						
Customer Adv. for Construction	$5,021,930.06	$5,037,462.97	($15,532.91)	$5,021,930.06	$4,901,549.22	$120,380.84
Acc Defd Investment Tax Credit	$2,181,033.00	$2,206,273.00	($25,240.00)	$2,181,033.00	$2,462,104.00	($281,071.00)

Columbia Gas of Pennsylvania
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	Month: *Oct - 2017*	Previous Month	Variance	Month: *Oct - 2017*	December of Previous Year	Variance
Other Deferred Credits	$8,560,373.26	$8,565,781.09	($5,407.83)	$8,560,373.26	$7,881,641.40	$678,731.86
Other Regulatory Liabilities	$50,797,551.13	$48,774,335.62	$2,023,215.51	$50,797,551.13	$41,758,882.89	$9,038,668.24
Accum Defer Inc Tax - Oth Prop	$649,000,183.52	$643,600,816.74	$5,399,366.78	$649,000,183.52	$600,841,162.73	$48,159,020.79
Accum Defer Inc Tax - Other	$14,571,263.99	$13,470,428.25	$1,100,835.74	$14,571,263.99	$13,961,655.99	$609,608.00
Deferred Credits	**$730,132,334.96**	**$721,655,097.67**	**$8,477,237.29**	**$730,132,334.96**	**$671,806,996.23**	**$58,325,338.73**
Total Liabilities and Equity	**$2,358,132,303.18**	**$2,321,307,259.98**	**$36,825,043.20**	**$2,358,132,303.18**	**$2,159,874,960.29**	**$198,257,342.89**

Columbia Gas of Pennsylvania
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	Month: *Nov - 2017*	Previous Month	Variance	Month: *Nov - 2017*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,204,054,157.61	$2,185,570,870.54	$18,483,287.07	$2,204,054,157.61	$2,013,906,812.97	$190,147,344.64
Construction Work In Progress	$68,421,316.41	$64,801,180.73	$3,620,135.68	$68,421,316.41	$20,719,516.66	$47,701,799.75
Total Utility Plant	**$2,272,475,474.02**	**$2,250,372,051.27**	**$22,103,422.75**	**$2,272,475,474.02**	**$2,034,626,329.63**	**$237,849,144.39**
Accum Prov - Amort and Depr	($431,216,250.81)	($428,808,411.90)	($2,407,838.91)	($431,216,250.81)	($401,188,111.08)	($30,028,139.73)
Net Utility Plant	**$1,841,259,223.21**	**$1,821,563,639.37**	**$19,695,583.84**	**$1,841,259,223.21**	**$1,633,438,218.55**	**$207,821,004.66**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,841,991,095.46**	**$1,822,295,511.62**	**$19,695,583.84**	**$1,841,991,095.46**	**$1,634,170,090.80**	**$207,821,004.66**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$19,514,447.93	$19,497,309.65	$17,138.28	$19,514,447.93	$19,212,453.72	$301,994.21
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$6,772,153.40	$6,359,365.59	$412,787.81	$6,772,153.40	$5,379,904.00	$1,392,249.40
Other Property and Investments	**$26,294,947.82**	**$25,865,021.73**	**$429,926.09**	**$26,294,947.82**	**$24,600,704.21**	**$1,694,243.61**
Current and Accrued Assets						
Cash	$1,592,617.15	$1,369,162.13	$223,455.02	$1,592,617.15	$3,066,603.60	($1,473,986.45)
Special Deposits	-	-	-	-	-	-
Working Funds	$2,550.00	$2,550.00	$0.00	$2,550.00	$2,550.00	$0.00
Temp Cash Investments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other Accounts Receivable	$253,000.00	$253,000.00	$0.00	$253,000.00	$0.00	$253,000.00
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$30,215,122.09	$11,613,907.91	$18,601,214.18	$30,215,122.09	$51,653,848.59	($21,438,726.50)
AR from Associated Cos	$217,802.20	$22,194.66	$195,607.54	$217,802.20	$200,310.32	$17,491.88
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$874,032.85	$839,100.66	$34,932.19	$874,032.85	$749,077.56	$124,955.29
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$80,485,691.70	$84,068,705.13	($3,583,013.43)	$80,485,691.70	$58,603,721.86	$21,881,969.84
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$3,255,062.23	$3,358,523.93	($103,461.70)	$3,255,062.23	$2,773,274.01	$481,788.22
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$20,004.40	$58,848.31	($38,843.91)	$20,004.40	$65,923.42	($45,919.02)
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$116,915,882.62**	**$101,585,992.73**	**$15,329,889.89**	**$116,915,882.62**	**$117,115,309.36**	**($199,426.74)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$273,454,080.45	$273,342,002.39	$112,078.06	$273,454,080.45	$274,999,214.90	($1,545,134.45)
Preliminary Surveys	$3,522,234.77	$3,349,769.09	$172,465.68	$3,522,234.77	$3,556,944.54	($34,709.77)
Clearing Accounts	($6,348.47)	$7,322.90	($13,671.37)	($6,348.47)	$0.00	($6,348.47)

Columbia Gas of Pennsylvania
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	Month: *Nov - 2017*	Previous Month	Variance	Month: *Nov - 2017*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$5,029,500.68	$5,058,157.11	($28,656.43)	$5,029,500.68	$4,901,644.03	$127,856.65
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$113,943,408.82	$117,512,422.82	($3,569,014.00)	$113,943,408.82	$87,864,056.03	$26,079,352.79
Unrecovered Purchase Gas Costs	$5,774,280.95	$9,116,102.79	($3,341,821.84)	$5,774,280.95	$12,666,996.42	($6,892,715.47)
Deferred Debits	**$401,717,157.20**	**$408,385,777.10**	**($6,668,619.90)**	**$401,717,157.20**	**$383,988,855.92**	**$17,728,301.28**
Assets and Other Debits	**$2,386,919,083.10**	**$2,358,132,303.18**	**$28,786,779.92**	**$2,386,919,083.10**	**$2,159,874,960.29**	**$227,044,122.81**
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	$7,889,827.00	$7,889,827.00	$0.00	$7,889,827.00	$7,889,827.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$660,804,184.60	$651,692,093.76	$9,112,090.84	$660,804,184.60	$616,758,449.56	$44,045,735.04
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$713,821,811.60**	**$704,709,720.76**	**$9,112,090.84**	**$713,821,811.60**	**$669,776,076.56**	**$44,045,735.04**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$625,515,000.00	$625,515,000.00	$0.00	$625,515,000.00	$540,515,000.00	$85,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$625,515,000.00**	**$625,515,000.00**	**$0.00**	**$625,515,000.00**	**$540,515,000.00**	**$85,000,000.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$30,058,414.30	$30,145,206.91	($86,792.61)	$30,058,414.30	$30,966,820.18	($908,405.88)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$133,613.00	$146,059.00	($12,446.00)	$133,613.00	$91,750.00	$41,863.00
Accum Prov - Pension & Benefit	$4,357,011.03	$4,647,364.70	($290,353.67)	$4,357,011.03	$20,955,288.88	($16,598,277.85)
Accum Misc Operating Provision	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$34,549,038.33**	**$34,938,630.61**	**($389,592.28)**	**$34,549,038.33**	**$52,013,859.06**	**($17,464,820.73)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$39,262,822.21	$38,595,958.45	$666,863.76	$39,262,822.21	$33,370,866.03	$5,891,956.18
NP to Associated Cos	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
AP to Associated Cos	$166,961,633.04	$151,881,177.18	$15,080,455.86	$166,961,633.04	$122,402,576.88	$44,559,056.16
Customer Deposits	$2,929,923.69	$2,842,284.69	$87,639.00	$2,929,923.69	$3,130,589.68	($200,665.99)
Taxes Accrued	($463,257.07)	($532,469.09)	$69,212.02	($463,257.07)	($415,340.00)	($47,917.07)
Interest Accrued	$308,775.54	$305,942.49	$2,833.05	$308,775.54	$317,560.66	($8,785.12)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$228,573.84	$75,822.65	$152,751.19	$228,573.84	$463,695.46	($235,121.62)
Misc Current & Accrued Liab	$70,226,818.29	$68,698,464.83	$1,528,353.46	$70,226,818.29	$65,624,790.12	$4,602,028.17
Obligation Cap Lease - Current	$980,755.53	$969,435.65	$11,319.88	$980,755.53	$868,289.61	$112,465.92
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$280,436,045.07**	**$262,836,616.85**	**$17,599,428.22**	**$280,436,045.07**	**$225,763,028.44**	**$54,673,016.63**
Deferred Credits						
Customer Adv. for Construction	$5,021,595.38	$5,021,930.06	($334.68)	$5,021,595.38	$4,901,549.22	$120,046.16
Acc Defd Investment Tax Credit	$2,155,793.00	$2,181,033.00	($25,240.00)	$2,155,793.00	$2,462,104.00	($306,311.00)

Columbia Gas of Pennsylvania
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	Month: *Nov - 2017*	Previous Month	Variance	Month: *Nov - 2017*	December of Previous Year	Variance
Other Deferred Credits	$8,424,388.21	$8,560,373.26	($135,985.05)	$8,424,388.21	$7,881,641.40	$542,746.81
Other Regulatory Liabilities	$50,520,022.00	$50,797,551.13	($277,529.13)	$50,520,022.00	$41,758,882.89	$8,761,139.11
Accum Defer Inc Tax - Oth Prop	$654,233,728.52	$649,000,183.52	$5,233,545.00	$654,233,728.52	$600,841,162.73	$53,392,565.79
Accum Defer Inc Tax - Other	$12,241,660.99	$14,571,263.99	($2,329,603.00)	$12,241,660.99	$13,961,655.99	($1,719,995.00)
Deferred Credits	**$732,597,188.10**	**$730,132,334.96**	**$2,464,853.14**	**$732,597,188.10**	**$671,806,996.23**	**$60,790,191.87**
Total Liabilities and Equity	**$2,386,919,083.10**	**$2,358,132,303.18**	**$28,786,779.92**	**$2,386,919,083.10**	**$2,159,874,960.29**	**$227,044,122.81**

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-003:

Please provide the bond rating history for the Company and, if applicable, its parent from the major credit rating agencies for the last five years.

Response:

Columbia Gas of Pennsylvania, Inc. (Company) is a wholly owned subsidiary of NiSource Gas Distribution, Inc. (NGD), which is a subsidiary of NiSource Inc. (Parent). Neither the Company nor NGD have bond rating histories that are separate from NiSource Inc.

GAS-ROR-003 Attachment A provides the bond rating history for NiSource Inc. from January 2013 to December 2017.

Moody's updated NiSource's bond rating from Baa3 to Baa2 on January 31, 2014.

S&P updated NiSource's Corporate Credit Rating from BBB- to BBB+ on June 18, 2015.

Fitch updated NiSource's bond rating from BBB- to BBB on October 31, 2016. Please refer to GAS-ROR-004 Attachment C.

CREDIT RATINGS MATRIX

NiSource

Moody's	2017	2016	2015	2014	2013
Issuer Rating	Baa2	Baa2	Baa2	Baa2	Baa3
Commercial Paper	P-2	P-2	P-2	P-2	P-3
Standard & Poor's					
Corporate Credit Rating	BBB+	BBB+	BBB+	BBB-	BBB-
Commercial Paper	A-2	A-2	A-2	A-3	A-3
Fitch					
Issuer Rating	BBB	BBB	BBB-	BBB-	BBB-
Commercial Paper	F-3	F-3	F-3	F-3	F-3

Columbia Gas of Pennsylvania

Moody's	2017	2016	2015	2014	2013
Issuer Rating	NR	NR	NR	NR	NR
Commercial Paper	NR	NR	NR	NR	NR
Standard & Poor's					
Corporate Credit Rating	NR	NR	NR	NR	NR
Commercial Paper	NR	NR	NR	NR	NR
Fitch					
Issuer Rating	NR	NR	NR	NR	NR
Commercial Paper	NR	NR	NR	NR	NR

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-004:

Please provide copies of all bond rating reports relating to the Company and, if applicable, its parent for the past two years.

Response:

Columbia Gas of Pennsylvania, Inc., (Company) is a wholly owned subsidiary of NiSource Gas Distribution, Inc. (NGD), which is a subsidiary of NiSource Inc. (Parent). Neither the Company nor NGD have bond rating reports that are separate from the Parent.

Attached are the following NiSource Inc. bond rating reports for the past two years:

Attachment A – Moody's (June 2016)
Attachment B – Standard & Poors (August 2016)
Attachment C – Fitch (October 2016)
Attachment D – Standard & Poors (March 2017)
Attachment E – Moody's (May 2017)
Attachment F – Fitch (October 2017)

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CREDIT OPINION
13 June 2016

Update

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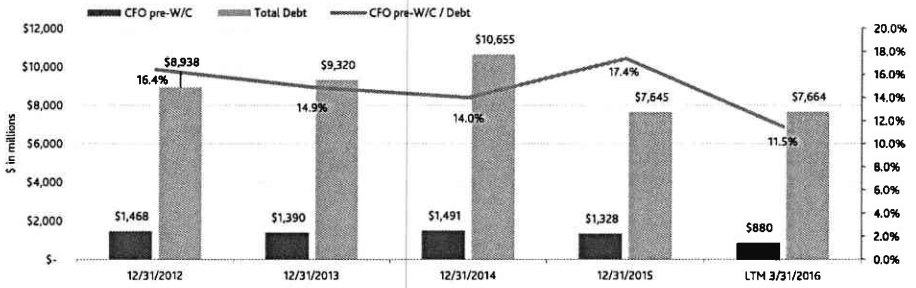
NiSource Inc.

A regulated utility holding company

Summary Rating Rationale

NiSource Inc.'s (NiSource) Baa2 rating (for its guaranteed finance subsidiary NiSource Finance Corporation) reflects the credit supportiveness and diversity of its multiple regulatory jurisdictions that allow the company to generate stable and predictable operating cash flows, the low business risk nature of its operations (approximately 68% of utility operating earnings are generated by natural gas local distribution companies (LDCs)), as well as its broad geographic footprint and scale (approximately 4 million utility customers across seven states). Together, these help to mitigate a weak financial profile as the company manages elevated debt levels while executing on a sizeable capital investment program. We anticipate a ratio of cash flow to debt in the low-teens' range over the next three to five years.

Exhibit 1
Historical CFO Pre W/C, Total Debt and CFO Pre W/C to Debt



Source: Moody's Financial Metrics

Credit Strengths

» Operations in jurisdictions with attractive cost recovery mechanisms

» Regulated utility assets carry low business risk

» Stability of cash flows underpinned by supportive regulatory constructs that largely offset high leverage

Credit Challenges

» Persistently high debt balance

» Elevated investment spending

Rating Outlook

The stable outlook reflects our expectation that the modest decline in NiSource's financial profile due to its corporate separation will be temporary. We expect a debt to capitalization ratio of approximately 50% as well as a decline in its cash flow to debt to the 12-13% range before the latter slowly rises closer to the low-teens range towards the end of the decade. The stable outlook also reflects our view that NiSource's regulated utility capital expenditure plans will be financed in a balanced manner. The outlook also takes into account the credit supportiveness of NiSource's regulatory environments, the low business risk associated with its LDC operations, and the scale and scope of its footprint, that together act to mitigate financial ratios that will be temporarily weak for the rating.

Factors that Could Lead to an Upgrade

» Further improvement in the utility regulatory environment

» A material and sustained increase in the company's credit metrics with cash flow to debt in the high teens and interest coverage in excess of 4.0x

Factors that Could Lead to a Downgrade

» A decline in the credit supportiveness of NiSource's regulatory environments

» An adverse change in the company's business mix or corporate structure such that its business risk profile deteriorates

» Debt coverage and debt to capitalization fall below 12% or rise above 55%, respectively, on a sustained basis

Key Indicators

Exhibit 2

KEY INDICATORS [1]
NiSource Inc.

	12/31/2012	12/31/2013	12/31/2014	12/31/2015	3/31/2016(L)
CFO pre-WC + Interest / Interest	4.2x	4.1x	4.7x	4.2x	3.1x
CFO pre-WC / Debt	16.4%	14.9%	14.0%	17.4%	11.5%
CFO pre-WC – Dividends / Debt	13.4%	11.6%	11.0%	13.9%	8.5%
Debt / Capitalization	51.2%	50.4%	56.1%	55.4%	54.9%

[1]All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Source: Moody's Financial Metrics

Detailed Rating Considerations

PERSISTENTLY HIGH DEBT BALANCE AND ELEVATED INVESTMENT SPENDING WEIGH ON FINANCIAL PROFILE

NiSource's rating is constrained by its weak financial profile, primarily relating to its elevated debt levels which appear unlikely to change for the foreseeable future and will continue to weigh on its debt coverage metrics.

The extensive capital investment projects at its utilities, estimated at about $1.4 billion per year through 2020 and equivalent to 2.5x 2015 depreciation, will place added pressure on the company's financial profile. As a result, we anticipate that NiSource's debt coverage metrics will decline from their historical levels to the 12-13% range before returning to the mid-teens towards the end of the decade, once new projects begin generating sufficient cash flows to offset the incremental leverage used to partially fund these capital projects.

Given NiSource's existing debt balance, we expect the company to adopt a conservative approach to financing its capital investments, including equity issuances, as necessary to avoid further erosion of its debt coverage and debt to capitalization ratios.

STABILITY OF CASH FLOWS UNDERPINNED BY SUPPORTIVE REGULATORY CONSTRUCT LARGELY OFFSETS HIGH LEVERAGE

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

The state regulators overseeing NiSource's utilities are generally credit supportive. Each LDC benefits from decoupling mechanisms and/or weather normalization adjustments which reduce earnings volatility. In addition, NiSource has access to a variety of tracker mechanisms across its different jurisdictions to cover its ongoing infrastructure replacement program, that provide for timely recovery of its sizeable infrastructure investment program. Similarly, NiSource's electric segment benefits from a broad array of tracker mechanisms providing for timely recovery of operating expenses as well as environmental investments.

The company's investments across all of its jurisdictions, as well as higher operations and maintenance expenditures to comply with pipeline safety regulations, are driving a busy 2016 regulatory calendar. After completing three general rate cases in 2015 that added $90 million in incremental annual revenues as well as some other smaller regulatory tracker filings, NiSource expects to secure final general rate case orders on three filings in 2016, potentially adding $134 million in annual revenues, assuming the regulators grant the full ask.

In addition, NIPSCO recently filed a stipulation and settlement agreement for its revised seven-year electric rate plan outlining $1.25 billion of infrastructure investments. The plan was filed according to requirements outlined in Senate Bill 560 that provides for timely recovery of safety, reliability and modernization capex under a tracker mechanism. A decision is expected in the third quarter of 2016.

REGULATED UTILITY ASSETS ARE LOW RISK

NiSource's seven LDCs represent about 68% of operating income (based on FYE 2015), while its vertically integrated electric utility segment makes up the difference.

With no exposure to the risks associated with owning power-generation assets, LDCs carry lower business risk than their vertically integrated electric utility counterparts. Furthermore, the size and broad geographic footprint of NiSource's LDC operations offer regulatory diversity and provide a natural hedge against material exposure to a single jurisdiction.

NiSource's electric segment is inherently riskier than the LDC business. In addition to its exposure to the risks associated with generation assets, unlike its LDC counterparts, its operations are concentrated in a single, highly industrialized market territory. About fifty-five percent of the company's retail electric sales volumes are derived from industrial customers, leaving it particularly sensitive to economic cycles. Also, the electric segment's rate structure does not have the decoupling mechanisms many NiSource's LDCs have.

Still, Indiana's regulatory environment is generally favorable from a credit standpoint and provides the company's electric segment with an attractive suite of cost recovery mechanisms that cover most of its operating and capital expenses. Additionally, the company is on schedule to complete the environmental retrofits of its generation fleet on time and on budget. Furthermore, its latest Integrated Resource Plan, released in 2014, does not envision the need for new power generation investment for the foreseeable future, a credit positive since it further supports the relative stability of NiSource's electric segment.

Liquidity Analysis

NiSource's liquidity is adequate and is supported by a $1.5 billion revolving credit facility maturing in July 2020. The revolver backs a $1.5 billion commercial paper program and provides funds for ongoing working capital needs. Terms of the facility allow for reliable access to funds by not requiring the company to represent and warrant to any material adverse change at each borrowing. The sole financial covenant is a maximum debt-to-capitalization ratio of 70% which the company satisfies as of 31 March 2016, with a debt to capitalization ratio of 64.4%.

NiSource also maintains three separate accounts receivables securitization programs totaling $515 million at its LDCs ($385 million outstanding as of 31 March 2016). The programs are renewed annually. As of 31 March 2016, NiSource had about $1.0 billion of available capacity under its revolver, after giving effect to $460 million of commercial paper outstanding and $15 million of LCs, as well as about $24 million of cash on hand. NiSource's next material debt maturity is scheduled for September 2017 when $210 million of notes come due.

For LTM 31 March 2016, NiSource generated $1.2 billion in operating cash flow, invested $1.4 billion in capital expenditures and made $231 million in dividend distributions to their common shareholders, resulting in a negative free cash flow position of $494 million. NiSource funded the cash shortfall by issuing short-term debt. Going forward, we expect NiSource to remain free cash flow negative

as it executes on its sizeable capital expenditure plan and anticipate that it will meet any cash shortfall through a balanced mix of debt and equity.

Notching Considerations

NiSource's operating subsidiary NIPSCO is rated one notch above NiSource to reflect its default probability and the structural seniority of its debt to substantially all of the parent guaranteed debt at NiSource Finance Corp. Subsidiary Bay State's debt is guaranteed by NiSource and consequently has the same rating as NiSource.

As shown in the methodology grid, the grid indicates a rating of Baa1, which does not reflect the structural subordination that causes the actual parent rating to be Baa2. Ratings within the NiSource family are notched closely partly because of the company's practice to centrally manage its subsidiaries' cash flow in a corporate money pool and consolidating its debt financing at its guaranteed financing subsidiary NiSource Finance Corp.

Corporate Profile

NiSource Inc. (Baa2, senior unsecured for its guaranteed financing vehicle, NiSource Finance Corp) is a utility holding company with a portfolio of regulated utility subsidiaries. NiSource owns one of the largest LDC systems in the US, with operations in Ohio, Indiana, Pennsylvania, Virginia, Massachusetts, Kentucky, and Maryland with over 3.4 million customers, as well as a mid-sized vertically integrated electric utility in Indiana. The LDCs account for about 68% of the company's consolidated operating earnings, with the balance coming from its electric utility. Two of NiSource's utility subsidiaries are rated: Bay State Gas Company (Bay State Gas, doing business as Columbia Gas of Massachusetts, Baa2 senior unsecured, stable) and Northern Indiana Public Service Company (NIPSCO, Baa1 senior unsecured, stable).

Rating Methodology and Scorecard Factors

Exhibit 3

Rating Factors				
NiSource Inc.				
Regulated Electric and Gas Utilities Industry Grid [1][2]	**Current LTM 3/31/2016**		**Moody's 12-18 Month Forward View As of Date Published [3]**	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	A	A	A	A
b) Sufficiency of Rates and Returns	A	A	A	A
Factor 3 : Diversification (10%)				
a) Market Position	A	A	A	A
b) Generation and Fuel Diversity	Ba	Ba	Ba	Ba
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	4.2x	Baa	3x - 4x	Baa
b) CFO pre-WC / Debt (3 Year Avg)	15.4%	Baa	11% - 14%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	12.1%	Baa	9% - 12%	Baa
d) Debt / Capitalization (3 Year Avg)	49.5%	A	50% - 55%	Baa
Rating:				
Grid-Indicated Rating Before Notching Adjustment		A3		Baa1
HoldCo Structural Subordination Notching	0	0	0	0
a) Indicated Rating from Grid		A3		Baa1
b) Actual Rating Assigned		Baa2		Baa2

[1]All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2]As of 3/31/2016(L)
[3]This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.
Source: Moody's Financial Metrics

Ratings

Exhibit 4

Category	Moody's Rating
NISOURCE INC.	
Outlook	Stable
Pref. Shelf	(P)Ba1
NISOURCE FINANCE CORPORATION	
Outlook	Stable
Issuer Rating	Baa2
Sr Unsec Bank Credit Facility	Baa2
Senior Unsecured	Baa2
Bkd Commercial Paper	P-2
NORTHERN INDIANA PUBLIC SERVICE COMPANY	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured	Baa1
NISOURCE CAPITAL MARKETS, INC.	
Outlook	Stable
Bkd Senior Unsecured	Baa2
BAY STATE GAS COMPANY	
Outlook	Stable
Senior Unsecured	Baa2

Source: Moody's Investors Service

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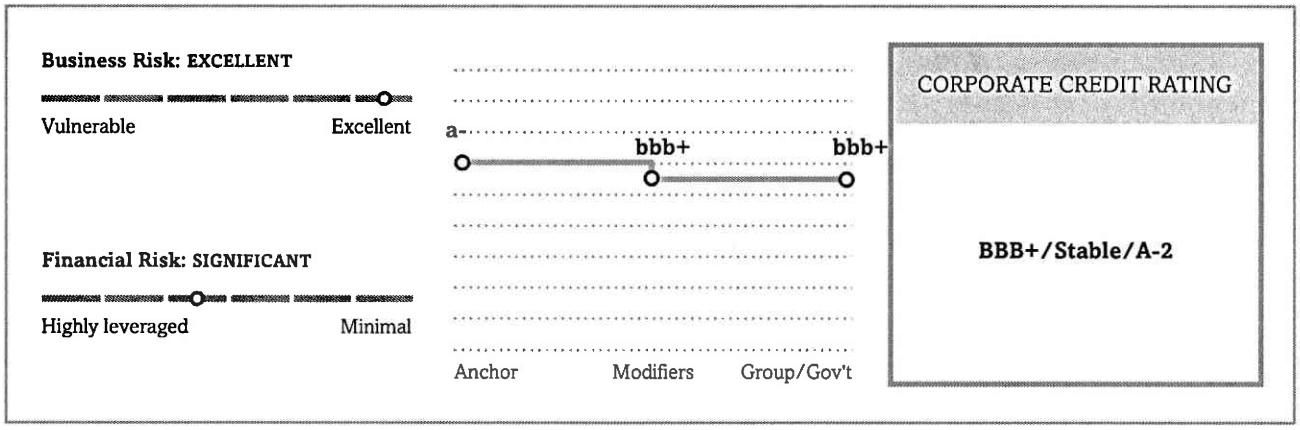
Issue Ratings

Related Criteria And Research

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Summary:

NiSource Inc.



Rationale

Business Risk: Excellent	Financial Risk: Significant
• Corporate strategy based only on regulated utilities; • Regulated utilities with mostly low operating risks; • Lack of competition in regulated service territories; • Diverse service area in seven states with numerous regulatory jurisdictions and a large residential customer base; • Gas distribution operations with geographic diversity; and • Utility subsidiary Northern Indiana Public Service Co. (NIPSCO) has higher-than-average dependence on industrial customers.	• Financial measures, albeit improving slightly, are toward the lower end of the significant financial risk profile; • Ongoing capital spending driven by infrastructure investments; and • Negative discretionary cash flow, indicating external funding needs.

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Outlook: Stable

The stable rating outlook on NiSource Inc. reflects our expectation that management will focus on its fully regulated utilities. The outlook also reflects our expectations that cash flow protection and debt leverage measures will be appropriate for the rating. Specifically, our baseline forecast includes funds from operations (FFO) to total debt around 14% and operating cash flow (OCF) to debt of approximately 14% through 2018. Given the company's regulated focus, we expect that NiSource will avoid any meaningful rise in business risk by reaching constructive regulatory outcomes.

Downside scenario

We could lower ratings if unregulated operations are added to the fully regulated company. Ratings could also be lowered if core financial measures were to consistently drop below our base-case forecast and remain consistently at less credit-supportive levels, including adjusted FFO to debt consistently below 12%. This could occur if cost recovery is not as timely as expected, construction projects are over budget or if capital expenditures exceed forecasted levels and is primarily debt financed.

Upside scenario

Although unlikely over the medium term, we could raise the ratings if the business risk profile further strengthened or if financial measures exceeded our baseline forecast on a consistent basis, including FFO to total debt over 18%. Improved financial measures could occur through more robust cost recovery, debt retirement, or higher equity funding.

Our Base-Case Scenario

Assumptions

- The economic conditions in the company's service areas continue to improve which results in modest load growth for the projected period
- Annual mid-single-digit gross margin growth through higher load and rate recovery
- Elevated capital spending in range of $1.4 billion to $1.5 billion per year in 2016, 2017, and 2018
- Average annual dividends of $300 million
- Ongoing rate recovery that will allow the company to earn close to its average authorized return on equity
- Continuation of current regulatory mechanisms
- All debt maturities are refinanced

Key Metrics

	2015A	2016E	2017E
FFO/debt (%)	13.4	13.5-14.5	13.5-14.5
Debt/EBITDA (x)	5.3	4.8-5.3	4.8-5.3
FFO cash interest coverage (x)	3.6	3.8-4.2	3.9-4.3

A--Actual. E--Estimate. FFO--Funds from operations.

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Business Risk: Excellent

We assess NiSource's business risk profile as excellent based on the company's strong competitive position and operations as a regulated utility in the U.S. NiSource's competitive position reflects its gas distribution operations that are above average, characterized by ample geographic diversity and a large customer base. Cash flow variability is also low given material revenue stabilization and cost-tracking mechanisms. NIPSCO is a vertically integrated electric and natural gas utility providing service mostly in northern Indiana. It has had flat customer growth and has above-average industrial exposure, largely to the steel-related industry. The utility has been installing environmental compliance equipment and using an environmental rate surcharge for timely recovery of costs. Base rates and various rate surcharges support cost recovery. Rates are above the state average, but not the highest in Indiana.

Financial Risk: Significant

Based on the medial volatility financial ratio benchmarks, we assess NiSource's financial risk profile as significant. This takes into consideration sustained cash flows from the regulated utility operations and ongoing cost recovery through rates that will allow the company to earn close to its authorized returns on equity. Also, we based the designation on the company's capital spending program and a dividend payout that exceeds 60%. We expect NiSource to continue having negative free operating cash flow over the next three years. Although we expect equity to grow, we also expect the company to continue using debt financing. Under our base case scenario of higher capital spending, reasonable load growth and steady cost recovery provisions, we expect FFO to debt to average about 14%.

Liquidity: Adequate

We assess NiSource's liquidity as adequate because we believe its liquidity sources are likely to cover its uses by more than 1.1x over the next 12 months and meet cash outflows even with a 10% decline in EBITDA. The company's sound relationship with banks, ability to absorb high-impact, low-probability event with limited need for refinancing and generally satisfactory standing in credit markets also support our assessment.

Principal Liquidity Sources	Principal Liquidity Uses
• Estimated FFO of about $1.1 billion in 2016; • Revolving credit facility availability of about $1.5 billion in 2016; and • Assumed cash and liquid investments of roughly $15 million in 2016.	• Capital spending of about $1.4 billion in 2016; • Common stock dividends of about $275 million in 2016; and • Debt maturities, including outstanding commercial paper, of about $435 million in 2016.

Other Credit Considerations

The ratings on NiSource include a one-notch negative adjustment for comparable rating analysis that reflects

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NiSource's weak financial ratios within the significant financial risk profile.

Group Influence

Under the group rating methodology, we view NiSource as the parent of the group whose members are NIPSCO, Bay State Gas, NiSource Finance, and NiSource Capital Markets. NiSource's group and stand-alone credit profiles are the same at 'bbb+'.

Ratings Score Snapshot

Corporate Credit Rating

BBB+/Stable/A-2

Business risk: Excellent

- **Country risk:** Very low
- **Industry risk:** Very low
- **Competitive position:** Strong

Financial risk: Significant

- **Cash flow/Leverage:** Significant

Anchor: a-

Modifiers

- **Diversification/Portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)
- **Financial policy:** Neutral (no impact)
- **Liquidity:** Adequate (no impact)
- **Management and governance:** Satisfactory (no impact)
- **Comparable rating analysis:** Negative (-1 notch)

Stand-alone credit profile : bbb+

- **Group credit profile:** bbb+

Issue Ratings

The short-term rating is 'A-2' based on the company's issuer credit rating (ICR) and our assessment of its liquidity as at least adequate. We rate the senior unsecured debt at NiSource Finance and NiSource Capital Markets the same as the ICR because priority liabilities, including operating utility debt, are less than 20% of total assets.

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Related Criteria And Research

Related Criteria

- Criteria - Corporates - Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology For Linking Short-Term And Long-Term Ratings For Corporate, Insurance, And Sovereign Issuers, May 7, 2013
- Criteria - Corporates - Utilities: Collateral Coverage And Issue Notching Rules For '1+' And '1' Recovery Ratings On Senior Bonds Secured By Utility Real Property, Feb. 14, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- Use of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria - Corporates - General: 2008 Corporate Criteria: Rating Each Issue, April 15, 2008

Business And Financial Risk Matrix

	Financial Risk Profile					
Business Risk Profile	Minimal	Modest	Intermediate	**Significant**	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	**a-**	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	bbb	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

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FitchRatings

NiSource Inc.

And NiSource Finance Corp. and NiSource Capital Markets

Full Rating Report

Ratings

Long-Term IDR	BBB
Short-Term IDR	F3

IDR – Issuer Default Rating.

Rating Outlook

Long-Term IDR	Stable

Financial Summary

NiSource Inc.

($ Mil.)	LTM 6/30/16	2015
Adjusted Revenue	3,667	4,652
Operating EBITDAR	1,185	1,373
Cash Flow from Operations	540	1,163
Total Adjusted Debt	7,650	7,373
Total Capitalization	11,080	10,836
Capex/ Depreciation (%)	222.1	259.5
FFO Fixed-Charge Coverage (x)	2.9	3.4
FFO-Adjusted Leverage (x)	7.0	5.1
Total Adjusted Debt/EBITDAR (x)	6.5	5.4

Related Research

Fitch Upgrades NI and NIPSCO's IDR to 'BBB'; Outlook Stable (June 2016)

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Key Rating Drivers

Low Business Risk: NiSource, Inc.'s (NI) ratings reflect its lower operating risk as a fully regulated utility holding company with a geographically diverse mix of regulated gas and electric utilities in seven states. Other considerations include the long-term financial impact of aggressive gas system modernization programs and electric environmental capex, with a substantial portion of recoveries expected to be received through tracking mechanisms.

Focus on Gas: Gas distribution and electric operations represent 61% and 39%, respectively, of the total rate base. Fitch Ratings expects gas operations to account for a greater share of the rate base, as NI invests more than twice as much in its gas utilities as it does in its electric utility. Fitch views such a trend favorably, as gas utilities have relatively more supportive regulations and are not subject to stringent environmental mandates.

Supportive Regulations: Balanced regulation is particularly important for NI in light of its aggressive gas and electric infrastructure modernization programs and high debt leverage. Approximately 77% of capex in the next few years is expected to be recovered through trackers and other mechanisms. Most of NI's gas utilities have decoupling, straight fixed variable rates and/or weather normalization mechanisms. All of NI's gas utilities use infrastructure trackers on a regular basis except Pennsylvania. Indiana allows for cost recovery outside of rate case proceedings and preapproval of eligible investments. Northern Indiana Public Service Company's (NIPSCO, BBB/Stable) transmission projects benefit from constructive Federal Energy Regulatory Commission (FERC) regulation, including forward-looking rates and construction work in progress (CWIP) recovery.

High Capex: NI is undertaking a significant capex program of $1.45 billion annually (approximately $1.0 billion in gas and the remainder in electric), compared with $780 million in 2011 and $1 billion in 2012. Though Fitch views these rate base-accretive investments favorably, NI's credit metrics could be pressured as a result.

Indiana Rate Approvals: Fitch views favorably the rate approvals by the Indiana Utility Regulatory Commission (IURC) of NIPSCO's seven-year $1.25 billion electric TDSIC plan and its electric rate case, allowing for a revenue increase of $72.5 million, based on an authorized return on equity (ROE) of 9.975% before certain riders.

Rating Linkages: NI's and NIPSCO's ratings and Outlooks are the same due to their close linkage. All utility operations depend on NI for financing needs and share a five-year $1.5 billion revolver at NiSource Finance (NIF).

Rating Sensitivities

Positive Rating Action: NI could be upgraded if adjusted debt/operating EBITDAR is expected to remain below 4.0x after the high-capex period.

Negative Rating Action: NI could be downgraded if material adverse changes occur in NI's regulatory construct. Negative rating pressure could mount if adjusted debt/operating EBITDAR remains above 5.25x with low probability to recover after the high-capex period.

Financial Overview

Liquidity and Debt Structure

NI (through NIF) downsized its existing $2 billion revolving credit facility in December 2014 to $1.5 billion, effective at the completion of the spinoff of Columbia Pipeline Group on July 1, 2015. The amendment also extended its termination date to July 1, 2020, with two one-year extensions. The facility carries a 70% debt/capitalization financial covenant and includes limitations on liens and restrictions on asset sales. It is used to support NI's commercial paper program, letters of credit and for general corporate use. As of June 30, 2016, NI had $881.5 million of commercial paper outstanding and $14.7 million of standby letters of credit outstanding, which was supported by the revolving credit facility.

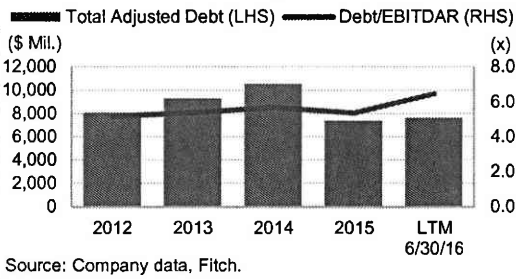
Regulated utilities' liquidity is also supported by NI's accounts receivable securitization programs. NI had a total of $219.2 million of borrowings under the programs at June 30, 2016.

Debt Maturities and Liquidity

($ Mil., As of June 30, 2016)	
2016	220
2017	350
2018	476
2019	541
2020	550
Thereafter	3,889
Cash and Cash Equivalents	16
Undrawn Committed Facilities	604

Source: Company data, Bloomberg, Fitch.

Total Debt and Leverage

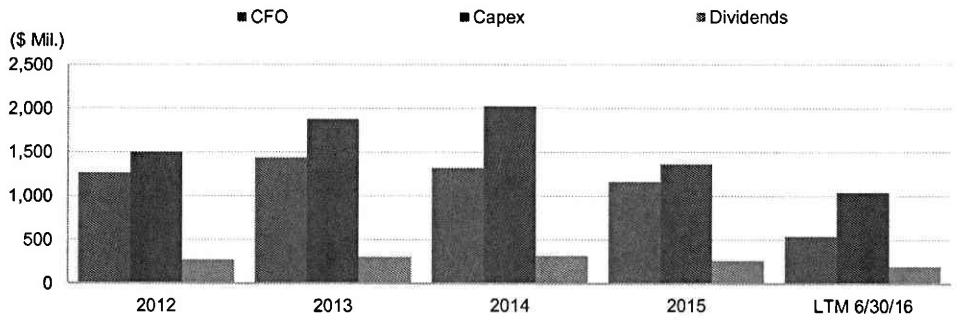


Source: Company data, Fitch.

Cash Flow Analysis

NI is undertaking a significant capex program across its gas and electric segments. From 2012 to 2015, capex averaged $1.23 billion per year compared with $709 million per year from 2008 to 2011. Total capex is expected to average $1.45 billion per year in 2016–2021. The projects focus on system safety and modernization. Approximately 77% of capex investment in the next several years is expected to be recovered through trackers and other cost-recovery mechanisms. Fitch views the ramp-up in these types of capex favorably, as they provide predictable and sustained earnings growth. However, they could temporarily pressure credit metrics. NI is expected to be cash flow negative throughout the 2016–2021 projection period — ranging from negative $500 million to negative $800 million — and will be largely financed by debt.

CFO and Cash Use



Source: Company data, Fitch.

Related Criteria

Criteria for Rating Non-Financial Corporates (September 2016)

Parent and Subsidiary Rating Linkage (August 2016)

Recovery Ratings and Notching Criteria for Utilities (March 2016)

Rating U.S. Utilities, Power and Gas Companies (Sector Credit Factors) (March 2014)

Peer and Sector Analysis

Peer Group

Issuer	Country
BBB+	
Dominion Resources, Inc.	U.S.
BBB	
CenterPoint Energy, Inc.	U.S.
BB+	
IPALCO Enterprises, Inc.	U.S.

Issuer Rating History

Date	LT IDR (FC)	Outlook/ Watch
Sept. 27, 2016	BBB	Stable
June 17, 2016	BBB	Stable
Sept. 30, 2015	BBB–	Positive
June 18, 2015	BBB–	Positive
April 24, 2015	BBB–	Stable
Sept. 29, 2014	BBB–	Stable
April 3, 2014	BBB–	Stable
Dec. 9, 2013	BBB–	Stable
Dec. 11, 2012	BBB–	Stable
Dec. 13, 2011	BBB–	Stable
Dec. 14, 2010	BBB–	Stable
Dec. 15, 2009	BBB–	Stable
Feb. 4, 2009	BBB–	Stable
May 14, 2008	BBB	Stable
July 10, 2007	BBB	Stable
March 31, 2006	BBB	Stable
Dec. 6, 2005	BBB	Stable
Sept. 21, 2005	BBB	Stable
June 30, 2003	BBB	Stable
Feb. 6, 2002	BBB	RWN
Dec. 6, 2001	BBB	Stable
Oct. 27, 2000	BBB+	Stable

LT IDR – Long-Term Issuer Default Rating. FC – Foreign currency.
RWN – Rating Watch Negative.
Source: Fitch.

Peer Group Analysis

($ Mil.)	NiSource Inc.	Dominion Resources, Inc.	CenterPoint Energy, Inc.	IPALCO Enterprises, Inc.
As of	6/30/16	6/30/16	6/30/16	6/30/16
IDR	BBB	BBB+	BBB	BB+
Outlook	Rating Outlook Stable	Rating Outlook Stable	Rating Outlook Stable	Rating Outlook Stable
Fundamental Ratios (x)				
Operating EBITDAR/ (Gross Interest Expense + Rents)	3.2	4.5	4.9	4.9
FFO Fixed-Charge Coverage	2.9	4.7	5.0	4.6
Total Adjusted Debt/Operating EBITDAR	6.5	5.6	4.0	5.7
FFO/Total Adjusted Debt (%)	14.4	18.5	27.3	16.9
FFO-Adjusted Leverage	7.0	5.4	3.7	5.9
Common Dividend Payout (%)	75.3	84.1	(72.0)	84.7
Internal Cash/Capex (%)	32.9	42.6	90.2	26.1
Capex/Depreciation (%)	222.1	374.4	210.6	372.9
Return on Equity (%)	5.1	14.4	(13.7)	19.0
Financial Information				
Revenue	3,667	11,041	7,037	1,277
Revenue Growth (%)	(40.2)	(9.1)	(14.9)	—
EBITDA	1,137	5,119	2,105	445
Operating EBITDA Margin (%)	31.0	46.4	28.5	34.8
FCF	(407)	(3,652)	(153)	(601)
Total Adjusted Debt with Equity Credit	7,650	29,172	7,881	2,558
Readily Available Cash	16	377	1,008	44
Funds Flow from Operations	722	4,230	1,721	338
Capex	(1,042)	(6,365)	(1,554)	(813)

IDR – Issuer Default Rating.
Source: Company data, Fitch.

Key Rating Issues

Low Business Risk Mitigates High Leverage

NI's leverage before the spinoff was high among both utility and pipeline peer groups, primarily due to legacy debt related to the acquisition of Columbia Energy Group in November 2000 and investments in the pipeline business. With the sizeable capex program, NI's leverage ratio will continue to be elevated.

However, Fitch believes NI's fully regulated business model allows it to bear relatively weak credit metrics for the rating and Outlook. Fitch projects that NI's debt/operating EBITDAR will continue to exceed 5.0x through 2019 and decline to the high-4x range in 2020 as capex programs complete and margin improves. FFO-adjusted leverage is expected to decline to high-4x in 2020 from high-5x in 2016 and FFO fixed-charge coverage to improve from 3.5x to 4.2x over the same period. Fitch's projection incorporates bonus depreciation benefits and a certain amount of equity issuance.

Supportive Regulations

NI's ratings and Outlook benefit from a geographically diverse mix of regulated gas and electric utilities in seven states with relatively transparent and supportive regulations. Gas utilities in all seven states have accelerated infrastructure trackers or expedited rate treatments, bad debt trackers and energy-efficiency programs.

Columbia Gas of Ohio, NI's largest gas utility by rate base, has revenue decoupling and fully fixed residential rates. Columbia Gas of Pennsylvania, the second-largest gas utility, has weather normalization and is allowed to recover infrastructure and other costs through frequent rate filings utilizing a forward test year. Pennsylvania's Act 11 allows a gas utility to file a distribution service improvement charge and rate case with a fully forecast test year.

NIPSCO's electric operations in Indiana have also seen improving regulations. The Transmission, Distribution and Storage System Improvement Charge (TDSIC) statute provides for cost recovery outside of general rate case proceedings for gas or electric safety, reliability and modernization and allows preapproval of a seven-year plan of eligible investments. If approved, up to 80% of eligible costs can be recovered using semiannual trackers. Indiana legislation allows cost recovery of federally mandated requirements, including modernization or environmental capex. NIPSCO owns and operates 2.5 GW of coal generation plants that were fully scrubbed at the end of 2015 and comply with sulfur dioxide, nitrogen oxide and Mercury and Air Toxics Standards rules.

NIPSCO also has FERC-approved forward-looking rates, including CWIP and recovery of any potential abandonment costs for its two Midcontinent Independent System Operator (MISO) transmission projects (approximately $450 million). The MISO-allowed ROE 12.38% for these projects has been challenged in two separate complaints. In June 2016, the FERC administrative law judge (ALJ) issued an initial decision in the second complaint that authorized NI to collect a base ROE of 9.7% from Feb. 12, 2015 through May 11, 2016. For the first complaint, the initial decision issued by the FERC ALJ in December 2015 authorized a base ROE of 10.32% from Nov. 12, 2013 through Feb. 11, 2015. A final approval is pending for both decisions.

NIPSCO Rate Approvals Constructive

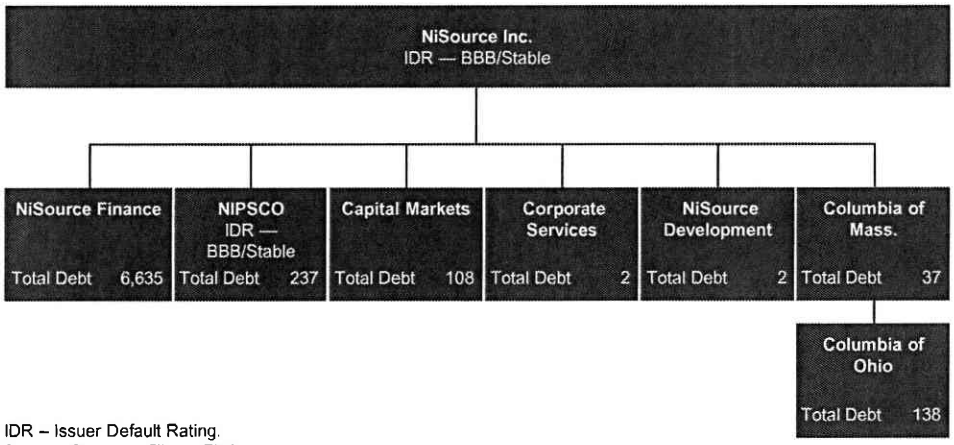
Fitch views favorably several NIPSCO rate approvals in 2016. In July 2016, IURC approved NIPSCO's March 2016 settlement for a seven-year electric TDSIC plan that includes $1.25 billion of eligible investments. NI filed its initial TDSIC case in June 2016 requesting a $1.9 million semiannual revenue requirement to be recovered beginning in February 2017.

NIPSCO's gas segment is in the midst of an $800 million gas infrastructure modernization program. On June 22, 2016, the IURC approved the semiannual tracker (TDSIC-4) that NIPSCO filed in February 2016, which allows for collection or deferral for recovery associated with approximately $145.7 million of investments through the end of 2015. In August 2016, NIPSCO filed TDSIC-5 requesting $11.8 million increase, which could take effect in January 2017 if approved.

On Feb. 19, 2016, NIPSCO reached a settlement of its electric base rate case that would allow a revenue increase of $72.5 million, based on an authorized ROE of 9.975% before certain riders. The rate increase under the terms of the settlement represents approximately 58% of NIPSCO's rate increase request. The settlement was approved in July 2016, with new rates becoming effective on Oct. 1, 2016.

Organizational Structure

Organizational and Debt Structure — NiSource Inc.
($ Mil., As of June 30, 2016)



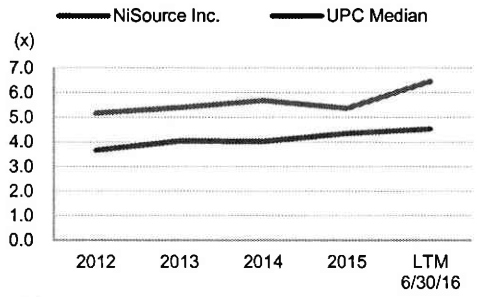
IDR – Issuer Default Rating.
Source: Company filings, Fitch.

Key Metrics

Definitions

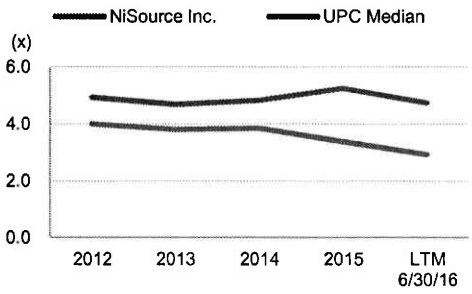
- Total Adjusted Debt/Op. EBITDAR: Total balance sheet adjusted for equity credit and off-balance-sheet debt divided by operating EBITDAR.
- FFO Fixed-Charge Coverage: FFO plus gross interest minus interest received plus preferred dividends plus rental payments divided by gross interest plus preferred dividends plus rental payments.
- FFO-Adjusted Leverage: Gross debt plus lease adjustment minus equity credit for hybrid instruments plus preferred stock divided by FFO plus gross interest paid plus preferred dividends plus rental expense.

Total Adjusted Debt/Op. EBITDAR



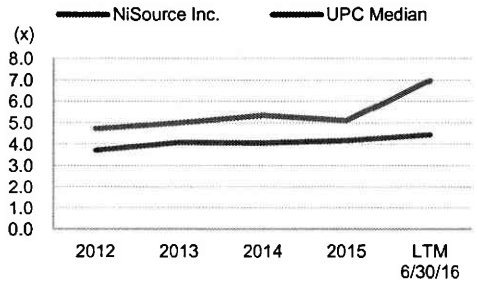
UPC – Ultimate parent company.
Source: Company data, Fitch.

FFO Fixed-Charge Coverage



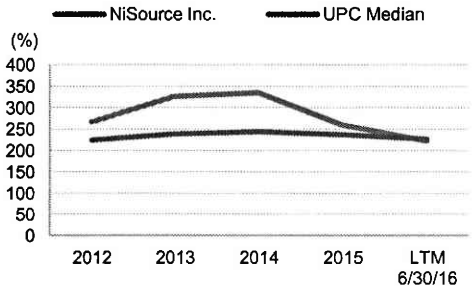
UPC – Ultimate parent company.
Source: Company data, Fitch.

FFO-Adjusted Leverage



UPC – Ultimate parent company.
Source: Company data, Fitch.

Capex/Depreciation



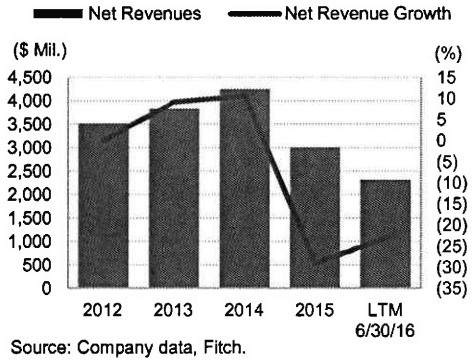
UPC – Ultimate parent company.
Source: Company data, Fitch.

Company Profile

NI is a utility holding company whose regulated subsidiaries provide natural gas and electricity to 4 million customers in Indiana, Ohio, Pennsylvania, Massachusetts, Virginia, Kentucky and Maryland. The rate bases of the gas and electric utilities were $5.4 billion and $3.5 billion, respectively, at year-end 2015. In 2015, the gas distribution segment accounted for approximately 68% of operating income, and electric operations accounted for 32%. In 2015, 53% of NI's revenue was derived from residential customers, 24% from commercial customers, 19% from industrial customers and 3% from other sources. NI subsidiary NIPSCO has a total net generation capacity of 3.3 GW, 2.5 GW of which is from coal-fired generating plants.

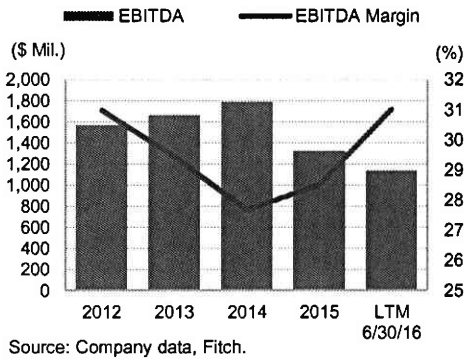
Business Trends

Revenue Dynamics



Source: Company data, Fitch.

EBITDA Dynamics



Source: Company data, Fitch.

Financial Summary — NiSource Inc.

($ Mil., As of June 30, 2016, IDR — BBB/Rating Outlook Stable)	2012	2013	2014	2015	LTM 6/30/16
Fundamental Ratios (x)					
Operating EBITDAR/(Gross Interest Expense + Rents)	3.7	3.5	3.6	3.2	3.2
FFO Fixed-Charge Coverage	4.0	3.8	3.8	3.4	2.9
Total Adjusted Debt/Operating EBITDAR	5.2	5.4	5.7	5.4	6.5
FFO/Total Adjusted Debt (%)	21.2	20.1	18.7	19.6	14.4
FFO-Adjusted Leverage	4.7	5.0	5.3	5.1	7.0
Common Dividend Payout (%)	65.6	57.5	60.6	91.9	75.3
Internal Cash/Capex (%)	66.2	60.2	49.2	66.1	50.3
Capex/Depreciation (%)	266.7	325.8	335.0	259.5	222.1
Return on Equity (%)	0.1	0.1	0.1	0.1	6.9
Profitability					
Revenues	5,061	5,657	6,471	4,652	3,667
Revenue Growth (%)	(15.9)	11.8	14.4	(28.1)	(40.2)
Net Revenues	3,519	3,841	4,246	3,008	2,317
Operating and Maintenance Expense	(1,663)	(1,874)	(2,136)	(1,426)	(983)
Operating EBITDA	1,568	1,666	1,790	1,326	1,137
Operating EBITDAR	1,568	1,722	1,859	1,373	1,185
Depreciation and Amortization Expense	(562)	(577)	(606)	(524)	(469)
Operating EBIT	1,006	1,089	1,184	802	668
Gross Interest Expense	(429)	(434)	(444)	(380)	(329)
Net Income for Common	416	532	530	287	263
Operating Maintenance Expense % of Net Revenues	(47.3)	(48.8)	(50.3)	(47.4)	(42.4)
Operating EBIT % of Net Revenues	28.6	28.4	27.9	26.6	28.8
Cash Flow					
Cash Flow from Operations	1,265	1,437	1,320	1,163	540
Change in Working Capital	(20)	65	(141)	147	(182)
Funds from Operations	1,285	1,372	1,461	1,017	722
Dividends	(273)	(306)	(321)	(263)	(198)
Capex	(1,499)	(1,880)	(2,029)	(1,361)	(1,042)
FCF	(507)	(749)	(1,030)	(167)	(407)
Net Other Investment Cash Flow	44	(162)	(110)	3,179	3,269
Net Change in Debt	78	719	1,106	(3,029)	(2,177)
Net Equity Proceeds	374	36	20	2	(1,156)
Capital Structure					
Short-Term Debt	777	699	1,577	567	1,101
Total Long-Term Debt	7,326	8,135	8,423	6,382	6,169
Total Debt with Equity Credit	8,103	8,834	9,999	6,993	7,270
Total Adjusted Debt with Equity Credit	8,103	9,284	10,554	7,373	7,650
Total Common Shareholders' Equity	5,554	5,886	6,175	3,844	3,811
Total Capital	13,657	14,720	16,175	10,836	11,080
Total Debt/Total Capital (%)	59	60	62	65	66
Common Equity/Total Capital (%)	41	40	38	35	34

IDR – Issuer Default Rating.
Source: Company data, Fitch.

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Ratings

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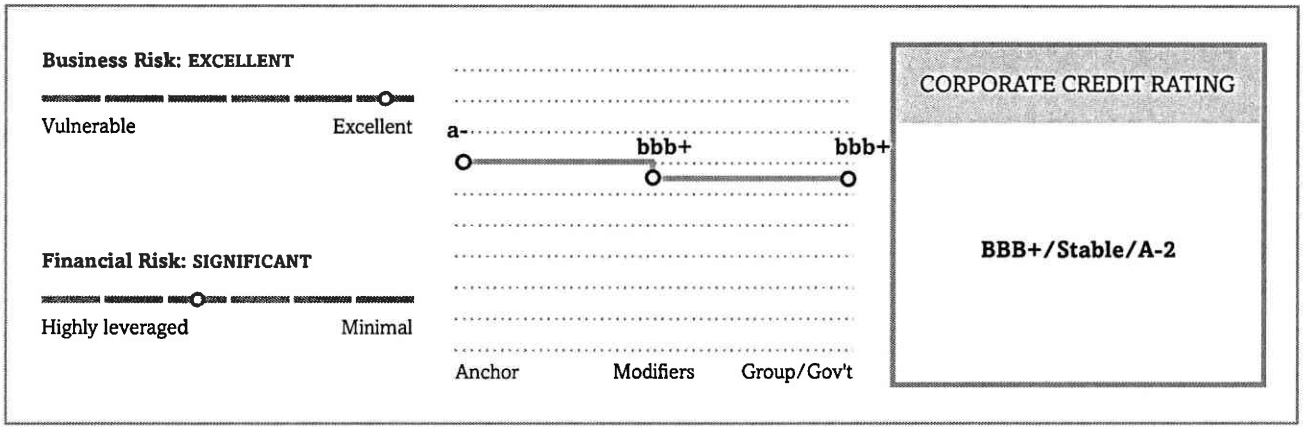
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NiSource Inc.



Rationale

Business Risk: Excellent	Financial Risk: Significant
• Corporate strategy focused on regulated utilities with mostly low operating risks • Limited competition in regulated service territories • Diverse service territories in seven states and a large residential customer base • Gas distribution operations with geographic diversity • Utility subsidiary Northern Indiana Public Service Co. (NIPSCO) has higher-than-average dependence on industrial customers.	• Funds from operations (FFO) to debt, improving slightly, remains toward the lower end of the significant financial risk category • Annual capital spending over $1.5 billion driven by infrastructure investments • Negative discretionary cash flow, indicating external funding needs.

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Outlook: Stable

S&P Global Ratings' stable rating outlook on NiSource Inc. reflects our expectation that management will focus on its fully regulated utilities. The outlook also reflects our view that cash flow protection and debt leverage measures will be appropriate for the rating. Specifically, our baseline forecast includes adjusted FFO to debt around 14%. Given the company's regulated focus, we expect NiSource will avoid any meaningful increase in business risk by pursuing constructive regulatory outcomes.

Downside scenario

We could lower the ratings if core financial measures were to drop below our base-case forecast and remain at less credit-supportive levels, including adjusted FFO to debt consistently below 12%. This could occur if cost recovery is not as timely as expected, construction projects are over budget, or if capital expenditures exceed forecasted levels and are primarily debt financed. Although unlikely over the medium term, we could also lower ratings if NiSource adds a material level of riskier operations to the existing fully regulated strategy.

Upside scenario

Although unlikely over the medium term, we could raise the ratings if the business risk profile strengthens or if financial measures exceeded our baseline forecast on a consistent basis, including FFO to total debt over 18%. The company could improve financial measures through more robust cost recovery, debt retirement, or higher equity funding.

Our Base-Case Scenario

Assumptions

- Economic conditions in service territories continue to improve, resulting in modest load growth over the next few years;
- Annual mid-single-digit gross margin growth over the next few years due to customer growth and rate recovery;
- Elevated capital spending of $1.5 billion per year in 2017 and 2018;
- Dividends of roughly $270 million per year in 2017 and 2018; and
- All debt maturities refinanced.

Key Metrics

	2016A	2017E	2018E
FFO/debt (%)	12-14	12-14	13-14
OCF/debt (%)	12.5-13.5	13.5-15	14-16
Debt/EBITDA (x)	5-5.5	5-5.5	5-5.5

S&P Global Ratings' adjusted figures. A--Actual. E--Estimate. FFO--Funds from operations.

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Company Description

NiSource Inc. is an energy holding company engaged in natural gas transmission, storage, and distribution, as well as electric generation, transmission, and distribution. The company serves more than 3.4 million gas customers and about 465,000 electricity customers in seven states. NIPSCO, Bay State Gas Co., and Columbia Gas are pure-play utilities. NiSource Finance Corp. and NiSource Capital Markets Inc. are financing entities for NiSource Inc.

Business Risk: Excellent

Our assessment of NiSource's business risk profile reflects its U.S. regulated utility operations, which provide essential services that have material barriers to entry and essentially operate as a monopoly insulated from market challenges. The utility industry generally exhibits substantial stability in terms of usage and consumption, even after accounting for energy conservation efforts and the economy. The business risk profile is also characterized by robust profitability, efficient operations, and above-average scale, scope, and diversification with a very large customer base in multiple states. The company has significant regulatory diversity since it operates in numerous jurisdictions where the company receives base rates and various rate surcharges supporting ongoing cost recovery of capital expenditures and operating expenses.

Our Base-Case Operating Scenario

- The company remains mostly a regulated utility.
- The economic conditions in the company's service territories are either holding steady or improving, which will likely increase customer usage.
- Utilities operate under regulatory terms that largely support credit quality and are generally constructive, which includes good gas adjustment and other cost-pass-through mechanisms. These provide for timely recovery of costs that helps support steady revenues.

Peer comparison

Table 1

NiSource Inc. -- Peer Comparison

Industry Sector: Combo

	NiSource Inc.	CMS Energy Corp.	Atmos Energy Corp.	WEC Energy Group Inc.	ONE Gas Inc.
Rating as of March 9, 2017	BBB+/Stable/A-2	BBB+/Stable/A-2	A/Stable/A-1	A-/Stable/A-2	A-/Positive/A-2
	--Average of past three fiscal years--				
(Mil. $)					
Revenues	5,205.0	6,622.5	4,144.3	6,131.8	1,597.9
EBITDA	1,612.8	2,086.4	975.4	2,015.2	402.5
Funds from operations (FFO)	1,189.2	1,534.7	825.0	1,643.8	340.2
Operating income	949.3	1,270.0	668.7	1,343.3	254.2
EBIT	978.6	1,270.0	665.0	1,482.8	252.9

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Table 1

NiSource Inc. -- Peer Comparison (cont.)

Industry Sector: Combo

	NiSource Inc.	CMS Energy Corp.	Atmos Energy Corp.	WEC Energy Group Inc.	ONE Gas Inc.
Interest Expense	430.6	527.1	145.4	368.9	70.5
Net income from cont. oper.	347.3	517.0	318.3	722.5	123.0
Working capital changes	(51.4)	128.3	(27.9)	5.8	(25.9)
Cash flow from operations	1,122.8	1,652.0	802.9	1,567.5	295.8
Capital expenditures	1,615.1	1,682.4	963.6	1,142.9	297.3
Free operating cash flow	(492.4)	(30.4)	(160.7)	424.7	(1.4)
Dividends paid	263.4	320.7	160.5	487.5	59.9
Discretionary cash flow	(755.8)	(351.1)	(321.2)	(62.8)	(61.3)
Cash and short-term investments	22.4	236.0	39.5	49.7	9.7
Debt	8,815.5	10,617.2	3,045.5	9,015.0	1,388.3
Preferred stock	0.0	0.0	0.0	176.8	0.0
Equity	4,696.7	3,990.7	3,248.0	7,521.7	1,841.3
Debt and equity	13,512.2	14,607.8	6,293.5	16,536.7	3,229.6
Adjusted ratios					
Compound annual revenue growth (%)	(7.4)	(0.8)	(4.8)	18.3	(5.5)
EBITDA margin (%)	31.0	31.5	23.5	32.9	25.2
EBIT interest coverage (x)	2.3	2.4	4.6	4.0	3.6
EBIT margin (%)	18.8	19.2	16.0	24.2	15.8
Return on capital (%)	5.8	7.9	8.9	7.9	6.3
EBITDA interest coverage (x)	3.7	4.0	6.7	5.5	5.7
EBITDA cash int. cov. (x)	4.1	5.2	6.2	6.2	10.5
FFO cash int. cov. (X)	4.1	5.1	6.2	6.2	10.7
CFO cash int. cov. (x)	2.9	4.1	5.1	4.8	7.7
Debt/EBITDA (x)	5.5	5.1	3.1	4.5	3.4
FFO/debt (%)	13.5	14.5	27.1	18.2	24.5
Cash flow from operations/debt (%)	12.7	15.6	26.4	17.4	21.3
Free operating cash flow/debt (%)	(5.6)	(0.3)	(5.3)	4.7	(0.1)
Discretionary cash flow/debt (%)	(8.6)	(3.3)	(10.5)	(0.7)	(4.4)
Discretionary cash flow/EBITDA (%)	(46.9)	(16.8)	(32.9)	(3.1)	(15.2)
Total debt/debt plus equity (%)	65.2	72.7	48.4	54.5	43.0
Debt/debt and undepreciated equity (%)	65.2	72.7	44.0	46.8	28.6

N.M. - Not Meaningful.

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Financial Risk: Significant

Our assessment of NiSource's financial risk profile reflects a base-case scenario forecast that includes adjusted FFO to debt ranging from about 13% to 14%, at the lower end of the significant category. The supplemental ratio of FFO interest coverage is expected to average 4.7x over the forecast period, solidly supporting the financial risk assessment. We expect NiSource will continue to have negative discretionary cash flow after capital spending and dividend payments, resulting in external funding needs. At the same time, we expect NiSource will continue to have mostly steady cash flows as a regulated utility providing electricity and natural gas with supportive cost recovery of capital investments. Our assessment of the company's financial risk profile also takes into consideration ongoing capital spending and steady recovery of costs through various rate mechanisms, including rate surcharges for environmental compliance spending. We base our financial risk assessment on our medial volatility financial ratio benchmarks.

Our Base-Case Cash Flow And Capital Structure Scenario

- NiSource's cash flow ratios will remain consistent with the significant financial risk profile, including FFO to debt averaging around 13% to 14% per year through 2018, supported by the supplemental ratio of FFO cash interest coverage that will average about 4.7x per year.
- Capital spending to exceed $1.4 billion per year over the next few years
- Cash flow after capital spending will remain negative through 2018
- Dividends of about $275 million in 2017 and roughly $300 million in 2018
- Discretionary cash flow, after capital spending and dividends, expected to remain negative, requiring external funding.
- Debt leverage, as indicated by debt to EBITDA, expected to exceed 5x per year through 2018.

Financial summary

Table 2

NiSource Inc. -- Financial Summary

Industry Sector: Combo

	Fiscal year ended Dec. 31				
	2016	**2015**	**2014**	**2013**	**2012**
Rating history	BBB+/Stable/A-2	BBB+/Stable/A-2	BBB-/Watch Pos/A-3	BBB-/Stable/A-3	BBB-/Stable/A-3
(Mil. $)					
Revenues	4,492.5	4,651.8	6,470.6	5,657.3	5,061.2
EBITDA	1,519.3	1,414.3	1,904.8	1,838.7	1,743.3
Funds from operations (FFO)	1,153.9	1,013.0	1,400.6	1,394.4	1,371.1
Net income from continuing operations	328.1	183.0	530.7	490.9	410.6
Cash flow from operations	816.7	1,188.7	1,362.8	1,460.1	1,261.9
Capital expenditures	1,469.6	1,355.3	2,020.5	1,867.1	1,491.7
Free operating cash flow	(652.9)	(166.6)	(657.7)	(407.0)	(229.8)

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Table 2

NiSource Inc. -- Financial Summary (cont.)

Industry Sector: Combo

	Fiscal year ended Dec. 31				
	2016	**2015**	**2014**	**2013**	**2012**
Dividends paid	205.5	263.4	321.3	305.9	273.2
Discretionary cash flow	(858.4)	(430.0)	(979.0)	(712.9)	(503.0)
Debt	8,498.6	7,532.6	10,415.2	9,108.4	8,844.7
Preferred stock	0.0	0.0	0.0	0.0	0.0
Equity	4,071.2	3,843.5	6,175.3	5,886.6	5,554.3
Debt and equity	12,569.8	11,376.1	16,590.5	14,995.0	14,399.0
Adjusted ratios					
EBITDA margin (%)	33.8	30.4	29.4	32.5	34.4
EBITDA interest coverage (x)	3.8	3.5	3.9	3.9	3.6
FFO cash int. cov. (x)	4.5	3.6	4.3	4.5	4.7
Debt/EBITDA (x)	5.6	5.3	5.5	5.0	5.1
FFO/debt (%)	13.6	13.4	13.4	15.3	15.5
Cash flow from operations/debt (%)	9.6	15.8	13.1	16.0	14.3
Free operating cash flow/debt (%)	(7.7)	(2.2)	(6.3)	(4.5)	(2.6)
Discretionary cash flow/debt (%)	(10.1)	(5.7)	(9.4)	(7.8)	(5.7)
Net Cash Flow / Capex (%)	64.5	55.3	53.4	58.3	73.6
Return on capital (%)	6.2	4.8	6.4	6.8	6.6
Return on common equity (%)	8.1	3.5	8.7	8.4	7.6
Common dividend payout ratio (un-adj.) (%)	62.6	144.0	60.6	62.3	66.6

N.M. - Not Meaningful.

Liquidity: Adequate

We assess NiSource's liquidity as adequate because we believe its liquidity sources are likely to cover uses by more than 1.1x over the next 12 months and meet cash outflows even in the event of a 10% EBITDA reduction. The adequate assessment also reflects the company's generally prudent risk management and sound relationships with banks. In addition, NiSource has had a generally satisfactory standing in credit markets as it has successfully accessed capital markets whenever required. NiSource exhibits sound ability to absorb a high-impact, low-probability event, with limited need for refinancing.

Principal Liquidity Sources	Principal Liquidity Uses
• FFO of about $1.2 billion	• Capital spending of about $1.3 billion
• Credit facility availability of about $1.5 billion	• Dividends of roughly $275 million
• Working capital inflows of about 120 million.	• Debt maturities of about $910 million.

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Debt maturities

- 2017: $349.9 mil.
- 2018: $476 mil.
- 2019: $1.04 bil.
- 2020: $550 mil.
- 2021: $63.6 mil.

Covenant Analysis

As of Dec. 31, 2016, the company had adequate cushion in connection with its financial covenant of consolidated debt to total capital of no more than 70%. We believe headroom could erode somewhat if debt rises rapidly without adequate growth in equity while the company makes capital investments.

Compliance Expectations	Requirements
• The company was in compliance as of Dec. 31, 2016 • Single-digit EBITDA growth and elevated capital spending should still permit a cushion. • Covenant headroom could decrease without adequate cost recovery of capital investments.	• Current: Not more than 70% • As of year-end 2017: Not more than 70% • As of year-end 2018: Not more than 70%.

Other Credit Considerations

The ratings on NiSource include a one-notch negative adjustment for comparable rating analysis that reflects NiSource's weak financial ratios within the significant financial risk profile.

Group Influence

Under our group rating methodology, we view NiSource as the parent company of the group including NIPSCO, Bay State Gas, NiSource Finance, and NiSource Capital Markets. NiSource's group and stand-alone credit profiles are the same: 'bbb+'.

Ratings Score Snapshot

Corporate Credit Rating

BBB+/Stable/A-2

Business risk: Excellent

- **Country risk:** Very low
- **Industry risk:** Very low
- **Competitive position:** Strong

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Financial risk: Significant

- **Cash flow/Leverage:** Significant

Anchor: a-

Modifiers

- **Diversification/Portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)
- **Financial policy:** Neutral (no impact)
- **Liquidity:** Adequate (no impact)
- **Management and governance:** Satisfactory (no impact)
- **Comparable rating analysis:** Negative (-1 notch)

Stand-alone credit profile : bbb+

- **Group credit profile:** bbb+

Issue Ratings

We rate the senior unsecured debt at NiSource Finance and NiSource Capital Markets the same as the issuer credit rating (ICR) because priority liabilities, including operating utility debt, are less than 20% of total assets. The short-term rating is 'A-2' based on NiSource's ICR and our assessment of the company's liquidity as at least adequate.

Reconciliation

Table 3

Reconciliation Of NiSource Inc. Reported Amounts With S&P Global Ratings Adjusted Amounts (Mil. $)

	Rolling 12 months ended Sept. 30, 2016									
NiSource Inc. reported amounts.										
	Debt	**Shareholders' equity**	**Revenues**	**EBITDA**	**Operating income**	**Interest expense**	**EBITDA**	**Cash flow from operations**	**Dividends paid**	**Capital expenditures**
Reported	7,737.80	3,811.60	3,711.40	1,099.90	626.9	318.7	1,099.90	789.9	201.7	1,520.70
S&P Global Ratings adjustments										
Interest expense (reported)	--	--	--	--	--	--	-318.7	--	--	--
Interest income (reported)	--	--	--	--	--	--	6.1	--	--	--
Current tax expense (reported)	--	--	--	--	--	--	75.2	--	--	--
Operating leases	154.3	--	--	52.2	12.6	12.6	39.6	39.6	--	--
Postretirement benefit obligations/deferred compensation	493.7	--	--	-14.5	-14.5	11.4	-17.5	-15.7	--	--

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Table 3

Reconciliation Of NiSource Inc. Reported Amounts With S&P Global Ratings Adjusted Amounts (Mil. $) (cont.)										
Surplus cash	-16.1	--	--	--	--	--	--	--	--	--
Capitalized interest	--	--	--	--	--	3.5	-3.5	-3.5	--	-3.5
Share-based compensation expense	--	--	--	45.7	--	--	45.7	--	--	--
Dividends received from equity investments	--	--	--	-27.9	--	--	-27.9	--	--	--
Asset retirement obligations	177	--	--	7.7	7.7	7.7	1.9	-1.9	--	--
Non-operating income (expense)	--	--	--	--	-3.9	--	--	--	--	--
Debt - Accrued interest not included in reported debt	71.1	--	--	--	--	--	--	--	--	--
Debt - Other	-323.6	--	--	--	--	--	--	--	--	--
EBITDA - Income (expense) of unconsolidated companies	--	--	--	29.1	29.1	--	29.1	--	--	--
EBITDA - Gain/(Loss) on disposals of PP&E	--	--	--	15	15	--	15	--	--	--
EBIT - Income (expense) of unconsolidated companies	--	--	--	--	-29.1	--	--	--	--	--
Total adjustments	556.3	0	0	107.3	16.9	35.2	(155)	18.6	0	-3.5

S&P Global Ratings adjusted amounts

	Debt	Equity	Revenues	EBITDA	EBIT	Interest expense	Funds from Operations	Cash flow from operations	Dividends paid	Capital expenditures
Adjusted	8,294.10	3,811.60	3,711.40	1,207.20	643.8	353.9	944.9	808.5	201.7	1,517.30

Related Criteria And Research

Related Criteria

- Criteria – Corporates – General: Methodology and Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria - Corporates - Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology For Linking Short-Term And Long-Term Ratings For Corporate, Insurance, And Sovereign Issuers, May 7, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers,

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Nov. 13, 2012

- General Criteria: Use of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria - Corporates - General: 2008 Corporate Criteria: Rating Each Issue, April 15, 2008

Business And Financial Risk Matrix

	Financial Risk Profile					
Business Risk Profile	Minimal	Modest	Intermediate	**Significant**	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	**a-**	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	bbb	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

Ratings Detail (As Of March 10, 2017)

NiSource Inc.

Corporate Credit Rating	BBB+/Stable/A-2

Corporate Credit Ratings History

18-Jun-2015	BBB+/Stable/A-2
29-Sep-2014	BBB-/Watch Pos/A-3
28-Jul-2011	BBB-/Stable/A-3

Related Entities

Bay State Gas Co.

Issuer Credit Rating	BBB+/Stable/NR
Senior Unsecured	BBB+

NiSource Capital Markets Inc.

Issuer Credit Rating	BBB+/Stable/NR
Senior Unsecured	BBB+

NiSource Finance Corp.

Issuer Credit Rating	BBB+/Stable/A-2

Northern Indiana Public Service Co.

Issuer Credit Rating	BBB+/Stable/NR
Senior Unsecured	AA-/Stable
Senior Unsecured	BBB+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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MOODY'S
INVESTORS SERVICE

CREDIT OPINION
1 May 2017

Update

Rate this Research

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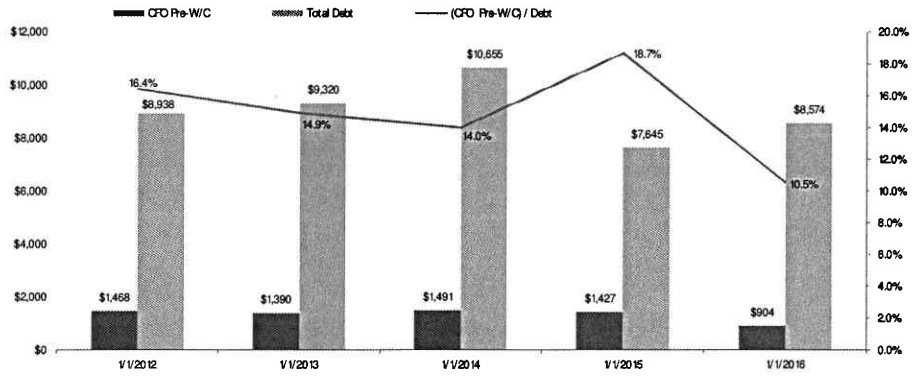
NiSource Inc.

A regulated utility holding company

Summary Rating Rationale

NiSource Inc.'s (NiSource) Baa2 rating reflects the credit supportiveness and diversity of its multiple regulatory jurisdictions that allow the company to generate stable and predictable operating cash flows, the low business risk nature of its operations, as well as its broad geographic footprint and scale. Together, these help to mitigate a weak financial profile as the company manages elevated debt levels while executing on a sizeable capital investment program. After a temporary dip in financial ratios, we expect NiSource's debt coverage ratio will slowly improve to the 13-14% range towards the end of the decade.

Exhibit 1
Historical CFO Pre W/C, Total Debt and CFO Pre W/C to Debt



Source: Moody's Financial Metrics

Credit Strengths

» Operations in jurisdictions with attractive cost recovery mechanisms

» Regulated utility assets with low business risk

Credit Challenges

» Persistently high debt balance

» Modest, but resilient, financial ratios

» Elevated investment spending

Rating Outlook

The stable outlook reflects our expectation that the modest decline in NiSource's financial profile due to its 2015 corporate separation will be temporary. We expect a debt to capitalization ratio of approximately 55% as well as a decline in its cash flow to debt to the 12-13% range before the latter slowly returns closer to a 13-14% normalized run-rate towards the end of the decade. The stable outlook also reflects our view that NiSource's regulated utility capital expenditure plans will be financed in a balanced manner. It takes into account the credit supportiveness of NiSource's regulatory environments, the low business risk associated with its LDC operations, and the scale and scope of its footprint, that together act to mitigate financial ratios that will be temporarily weak for the rating.

Factors that Could Lead to an Upgrade

» Further improvement in the utility regulatory environment

» A material and sustained increase in the company's credit metrics with cash flow to debt in the high teens and debt to capitalization below 50%

Factors that Could Lead to a Downgrade

» A decline in the credit supportiveness of NiSource's regulatory environments

» An adverse change in the company's business mix or corporate structure such that its business risk profile deteriorates

» Debt coverage ratio falls below 12% or debt to capitalization rises above 55%, on a sustained basis

Key Indicators

Exhibit 2

KEY INDICATORS [1]
NiSource Inc.

	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016
CFO pre-WC + Interest / Interest	4.2x	4.1x	4.7x	4.4x	3.4x
CFO pre-WC / Debt	16.4%	14.9%	14.0%	18.7%	10.5%
CFO pre-WC – Dividends / Debt	13.4%	11.6%	11.0%	15.2%	8.1%
Debt / Capitalization	51.2%	50.4%	56.1%	55.4%	56.7%

[1]All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Source: Moody's Financial Metrics

Detailed Rating Considerations

PERSISTENTLY HIGH DEBT BALANCE AND ELEVATED INVESTMENT SPENDING WEIGH ON FINANCIAL PROFILE

NiSource's rating is constrained by its weak financial profile, primarily relating to its elevated debt levels which appear unlikely to change for the foreseeable future and will continue to weigh on its debt coverage metrics.

Straining the company's already weak financial ratios are the extensive capital investment projects under way at each of its utilities. Across the company, investments are expected to total about $1.7 billion per year through 2020 (equivalent to about 3x pro forma depreciation); materially exceeding the company's operating cash flow generation (2016 CFO was about $1 billion (adjusted for over-recovered fuel costs)). When combined with NiSource's target to grow its dividend by 5-7% CAGR between 2017-2020 (2016 dividend was $206 million), we expect the company will generate sizeable, annual negative free cash flow balances that will have to be financed through external capital raises. Still we note that the company's capex program is highly modular and affords NiSource some flexibility around size and timing, if necessary.

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To that effect, NiSource has announced plans to supplement its existing $55-65 million DRIP equity program with an ATM program to raise $200-300 million in equity each year between 2017 and 2020. Although material, the planned equity will not be sufficient to fully offset the cash shortfall and incremental debt will need to be raised as well.

The lag in operating cash flow generation resulting from its capital investment program, as well as the incremental debt will keep NiSource's debt coverage metrics near the 12-13% range near term before returning to 13-14% towards the end of the decade, once new projects begin generating more meaningful cash flows.

STABILITY OF CASH FLOWS UNDERPINNED BY SUPPORTIVE REGULATORY CONSTRUCT LARGELY OFFSETS HIGH LEVERAGE

The state regulators overseeing NiSource's utilities are generally credit supportive. Each LDC benefits from decoupling mechanisms and/or weather normalization adjustments which reduce earnings volatility. In addition, NiSource has access to a variety of tracker mechanisms across its different jurisdictions, that provide for timely recovery of its sizeable infrastructure investment program. Similarly, NiSource's electric segment benefits from a broad array of tracker mechanisms providing for timely recovery of operating expenses as well as environmental investments.

The company's investments across all of its jurisdictions, as well as higher operations and maintenance expenditures to comply with pipeline safety regulations, drove a busy 2016 regulatory calendar for NiSource's LDCs. The company settled or filed for tracker recovery and/or rate cases in six of its seven regulatory jurisdictions and reached supportive outcomes in all cases, increasing 2017 revenues by $165 million.

In addition, NIPSCO electric settled its general rate case and secured regulatory approval for its revised seven-year electric rate plan outlining $1.25 billion of infrastructure investments. The plan was filed according to requirements outlined in Senate Bill 560 that provides for timely recovery of safety, reliability and modernization capex under a tracker mechanism. Per a January 2017 order, NIPSCO began recovering on the first $45.5 million of investments in February 2017.

REGULATED UTILITY ASSETS ARE LOW RISK

NiSource's seven LDCs represent about 67% of operating income (based on FYE 2016), while its vertically integrated electric utility segment makes up the difference.

With no exposure to the risks associated with owning power-generation assets, LDCs carry lower business risk than their vertically integrated electric utility counterparts. Furthermore, the size and broad geographic footprint of NiSource's LDC operations offer regulatory diversity and provide a natural hedge against material exposure to a single jurisdiction.

NiSource's electric segment is inherently riskier than the LDC business. In addition to its exposure to the risks associated with generation assets, unlike its LDC counterparts, its operations are concentrated in a single, highly industrialized market territory. About 55% of the company's retail electric sales volumes are derived from industrial customers, leaving it particularly sensitive to economic cycles. Also, the electric segment's rate structure does not have the decoupling mechanisms many NiSource's LDCs have.

Still, Indiana's regulatory environment is generally favorable from a credit standpoint and provides the company's electric segment with an attractive suite of cost recovery mechanisms that cover most of its operating and capital expenses. Additionally, the company is on schedule to complete the environmental retrofits of its generation fleet on time and on budget. Furthermore, its latest Integrated Resource Plan, released in 2016, the company announced its plan to retire 50% of its coal capacity by 2023, reducing its exposure to more stringent environmental regulations that could have required costly investments, a credit positive.

The company plans to replace its retired coal capacity post 2020 through a mix of wholesale purchases and new construction build, the mix of which will be made public at the time of its next IRP in 2019.

Liquidity Analysis

NiSource's liquidity is adequate and is supported by a $1.85 billion revolving credit facility maturing in 2021. The revolver backs a $1.5 billion commercial paper program and provides funds for ongoing working capital needs. Terms of the facility allow for reliable access to funds by not requiring the company to represent and warrant to any material adverse change at each borrowing. The sole financial covenant is a maximum debt-to-capitalization ratio of 70%. As of 31 December 2016, the ratio was 66%.

NiSource also maintains three separate accounts receivables securitization programs totaling $515 million at its operating companies ($310 million outstanding as of 31 December 2016). The programs are renewed annually. As of 31 December 2016, NiSource had about $657 million of available capacity under its revolver, after giving effect to $1.2 billion of commercial paper outstanding and $15 million of LCs, as well as about $26 million of cash on hand. NiSource's next material debt maturities are scheduled for September 2017 and March 2018 when $210 million and $476 million of notes are due.

For FYE 31 December 2016, NiSource generated $803 million in operating cash flow, invested $1.6 billion in capital expenditures, and made $206 million in dividend distributions to their common shareholders, resulting in a negative free cash flow position of $985 million. NiSource funded the vast majority of the cash shortfall through short-term debt. Going forward, we expect NiSource to remain free cash flow negative as it executes on its sizeable capital expenditure plan and anticipate that it will meet any cash shortfall through a balanced mix of debt and equity.

Notching Considerations

NiSource's operating subsidiary NIPSCO is rated one notch above NiSource to reflect its default probability and the structural seniority of its debt to substantially all of the parent debt. Subsidiary Bay State's debt is guaranteed by NiSource and consequently has the same rating as NiSource.

As shown in the methodology grid, the grid indicates a rating of Baa1, which does not reflect the structural subordination to a minor amount of subordinated debt that causes the actual parent rating to be Baa2. Ratings within the NiSource family are notched closely partly because of the company's practice to centrally manage its subsidiaries' cash flow in a corporate money pool and consolidating its debt financing at its parent-guaranteed financing subsidiary NiSource Finance Corp.

Corporate Profile

NiSource Inc. (Baa2 Issuer Rating) is a utility holding company with a portfolio of regulated utility subsidiaries. NiSource owns one of the largest LDC systems in the US, with operations in Ohio, Indiana, Pennsylvania, Virginia, Massachusetts, Kentucky, and Maryland with over 3.4 million customers, as well as a mid-sized vertically integrated electric utility in Indiana. The LDCs account for about 68% of the company's consolidated operating earnings, with the balance coming from its electric utility. Two of NiSource's utility subsidiaries are rated: Bay State Gas Company (Bay State Gas, doing business as Columbia Gas of Massachusetts, Baa2 senior unsecured, stable) and Northern Indiana Public Service Company (NIPSCO, Baa1 senior unsecured, stable).

Rating Methodology and Scorecard Factors

Exhibit 3

Rating Factors				
NiSource Inc.				
Regulated Electric and Gas Utilities Industry Grid [1][2]	Current FY 12/31/2016		Moody's 12-18 Month Forward View As of Date Published [3]	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	A	A	A	A
b) Sufficiency of Rates and Returns	A	A	A	A
Factor 3 : Diversification (10%)				
a) Market Position	A	A	A	A
b) Generation and Fuel Diversity	Ba	Ba	Ba	Ba
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	4.2x	Baa	3.6x - 3.8x	Baa
b) CFO pre-WC / Debt (3 Year Avg)	14.2%	Baa	12.2% - 12.6%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	11.3%	Baa	9.6% - 10%	Baa
d) Debt / Capitalization (3 Year Avg)	56.1%	Baa	55.4% - 55.6%	Baa
Rating:				
Grid-Indicated Rating Before Notching Adjustment		Baa1		Baa1
HoldCo Structural Subordination Notching	0	0	0	0
a) Indicated Rating from Grid		Baa1		Baa1
b) Actual Rating Assigned		Baa2		Baa2

[1]All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2]As of 12/31/2016.
[3]This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.
Source: Moody's Financial Metrics

Ratings

Exhibit 4

Category	Moody's Rating
NISOURCE INC.	
Outlook	Stable
Pref. Shelf	(P)Ba1
NISOURCE FINANCE CORPORATION	
Outlook	Stable
Issuer Rating	Baa2
Sr Unsec Bank Credit Facility	Baa2
Senior Unsecured	Baa2
Bkd Commercial Paper	P-2
NORTHERN INDIANA PUBLIC SERVICE COMPANY	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured	Baa1
NISOURCE CAPITAL MARKETS, INC.	
Outlook	Stable
Bkd Senior Unsecured	Baa2
BAY STATE GAS COMPANY	
Outlook	Stable
Senior Unsecured	Baa2

Source: Moody's Investors Service

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REPORT NUMBER 1069558

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NiSource Inc.

Rating Type	Rating	Outlook	Last Rating Action
Long Term IDR	BBB	Stable	Affirmed 30 June 2017
Short Term IDR	F3		Affirmed 30 June 2017

Click here for full list of ratings

Financial Summary

(USDm)	Dec 2013	Dec 2014	Dec 2015	Dec 2016
Gross Revenue	5,657	6,471	4,652	4,493
Operating EBITDAR	1,687	1,813	1,344	1,420
Cash Flow from Operations	1,437	1,320	1,163	805
Capital Intensity (Capex/Revenue)	33.2	31.3	29.3	32.8
Total Adjusted Debt With Equity Credit	9,005	10,181	7,140	8,033
FFO Fixed Charge Coverage (x)	4.2	4.2	3.5	4.0
FFO Adjusted Leverage (x)	5.0	5.3	5.0	5.7
Total Adjusted Debt/Operating EBITDAR (x)	5.3	5.6	5.3	5.7

Source: Fitch

NiSource, Inc.'s (NI) ratings and Outlook reflect its low operating risk as a fully regulated utility holding company with a geographically diverse mix of regulated gas and electric utilities in seven states. Other considerations include the long-term financial impact of aggressive gas system modernization programs and electric environmental capex, with a substantial portion of recoveries expected to be received through tracking mechanisms. Fitch Ratings believes a fully regulated business model partially mitigates relatively high leverage, which has been the case for NI due to its capex program and legacy debt leverage.

Key Rating Drivers

Low Business Risk: NI's ratings and Outlook are supported by stable cash flows and earnings from a geographically diverse mix of fully regulated gas and electric utilities in seven states. Gas distribution and electric operations represented 63% and 37%, respectively, of the total rate base in 2016. Fitch expects gas operations to account for a greater share of the rate base as the company invests more than twice as much capex in its gas segment as it does in its electric segment. Fitch considers this a positive trend as NI's gas distribution utilities benefit from more supportive regulations with less exposure to stringent environmental mandates. Additionally, Fitch considers Indiana to be one of the most supportive jurisdictions. Fitch believes a fully regulated business model primarily with gas distribution utility operations mitigates relatively high leverage, which has been the case for NI due to its capex program and legacy debt leverage.

Supportive Regulation: Balanced regulation is particularly important for NI in light of its aggressive gas and electric infrastructure modernization programs and high debt leverage. Approximately 73% of total capex through 2020 will be recovered through trackers and other mechanisms and begin earning within 12 months. Most of NI's gas utilities have decoupling, straight fixed variable rates and/or weather normalization mechanisms. In 2016, 65% of the total revenue was non-volumetric. Most of the utilities have authorized ROEs near or exceed 10%. All of NI's gas utilities use infrastructure trackers on a regular basis except in Pennsylvania. Columbia Gas of Pennsylvania has an option to file for infrastructure tracker recovery or leverage forward-looking rates in a base rate case. NIPSCO's transmission projects benefit from constructive Federal Energy Regulatory Commission regulation, including 10.32% ROE, forward-looking rates and construction work in progress (CWIP) recovery.

High Capex: NI's capex began to ramp up in 2012. From 2018 to 2020, capital investment will range from $1.6 billion to $1.8 billion per year (approximately $1.25 billion in gas and $500 million in electric). These investments will grow rate base for the gas segment by 9% to 11% annually and for the electric segment by 4% to 6% through 2020. Although Fitch views these rate base-accretive investments favorably, NI's credit metrics will be pressured as a result.

Credit Metrics Continue to be Weak: Fitch projects NI's FFO-adjusted leverage will continue to exceed 5.5x in the next two years and modestly decline to mid 5x by 2019–2020. FFO fixed-charge coverage is expected to average high 3x in the next two years and improve to 4x thereafter.

Reducing Coal Exposure: NI plans to retire 50% of its coal generation capacity its utility Northern Indiana Public Service Company's (NIPSCO, BBB/Stable)) by 2023. In 2016 NIPSCO's electric generation capacity consisted of 78% coal, 21% natural gas and 1% other. By 2023 coal is expected to be 42% of total capacity, with the remaining capacity being natural gas and other sources. NIPSCO plans to close two Bailly generation units by mid-2018 and two units at R.M. Schahfer Generating Station by the end of 2023. NI will address its plans to replace the retired capacity in its 2019 Integrated Resource Plan (IRP), which will likely be a combination of power purchases and new generation.

Rating Derivation Relative to Peers

Rating Derivation versus Peers

Peer Comparison	Like Indiana Michigan Power Company (IMP, BBB/Stable), NI enjoys Indiana's supportive utility regulation. However, Fitch views favorably NI's more diversified service territories and gas-centric utility operations, which partially offset its weak credit metrics. In 2016 NI's FFO-adjusted leverage was 5.7x compared with IMP's 4.7x. Relative to CenterPoint Energy Inc. (CNP, BBB/Positive), NI's fully regulated business model provides more predictable earnings and cash flow, a credit positive. CNP's rating has been constrained by its ownership in Enable Midstream Partners, which represents 20% of total EBITDA and is more volatile than regulated utility business. However, the contemplated sale of the Enable investment is expected to enhance CNP's business profile in the near future, which justifies its Positive Outlook.
Parent/Subsidiary Linkage	NI and NIPSCO's Issuer Default Ratings are the same and are assigned based the consolidated credit profile of NI as it finances substantially all of its utility operations at the parent level through NiSource Finance Corp. All NI subsidiaries share a revolver at NiSource Finance (NIF), whose debt obligations are unconditionally guaranteed by NI. NI has announced that it will merge NIF and NiSource Capital Markets (NI Capital) into NI after receiving approvals from applicable public utility commissions. Upon the merger completion, NI will become the obligor under all obligations of NIF and NI Capital, and all guarantees will be extinguished. The ratings of these debt obligations will not be affected by the merger

Source: Fitch

Rating Sensitivities

Future Developments That May, Individually or Collectively, Lead to Positive Rating Action:

- NI and NIPSCO could be upgraded if consolidated FFO-adjusted leverage is sustained below 4.5x after the high capex period.

Future Developments That May, Individually or Collectively, Lead to Negative Rating Action:

- Material adverse changes in NI's regulatory construct that result in unexpected lag or disallowance in recovering the capital spending could result in negative rating actions. Negative rating pressure could mount if the consolidated FFO-adjusted leverage remains above 5.5x with low probability of recovery after the high capex period.

Liquidity and Debt Structure

NI currently maintains a $1.85 billion revolving credit facility with a termination date of Nov. 28, 2021. The purpose of the facility is to fund ongoing working capital requirements including liquidity support for a $1.5 billion CP program, provide for issuance of LOC and for general corporate purposes. Gas utilities draw the most liquidity as they purchase gas inventory months before heating season approaches, and they reduce borrowing as heating season ends. At June 30, 2017 NiSource had $603 million of CP outstanding and $13 million of stand-by LOC outstanding under the revolving credit

facility, leaving $1,234 million available under the revolver. NI had $17.9 million in cash. The revolver sets a maximum debt/cap ratio of 70%. As of June 30, 2017 the debt/cap was 66.7%. In addition, the utilities' liquidity is also supported by an accounts receivable securitization that had an outstanding amount of $298 million as of June 30, 2017.

NI has been actively refinancing its debt maturities with longer tenor and lower interest rates. Debt maturities are manageable. The next debt maturity is in March 2018 when 6.4% $275.1 million senior notes will be due (after $200.9 million was repaid in a tender offer in May 2017). Through the same tender offer and issuance of $2 billion of 10-year and 30-year senior notes, NIF redeemed a total of $991 million notes, or nearly 39% of the total debt maturities in 2018, 2019, 2020 and 2022.

Debt Maturities and Liquidity at June 30, 2017

Debt Maturities	(USDm)
2017	270
2018	275
2019	796
2020	325
2021	64
After 2021	5,505
Total debt	7,235

Liquidity Analysis	(USDm)
Unrestricted cash	18
Committed banking facilities	1,850
Available undrawn portion	1,234
Total Liquidity	1,252

Source: Fitch

Key Rating Issues

The Issue	Weak Credit Metrics
Our View	Fitch expects NI's credit metrics to continue to be weak for its ratings. NI will continue to be FCF negative over the next four years considering the capex program and that dividend distribution is expected to grow 5%–7% per year per share with a 60%–65% dividend payout ratio. NI's negative FCF will likely be in the range of negative $700 million to negative $900 million in the next few years. Fitch expects NI to issue approximately $500 million–$1 billion in incremental long- and short-term debt annually and $300 million of equity under its recently announced at-the-market program ($500 million total under the program), and $50 million–$75 million of equity under its Dividend Reinvestment Plan to fund the cash shortfall. Fitch projects NI's FFO-adjusted leverage will continue to exceed 5.5x over the next two years and modestly decline to mid 5x by 2019–2020. FFO fixed-charge coverage is expected to average high 3x over the next two years and improve to 4x thereafter. Fitch believes, primarily with gas LDC operations, that a fully regulated business model partially mitigates relatively high leverage, which has been the case for NiSource due to its capex program and legacy debt leverage. NI's low business risk profile benefits from stable cash flows and earnings from a geographically diverse mix of fully regulated gas and electric utilities in seven states. Gas distribution and electric operations represented 63% and 37%, respectively, of the total rate base in 2016. Over time, Fitch expects gas operations to account for a greater share of the rate base as the company invests more than twice as much capex in its gas segment as it does in its electric segment. Fitch considers this a positive trend as NI's gas distribution utilities benefit from more supportive regulations with less exposure to stringent environmental mandates. Additionally, Fitch considers Indiana to be one of the most supportive jurisdictions.
Timeline	Short Term to Intermediate Term — Rating Impact: Negative

The Issue	Large Capex Boosted by Infrastructure Program
Our View	NI's capex began to ramp up in 2012. Capex averaged $709 million per year from 2008 to 2011. In 2015, capex increased to $1.5 billion. From 2018 to 2020, capital investment will range from $1.6 billion to $1.8 billion per year (approximately $1.25 billion in gas and $500 million in electric). These investments will grow the rate base by 9%–11% annually for the gas segment and 4%–6% for the electric segment through 2020, which Fitch views positively. NI's robust capex program is supported by the politically uncontroversial infrastructure modernization legislation in most of its service territories. NI has identified $30 billion of infrastructure investments across gas and electric segments. Over 50% of total capex from 2017 to 2020 is invested in infrastructure modernization as well as certain environmental projects. The IURC approved NIPSCO's seven-year (2016–2022) electric TDSIC (Transmission, Distribution and Storage System Improvement Charge) plan in July 2016 that includes $1.25 billion of eligible investments. Consistent with the plan, NIPSCO made its first TDSIC rate adjustment filing seeking recovery of $45.5 million of net capital investments occurred through April 2016 and received approval in January 2017. New rates took effect in February 2017. NIPSCO's gas segment is in the midst of an $824 million seven-year gas infrastructure modernization program. On Feb. 28, 2017, NIPSCO filed TDSIC-6 requesting approval of $271.3 million of cumulative net capital spend through Dec. 31, 2016. The request was approved on June 28 with new rates effective July 1, 2017. Columbia Gas of Ohio requested to extend its IRP for an additional five years (2018–2022) in February 2017. An order is expected by the end of 2017. Its last request to increase revenue by $31.5 million associated with the existing IRP and demand side management program was approved in April 2017. In March 2017, Columbia Gas of Virginia received an order approving a settlement to increase revenue by $28.5 million. The order was received approximately 12 months after the initial request. However, an interim rate increase was implemented at the end of September 2016.
Timeline	Short Term to Intermediate Term — Rating Impact: Short Term Negative; Long Term Positive

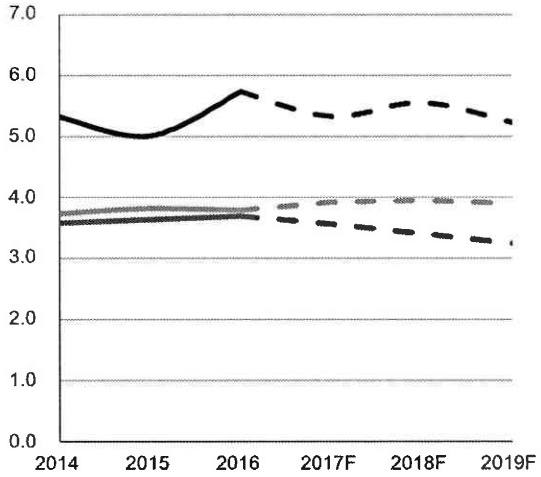
The Issue	NIPSCO Gas Rate Case
Our View	NI's rating and Outlook incorporate Fitch's expectations that NIPSCO will receive a constructive rate order for its recently distribution gas rate case filing. On Sept. 27, 2017 NIPSCO filed its first gas distribution rate case since 2010 to recover for infrastructure investments and increase in operating costs. The rate case request involves two stages. First stage is a rate increase at the time of approval to allow for a requested 10.7% ROE on a 46.02% equity ratio. The second stage will take effect in 2019, which will reflect the 2018 year-end actual rate base and capital structure. NIPSCO's last rate increase was in 1988, while the 2010 rate case resulted in slight reduction in rates.
Timeline	Short Term — Rating Impact: Unknown

The Issue	Reducing Coal Exposure
Our View	NI plans to retire 50% of its coal generation capacity by 2023. In 2016, NIPSCO's electric generation capacity consisted of 78% coal, 21% natural gas and 1% other. By 2023, coal is expected to be 42% of total capacity with the remaining capacity consisting of natural gas and other sources. In November 2016 NIPSCO submitted its IRP with the Indiana Utility Regulatory Commission. The plan recommended the retirement of the Bailly Generating Station (Units 7 and 8) by mid-2018 and two units (Units 17 and 18) at the R.M. Schahfer Generating Station by the end of 2023. In December 2016, MISO approved NIPSCO's plan to retire the Bailly units by May 31, 2018. Closing the Schahfer units will also require MISO approval. NI will address its plan to replace the retired capacity in its 2019 IRP, which will likely be a combination of power purchases and new generation. In 2016, NIPSCO purchased 33.6% of its electric requirements and generated 66.4%.
Timeline	Long Term — Rating Impact: Positive

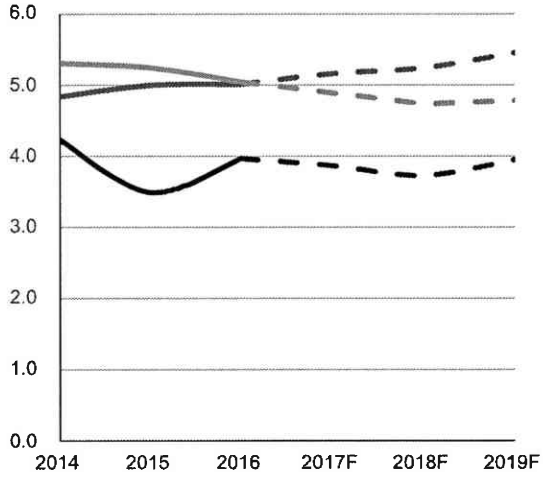
Trends and Forecasts

NiSource Inc. — Developed BBB Median — Utilities Median

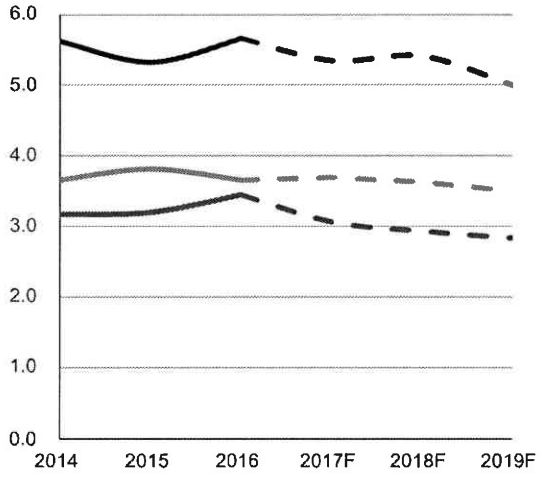
FFO Adjusted Leverage (x)



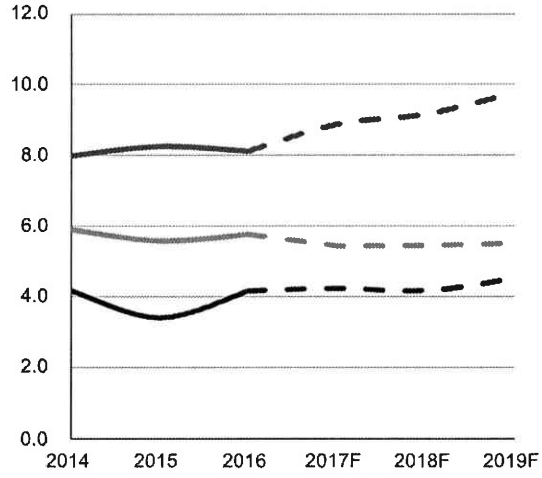
FFO Fixed Charge Cover (x)



EBITDAR Gross Leverage (x)



EBITDA Gross Interest Cover (x)



Note: Including Fitch expectations
Source: Fitch

Definitions

FFO Adjusted Leverage: Total Adjusted Debt with Equity Credit divided by Funds From Operations [FFO] + Gross Interest (Paid) - Interest Received + Preferred Dividends (Paid) + Operating Lease Expense for Capitalised Leased Assets.
FFO Fixed Charge Cover: FFO + Gross Interest paid minus interest received + Preferred Dividends paid + Operating Lease Expense for Capitalised Leased Assets divided by Gross Interest Paid + Preferred Dividends Paid + Operating Lease Expense for Capitalised Leased Assets.
EBITDAR Gross Leverage: Total Adjusted Debt with Equity Credit divided by Operating EBITDA + Operating Lease Expense for Capitalised Leased Assets + Recurring Dividends received from Associates and Equity Method Investments - Dividends paid to Minorities (or, alternatively, net income attributable to non-controlling interests).
EBITDA Gross Interest Cover: Operating EBITDA+ Recurring Dividends received from Associates and Equity Method Investments - Dividends paid to Minorities (or, alternatively, net income attributable to non-controlling interests) divided by Interest Paid.

Key Assumptions

Fitch's key assumptions within our rating case for the issuer include:

- Capex spending will range from $1.6 billion to $1.8 billion from 2018–2020;
- Dividend payout ratio ranges from 60% to 65%;
- Continued utilization of jurisdictional cost-recovery mechanisms for gas and electric utilities throughout the projection period.

Financial Data

(USDm)	Historical			
	Dec 2013	Dec 2014	Dec 2015	Dec 2016
SUMMARY INCOME STATEMENT				
Gross Revenue	5,657	6,471	4,652	4,493
Revenue Growth (%)	11.8	14.4	-28.1	-3.4
Operating EBIT	1,089	1,184	802	857
Operating EBIT Margin (%)	19.3	18.3	17.2	19.1
Operating EBITDA (Before Income From Associates)	1,666	1,790	1,326	1,404
Operating EBITDA Margin (%)	29.5	27.7	28.5	31.3
Rental Expense	-21	-23	-18	-15
DETAIL CASH FLOW STATEMENT				
FFO Margin (%)	24.3	22.6	21.9	23.4
Operating EBITDA	1,666	1,790	1,326	1,404
Cash Interest	-403	-429	-390	-338
Cash Tax	-10	-19	-21	-8
Recurring Dividends Received From Associates	0	0	0	0
Recurring Dividends Paid to Non-Controlling Interest	0	0	0	0
Other Items Before FFO	24	287	116	225
Funds Flow From Operations	1,372	1,461	1,017	1,051
Change in Working Capital	65	-141	147	-246
Cash Flow from Operations	1,437	1,320	1,163	805
Total Non-Operating/Non-Recurring Cash Flow	0	0	293	-1
Capital Expenditure	-1,880	-2,029	-1,361	-1,475
Common Dividends	-306	-321	-263	-206
Free Cash Flow	-749	-1,030	-167	-877
Net Acquisitions and Divestitures	18	13	5	0
Net Equity Proceeds	36	20	2	14
Net Debt Proceeds	719	1,106	-3,029	986

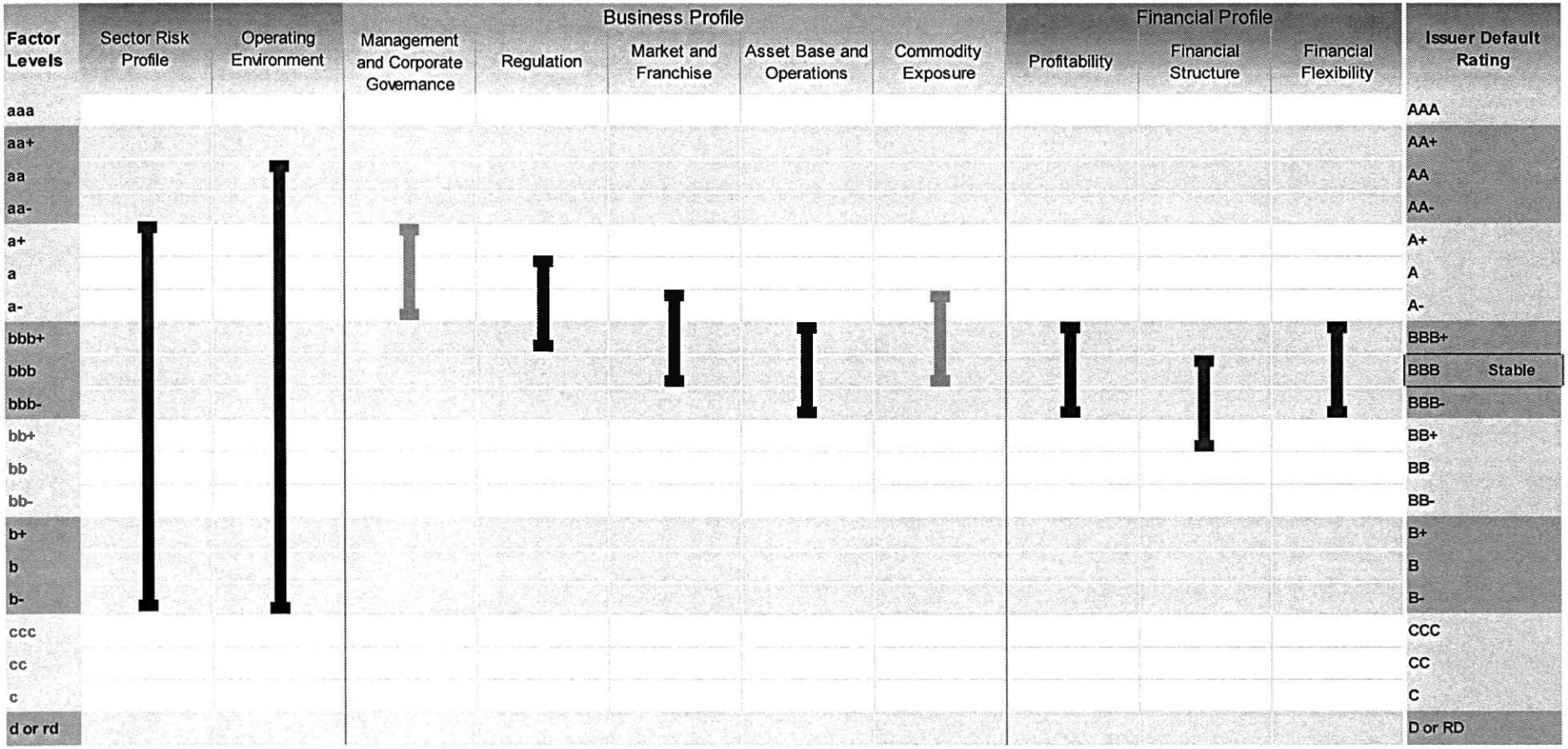
Total Change in Cash	-138	-1	-10	11
SUMMARY CASH FLOW STATEMENT				
Free Cash Flow Margin (%)	-13.2	-15.9	-3.6	-19.5
Cash interest received	0	0	0	0
Other Investing and Financing Cash Flow Items	-162	-110	3,179	-112
COVERAGE RATIOS				
FFO Interest Coverage (x)	4.4	4.4	3.6	4.1
Operating EBITDA/Interest Paid (x)	4.1	4.2	3.4	4.2
FFO Fixed Charge Coverage (x)	4.2	4.2	3.5	4.0
Operating EBITDAR/Interest Paid + Rents (x)	4.0	4.0	3.3	4.0
Operating EBITDAR/Net Interest Paid + Rents (x)	4.0	4.0	3.3	4.1
ADDITIONAL METRICS				
Cash Flow From Operations/Capital Expenditures (%)	76.4	65.1	85.5	54.6
FCF/Lease Adjusted Debt (%)	-8.3	-10.1	-2.3	-10.9
LEVERAGES RATIOS				
Total Debt with Equity Credit/Operating EBITDA (x)	5.3	5.6	5.3	5.6
Total Net Debt With Equity Credit/Operating EBITDA (x)	5.3	5.6	5.3	5.6
Total Adjusted Debt/Operating EBITDAR (x)	5.3	5.6	5.3	5.7
FFO Adjusted Leverage (x)	5.0	5.3	5.0	5.7
FFO Adjusted Net Leverage (x)	5.0	5.3	5.0	5.7
SUMMARY BALANCE SHEET				
Readily Available Cash and Equivalents	27	25	16	26
Short-Term Debt	1,241	1,844	1,001	1,851
Subordinated Debt	0	0	0	0
Equity Credit	0	0	0	0
Total Debt With Equity Credit	8,834	9,999	6,993	7,909
Off Balance Sheet Debt	0	0	0	0
Total Adjusted Debt with Equity Credit	9,005	10,181	7,140	8,033

Click here to enter text.

Rating Navigator

NiSource Inc.

Corporates Ratings Navigator
US Utilities



FitchRatings **NiSource Inc.**

Corporates Ratings Navigator
US Utilities

Operating Environment

aa+	Economic Environment	aa	Very strong combination of countries where economic value is created and where assets are located.
aa	Financial Access	aa	Very strong combination of issuer specific funding characteristics and of the strength of the relevant local financial market.
	Systemic Governance	aa	Systemic governance (eg rule of law, corruption; government effectiveness) of the issuer's country of incorporation consistent with 'aa'.
b-			
ccc			

Regulation

a+	Degree of Transparency and Predictability	a	Track record of transparent and predictable regulation.
a	Timeliness of Cost Recovery	a	Minimal lag to recover capital and operating costs.
a-	Trend in Authorized ROEs	a	Above-average authorized ROE.
bbb+	Mechanisms Available to Stabilize Cash Flows	bbb	Revenues partially insulated from variability in consumption.
bbb	Mechanisms Supportive of Creditworthiness		n.a.

Asset Base and Operations

a-	Diversity of Assets	bbb	Good quality and/or reasonable scale diversified assets.
bbb+	Operations Reliability and Cost Competitiveness	bbb	Reliability and cost of operations at par with industry averages.
bbb	Exposure to Environmental Regulations	bbb	Limited or manageable exposure to environmental regulations.
bbb-	Capital and Technological Intensity of Capex	bbb	Moderate reinvestments requirements in established technologies.
bb+			

Profitability

a-	Free Cash Flow	bbb	Structurally neutral to negative FCF across the investment cycle.
bbb+	Volatility of Profitability	a	Higher stability and predictability of profits relative to utility peers.
bbb			
bbb-			
bb+			

Financial Flexibility

a-	Financial Discipline	bbb	Less conservative policy, but generally applied consistently.
bbb+	Liquidity	a	Very comfortable liquidity. Well-spread maturity schedule of debt. Diversified sources of funding.
bbb	FFO Fixed Charge Cover	bbb	4.5x
bbb-			
bb+			

Management and Corporate Governance

aa-	Management Strategy	a	Coherent strategy and good track record in implementation.
a+	Governance Structure	aa	No record of governance failing. Experienced board exercising effective check and balance to management. No ownership concentration.
a	Group Structure	aa	Transparent group structure.
a-	Financial Transparency	a	High quality and timely financial reporting.
bbb+			

Market and Franchise

a	Market Structure	a	Well-established market structure with complete transparency in price-setting mechanisms.
a-	Consumption Growth Trend	bbb	Customer and usage growth in line with industry averages.
bbb+	Customer Mix	a	Favorable customer mix.
bbb	Geographic Location	bbb	Beneficial location or reasonable locational diversity.
bbb-	Supply Demand Dynamics	bbb	Moderately favorable outlook for prices/rates.

Commodity Exposure

a	Ability to Pass Through Changes in Fuel	bbb	Limited exposure to changes in commodity costs.
a-	Underlying Supply Mix	bbb	Low variable costs and moderate flexibility of supply.
bbb+	Hedging Strategy	a	Highly captive supply and customer base.
bbb			
bbb-			

Financial Structure

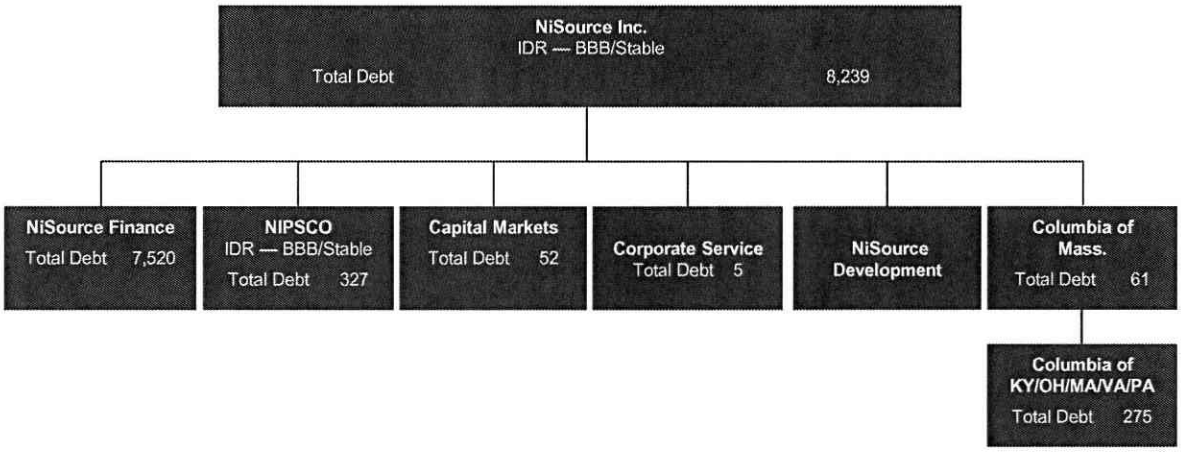
bbb+	Lease Adjusted FFO Gross Leverage	bbb	5.0x
bbb	Total Adjusted Debt/Operating	bb	4.75x
bbb-			
bb+			
bb			

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

Navigator Version: RN 1.41.8.0

Simplified Group Structure Diagram

Organizational and Debt Structure — NiSource Inc.
($ Mil., As of June 30, 2017)



NR – Not rated.
Source: Company filings, Fitch.

Peer Financial Summary

Company	Date	Rating	Gross Revenue (USDm)	Funds Flow From Operations (USDm)	FFO Fixed Charge Coverage (x)	FFO Adjusted Leverage (x)	Total Adjusted Debt/Operating EBITDAR (x)
NiSource Inc.	2016	BBB	4,493	1,051	4.0	5.7	5.7
	2015	BBB-	4,652	1,017	3.5	5.0	5.3
	2014	BBB-	6,471	1,461	4.2	5.3	5.6
CenterPoint Energy, Inc.	2016	BBB	7,449	1,527	4.7	4.2	4.0
	2015	BBB	7,310	1,333	4.4	4.5	4.2
	2014	BBB	9,130	1,849	5.9	3.2	3.8
IPALCO Enterprises, Inc.	2016	BB+	1,347	343	3.9	5.7	5.5
	2015	BB+	1,250	288	3.9	6.2	6.0
	2014	BB+	1,322	263	3.4	5.5	4.8
Dominion Energy, Inc.	2016	BBB+	11,737	4,212	4.3	6.4	6.3
	2015	BBB+	11,683	4,152	4.8	5.5	5.5
	2014	BBB+	12,436	4,023	4.7	5.0	4.9

Source: Fitch

Full List of Ratings

	Rating	Outlook	Last Rating Action
NiSource Inc.			
Long Term IDR	BBB	Stable	Affirmed 30 June 2017
Short Term IDR	F3		Affirmed 30 June 2017
NiSource Finance Corp. (guaranteed by NI)			
Senior Unsecured	BBB		Affirmed 30 June 2017
Commercial Paper	F3		Affirmed 30 June 2017
NiSource Capital Markets, Inc. (guaranteed by NI)			
Senior Unsecured	BBB		Affirmed 30 June 2017

Related Research & Criteria

Related Research:

Fitch Affirms NiSource and NIPSCO's 'BBB' IDR; Outlook Stable (June 2017)

Northern Indiana Public Service Company (Subsidiary of NiSource Inc.) (July 2017)

Related Criteria:

Corporate Rating Criteria (August 2017)

Non-Financial Corporates Notching and Recovery Ratings Criteria (Including Sector Specific Guidance for Utilities and REITs) (June 2017)

Parent and Subsidiary Rating Linkage (August 2016)

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Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-005:

Please provide a work paper showing the derivation of the Company's current AFUDC rate.

Response:

Attached as Attachment A is the NiSource Inc. notification to Columbia Gas of Pennsylvania, Inc. on the applicable Allowance for Funds Used During Construction (AFUDC) for 2017. The CPA rate is 4.61%.

Attached as Attachment B is the worksheet showing the computation of the current AFUDC rate of 4.61%.

NiSource
Delivering life's essential resources

November 29, 2017
No. 2017-55

From: [redacted]

To: [redacted]

CC: [redacted]

2017 Allowance for Funds Used During Construction (AFUDC) Borrowed and Equity Rates

Listed below are the updated AFUDC rates to be used for 2017 shown alongside the rates last published in Controller's Letter 2017-22 (issued May 2017). Interim rates are published to capture significant rate trends prior to year-end. For the rates that changed, please record a cumulative adjustment from January 1, 2017 in order to reflect the changes. Changes from the prior period in excess of 40 basis points are discussed below.

	Using 12 Months Ended October 31, 2017			Using 12 Months Ended April 30, 2017		
	Borrowed	Equity	Total	Borrowed	Equity	Total
CPA	1.91%	2.70%	4.61%	1.88%	3.07%	4.96%

Notes on certain key components of the AFUDC Rate calculation:

ST Debt Interest Rate: Generally, an increase in the ST Debt Interest Rate will increase the AFUDC-Borrowed Rate and have no impact on the AFUDC-Equity Rate. Operating company rates are based on the consolidated rate. The ST Debt Interest Rate is based on Money Pool Borrowings.

Ratio of Average ST Debt to Average CWIP (S/W Ratio): An increase in the S/W Ratio will decrease both the AFUDC-Borrowed Rate and AFUDC-Equity Rate, as the AFUDC formula assumes that ST borrowings are used first for construction before costs of LT debt and equity are factored in. Average ST Debt is based on Money Pool Borrowings. In the event average ST borrowings exceed the average CWIP balance for the period, the AFUDC-Equity Rate will be zero, and the AFUDC-Borrowed Rate will equal the ST borrowing rate.

Cost of Equity Rate: An increase in the Cost of Equity Rate will increase the AFUDC-Equity Rate and have no impact on the AFUDC-Borrowed Rate. The Cost of Equity Rate is based on regulatory filings and is a

weighted average rate at the NiSource Consolidated level.

Attached are schedules showing the computation of the 2017 AFUDC rates.

If you have any questions regarding the AFUDC calculations, please contact [redacted]

AFUDC Rates Calculation
10/31/2017

AFUDC Rates	
	CPA037
AFUDC Debt	1.91%
AFUDC Equity	2.70%
Total AFUDC	4.61%

AFUDC Debt = s(S/W)+d(D/(D+P+C)*(1-S/W) AFUDC Equity = (1-S/W)*[(p(P/(D+P+C))*+c(C/(D+P+C))]	AFUDC Formula Inputs
	CPA037
D - LTD	540,515,000
d - LTD Interest Rate (see Note E)	5.34%
P - Preferred Stock (see Note F)	-
p - Preferred Stock Cost Rate (see Note F)	0.00%
C - Common Equity	669,776,249
c - Common Equity Cost Rate (see Note A)	9.26%
s - ST Debt Interest Rate	1.39%
S - Average ST Debt	28,549,473
W - Average CWIP	60,302,302
STD/AVCWIP	47.34%

CWIP - Ending Balance		
100129000		CPA037
2016	Oct	65,514,782
2016	Nov	69,022,023
2016	Dec	20,719,477
2017	Jan	28,962,277
2017	Feb	34,690,780
2017	Mar	45,825,341
2017	Apr	50,179,827
2017	May	59,164,941
2017	Jun	69,192,800
2017	Jul	82,048,276
2017	Aug	92,052,303
2017	Sep	106,611,613
2017	Oct	64,801,141
Average CWIP Ending Balance		60,675,814

CWIP - Average Monthly Balance		
		CPA037
2016	Nov	67,268,402
2016	Dec	44,870,750
2017	Jan	24,840,877
2017	Feb	31,826,528
2017	Mar	40,258,061
2017	Apr	48,002,584
2017	May	54,672,384
2017	Jun	64,178,870
2017	Jul	75,620,538
2017	Aug	87,050,290
2017	Sep	99,331,958
2017	Oct	85,706,377
TTM Average CWIP Balance		60,302,302

Interest Expense - Money Pool

700102000		CPA037
2016	Nov	71,338
2016	Dec	115,084
2017	Jan	87,344
2017	Feb	-
2017	Mar	-
2017	Apr	-
2017	May	-
2017	Jun	-
2017	Jul	10,176
2017	Aug	47,836
2017	Sep	94,427
2017	Oct	146,690
TTM MP Interest Expense		572,894

Average Daily Balance of Short-term Borrowings (Money Pool)

300203234		CPA037
2016	Nov	79,673,077
2016	Dec	112,342,791
2017	Jan	79,381,658
2017	Feb	-
2017	Mar	-
2017	Apr	-
2017	May	-
2017	Jun	-
2017	Jul	7,696,808
2017	Aug	36,166,638
2017	Sep	76,043,825
2017	Oct	113,300,601
TTM Avg. ST Borrowings		42,050,450

Short-term Borrowings Used for AFUDC Calculation

		CPA037
2016	Nov	67,268,402
2016	Dec	44,870,750
2017	Jan	24,840,877
2017	Feb	-
2017	Mar	-
2017	Apr	-
2017	May	-
2017	Jun	-
2017	Jul	7,696,808
2017	Aug	36,166,638
2017	Sep	76,043,825
2017	Oct	85,706,377
TTM Avg. ST Borrowings for AFUDC		28,549,473

Interest Expense on ST Borrowings for AFUDC

		CPA037
2016	Nov	60,231
2016	Dec	45,966
2017	Jan	27,332
2017	Feb	-
2017	Mar	-
2017	Apr	-
2017	May	-
2017	Jun	-
2017	Jul	10,176
2017	Aug	47,836
2017	Sep	94,427
2017	Oct	110,964
TTM MP Interest Expense for AFUDC		396,932

Long-term Debt / Preferred Stock / Common Equity		
2016	Dec	CPA037
201299000	Long Term Debt (incl. Capital Leases)	571,481,820
300199000	Current Portion of Long Term Debt	868,290
300201233	Short-term Debt I/C (Note L)	-
300129000	Less: Capital Leases in Current LTD	868,290
201230225	Less: Unamortized Premium	-
201235226	Less: Unamortized Discount	-
300140226	Less: Unamortized Discount Current	-
201240000	Less: Interest Rate Swaps	-
201249000	Less: Capital Leases in LTD	30,966,820
Long-term Debt		540,515,000
201099000	Preferred Stock	-
200999000	Common Equity	669,776,249
200699000	Less: AOCI (Note N)	-
Total Common Equity		669,776,249

Note A - The Common Equity Cost Rate's were obtained from [redacted]

Note B - The Columbia Gas of Maryland (CMD) AFUDC rate of 7.352%, from [redacted], Lead Regulatory Analyst.

Note C - Calculation for borrowed and equity AFUDC rates provided by [redacted], Mgr., Regulatory Policy.
//Components below are included for use in the consolidated calculation.

Note D - The consolidated weighted average cost of equity is calculated by using only the companies whose cost of equity (or the calculation to determine the cost of equity) were explicitly authorized by a state commission

Note E - LTD interest Rate obtained from Financial Reporting Debt Cost worksheets obtained from Financial Reporting ('Average Debt Costs' includes NiSource Consolidated and NIPSCO, there is also 'BSG Notes' and 'Columbia Intercompany'). Based on December 31, 2016 10-K balances.

Note F - NiSource does not have any preferred stock at this time.

Note G - Amounts obtained from [redacted] Money Pool Spreadsheet which is provided to Accounting Research on a monthly basis.

Note H- NIPSCO Electric/Gas split for ST Borrowings is based on the CWIP Allocation (see note I)

Note I - NIPSCO Electric/Gas split for CWIP was obtained from [redacted], NIPSCO Accounting.

Note J - NIPSCO Electric/Gas split for LTD and Common Equity (aka Ratio H) obtained by [redacted] Lead Analyst (NIPSCO)

Note K - An AFUDC Rate for NIPSCO Consolidated is not calculated. NIPSCO rates are calculated individually for the Electric and Gas segments.

Note L -Peoplesoft account 2330000 - Notes Payable Affiliated is mapped to this intercompany short-term debt account in Hyperion. As these balances represent a current portion of long-term debt and not short-term borrowings, account must be included herein. As this account is marked as intercompany, these balances are eliminated in consolidation so there is no misclassification between short-term borrowings and current portion of long-term debt on the consolidated balance sheet. For FERC purposes, the balances are appropriately recorded in a 233 Notes Payable account.

Note M - NiSource manually adjusted COH CWIP for IDR Refundable Spend, this is manually tracked by [redacted], Asset Accounting Manager. The manual adjustments for COH CWIP began in April 2017.

Note N - FERC audit findings from 2014-2015 indicate that OCI should not be included in 'Common Equity' when computing AFUDC rates.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-006:

Please supply copies of all presentations by the Company's and, if applicable, its parent's management to securities analysts during the past 2 years. This would include presentations of financial projections.

Response:

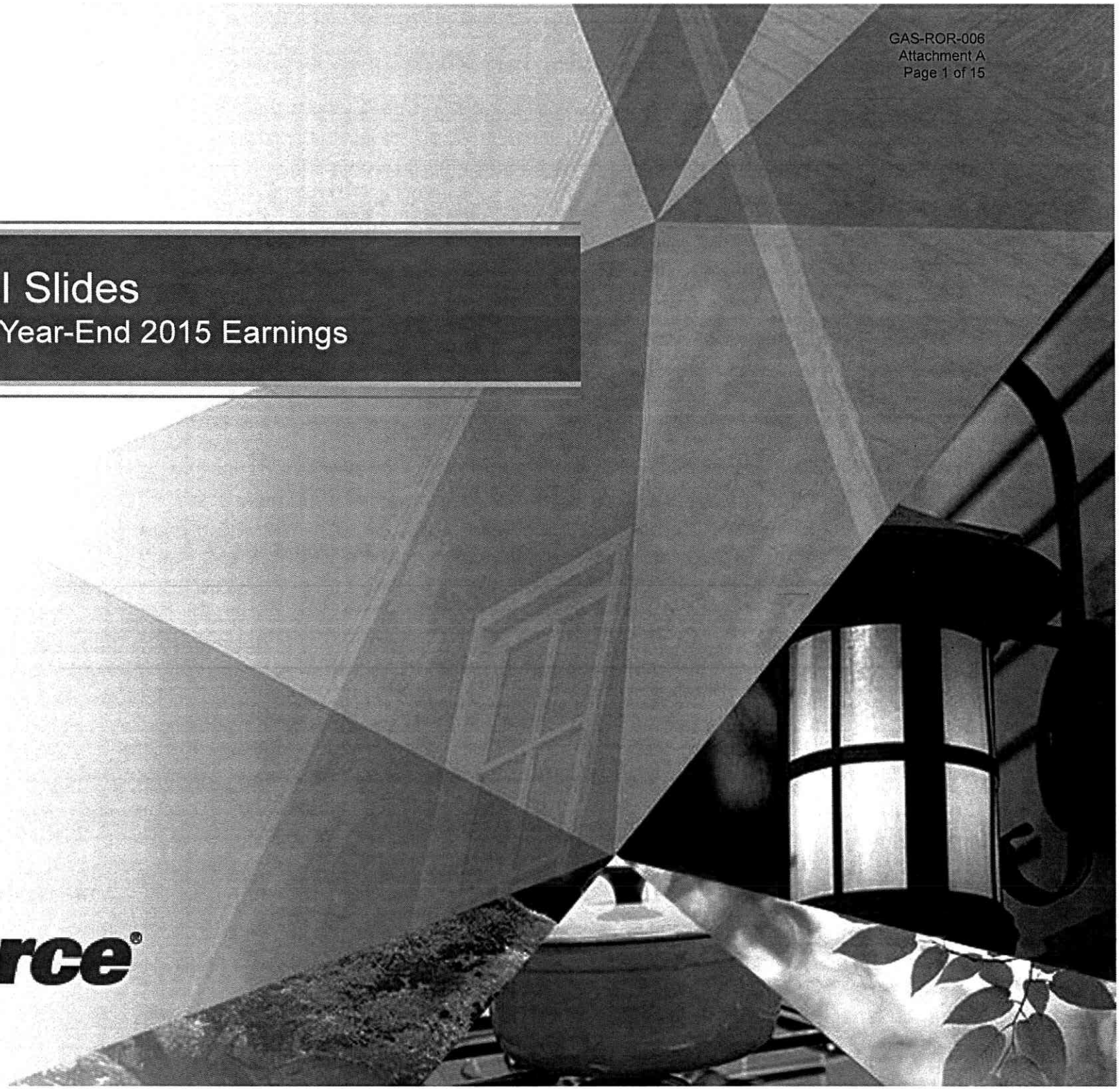
Columbia Gas of Pennsylvania, Inc. (Company) is a wholly owned subsidiary of NiSource Gas Distribution, Inc. (NGD), which is a subsidiary of NiSource Inc. (Parent). Neither the Company nor NGD have made presentations to securities analysts separate from the Parent.

Presentations made by the Parent from the past 2 years are included in Attachments A – J.

Supplemental Slides

Fourth Quarter & Year-End 2015 Earnings

February 18, 2016



NiSource®

Forward-Looking Statements

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Examples of forward-looking statements in this presentation include statements and expectations regarding NiSource's business, performance, infrastructure investments and growth. Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in this presentation include, but are not limited to, NiSource's debt obligations; any changes in NiSource's credit rating; NiSource's ability to execute its growth strategy; changes in general economic, capital and commodity market conditions; pension funding obligations; economic regulation and the impact of regulatory rate reviews; compliance with environmental laws and the costs of associated liabilities; fluctuations in demand from residential and commercial customers; economic conditions of certain industries; the price of energy commodities and related transportation costs; the reliability of customers and suppliers to fulfill their payment and contractual obligations; potential impairments of goodwill or definite-lived intangible assets; changes in taxation and accounting principles; potential incidents and other operating risks associated with our business; the impact of an aging infrastructure; the impact of climate change; potential cyber-attacks; risks associated with construction and natural gas cost and supply; extreme weather conditions; the ability of subsidiaries to generate cash; uncertainties related to the expected benefits of the separation of CPG and other matters set forth in the "Risk Factors" section of NiSource's Annual Report on Form 10-K and in other filings with the Securities and Exchange Commission. NiSource expressly disclaims any duty to update, supplement or amend any of its forward-looking statements contained in this presentation, whether as a result of new information, subsequent events or otherwise, except as required by applicable law.

Regulation G Disclosure Statement

This presentation includes financial results and guidance for NiSource with respect to net operating earnings and operating earnings, which are non-GAAP financial measures as defined by the SEC's Regulation G. The company includes such measures because management believes they permit investors to view the company's performance using the same tools that management uses and to better evaluate the Company's ongoing business performance. With respect to such guidance, it should be noted that there will likely be differences between such measures and GAAP equivalents due to various factors, including, but not limited to, fluctuations in weather, environmental laws, the impact of asset sales, separation-related costs and certain income tax items. NiSource is not able to estimate the impact of such factors on GAAP earnings and, as such, is not providing earnings guidance on a GAAP basis.

Key Takeaways – Year-End 2015

- **Results in line with expectations**
  - $0.94 per share in 2015 versus $0.81 per share in 2014*
  - Completed a record ~$1.37B in utility infrastructure investments in 2015

- **NiSource/CPG separation successfully completed on July 1, 2015**
  - CPG results now classified as discontinued operations
  - NiSource emerged as fully-regulated, pure-play natural gas and electric utility

- **Well-established utility infrastructure investments delivering customer value**
  - Customer satisfaction improvements across all NiSource utilities, and J.D. Power recognition in Pennsylvania and Virginia
  - Replaced 361 miles priority pipe, including last known cast iron on Virginia system
  - Completed deployment of Automated Meter Reading devices across entire base of ~4 million customers
  - Rate settlements approved in Massachusetts, Pennsylvania and Virginia; Modernization program extension approved in Virginia; Massachusetts successfully completes first year of Gas System Enhancement Plan
  - Completed last of three Flue Gas Desulfurization (FGD) units at NIPSCO

Execution, Results Reinforce Value of 100% Regulated Utility Business

* Net Operating Earnings from Continuing Operations (non-GAAP); For a reconciliation to GAAP, see Schedule 1 of the Company's February 18, 2016 Earnings Release

Year-End 2015 Financial Highlights*

Non-GAAP**	2015	2014	Change
Net Operating Earnings from Continuing Operations ($M)	$298.8	$256.4	$42.4
Net Operating Earnings Per Share	$0.94	$0.81	$0.13
Operating Earnings ($M)	$832.1	$777.8	$54.3

GAAP	2015	2014	Change
Income from Continuing Operations ($M)	$198.6	$256.2	($57.6)
Earnings Per Share	$0.63	$0.81	($0.18)
Operating Income ($M)	$799.9	$789.1	$10.8

2016 Guidance: $1.00 - $1.10 Per Share**

* Results exclude Columbia Pipeline Group (CPG) results, which are now classified as discontinued operations
** Net Operating Earnings from Continuing Operations (non-GAAP); For a reconciliation to GAAP, see Schedule 1 of the Company's February 18, 2016 Earnings Release

NiSource Debt and Credit Profile

Strong Financial Foundation for Pure-Play Utility Growth

- **Current debt level: ~$6.9B as of Dec. 31, 2015**
  - ~$6.2B of long-term debt
    - Weighted average maturity ~14 years
    - Weighted average rate of ~5.88%
- **Solid liquidity position following separation**
  - ~$1.7B of committed facilities in place
    - ~$1.5B 5-year revolving credit facility
    - ~$0.2B* accounts receivable securitization facilities
  - ~$1.2B in net available liquidity as of Dec. 31, 2015
- **Committed to investment-grade credit ratings**
  - Moody's Baa2 S&P BBB+ Fitch BBB-

2016 Capital Expenditures Expected to be ~$1.4B

* Committed capacity on accounts receivable securitization facilities changes with seasonality

Gas Distribution Operations – Year-End 2015

- Operating earnings $567.8M in 2015 vs. $517.4M in 2014*
- Base rate settlements implemented in Pennsylvania and Massachusetts
- Continued investments in system modernization across all companies
- Ongoing infrastructure enhancements designed to improve safety, reliability and customer convenience

Key Milestones:

Highlight	Key Components	Status
Columbia Gas of Massachusetts Base Rate Case	• Annual revenue increase of $32.8M beginning Nov. 1, 2015 • Additional annual increase of $3.6M starting Nov. 1, 2016 • Supports efforts to modernize pipeline infrastructure for safety and reliability	• Settlement approved by Massachusetts DPU on Oct. 7, 2015
Columbia Gas of Pennsylvania Base Rate Case	• Annual revenue increase of $28M beginning Dec. 18, 2015 • Supports continuation of CPA's infrastructure modernization and safety programs, including employee training • New tariff supports expanding service to unserved areas	• Settlement approved by Pennsylvania Public Utility Commission on Dec. 3, 2015
NIPSCO Gas System Modernization Program	• Seven-year, ~$817M investment focused on system modernization and system extensions to rural customers	• Program update, semi-annual tracker pending at IURC • Order expected Q1 2016
Columbia Gas of Virginia System Modernization	• Five-year, $150M extension in infrastructure investment program under the SAVE Act (Steps to Advance Virginia's Energy) • Program provides timely cost recovery through an annual tracker mechanism	• Program approved by Virginia Commission on Oct. 23, 2015
Columbia Gas of Ohio Infrastructure Replacement Program (IRP)	• Long-term system modernization program with ~$175M-$210M in annual investments • Program provides timely cost recovery through an annual tracker mechanism	• Annual tracker update to be filed in Feb. 2016 • Order expected in Q2 2016

~$20B+ in Identified Long-Term Infrastructure Investments

* Non-GAAP; For a reconciliation to GAAP, see Schedules 1 and 2 of the Company's February 18, 2016 Earnings Release

Electric Operations – Year-End 2015

- Operating earnings $279.5M in 2015 vs. $287.7M in 2014*
- New seven-year electric transmission and distribution modernization plan filed on Dec. 31, 2015
- Electric rate case on schedule; IURC decision expected in third quarter 2016
- Michigan City FGD project completed on plan
- Two electric transmission projects on budget and on schedule, with line and tower construction to begin in 2016

Key Milestones:

Highlight	Key Components	Status
Electric Base Rate Case	• Requested revenue increase of $148M, which includes continued recovery of environmental trackers • Seeks to recover the current costs of generating and distributing power, plus ongoing customer-focused, reliability-centric investments	• Filed Oct. 1, 2015 • Proceeding on schedule • Decision expected in Q3 2016
Electric System Modernization Program	• New seven-year $1.3B plan filed • Customer reliability investments focused on replacing poles, transformers and other related equipment	• New plan filed on Dec. 31, 2015 • Decision expected in Q3 2016

Electric Transmission System Enhancement Projects	• Reynolds to Topeka Project
	  • 100-mile, 345-kV transmission project
	  • $250M-$300M investment
	• Greentown to Reynolds (*Joint Project)*
	  • ~65-mile, 765-kV transmission project
	  • $300M-$400M investment (NIPSCO portion $150M-$200M)
		• Substation construction has begun
		• Right of way acquisition in progress
		• Line, tower construction will begin in 2016
		• Both projects expected to be in service by late 2018

~$10B in Identified Long-Term Infrastructure Investments

* Non-GAAP; For a reconciliation to GAAP, see Schedules 1 and 2 of the Company's February 18, 2016 Earnings Release

NiSource Strategic Framework – Creating Value

Aspiration	**Premier Regulated Utility Company**
Value Proposition	**Best-in-Class Risk-Adjusted Total Return Proposition** • ~$30B of Identified 100% Regulated Utility Infrastructure Investments • Scale Across 7 States • Transparent Earnings Drivers • Constructive Regulatory Environments and Mechanisms
Strategic Approach	**Balanced Priorities** • Enhance Value to Our Customers and Communities • Build, Maintain and Operate a Safe, Reliable and Efficient System • Aligned, Engaged Employees, Business Partners and Operations • Financial Discipline for Our Stakeholders

4-6% EPS* and Dividend Growth Projected Over Long Term

* Net Operating Earnings Per Share from Continuing Operations (Non-GAAP)

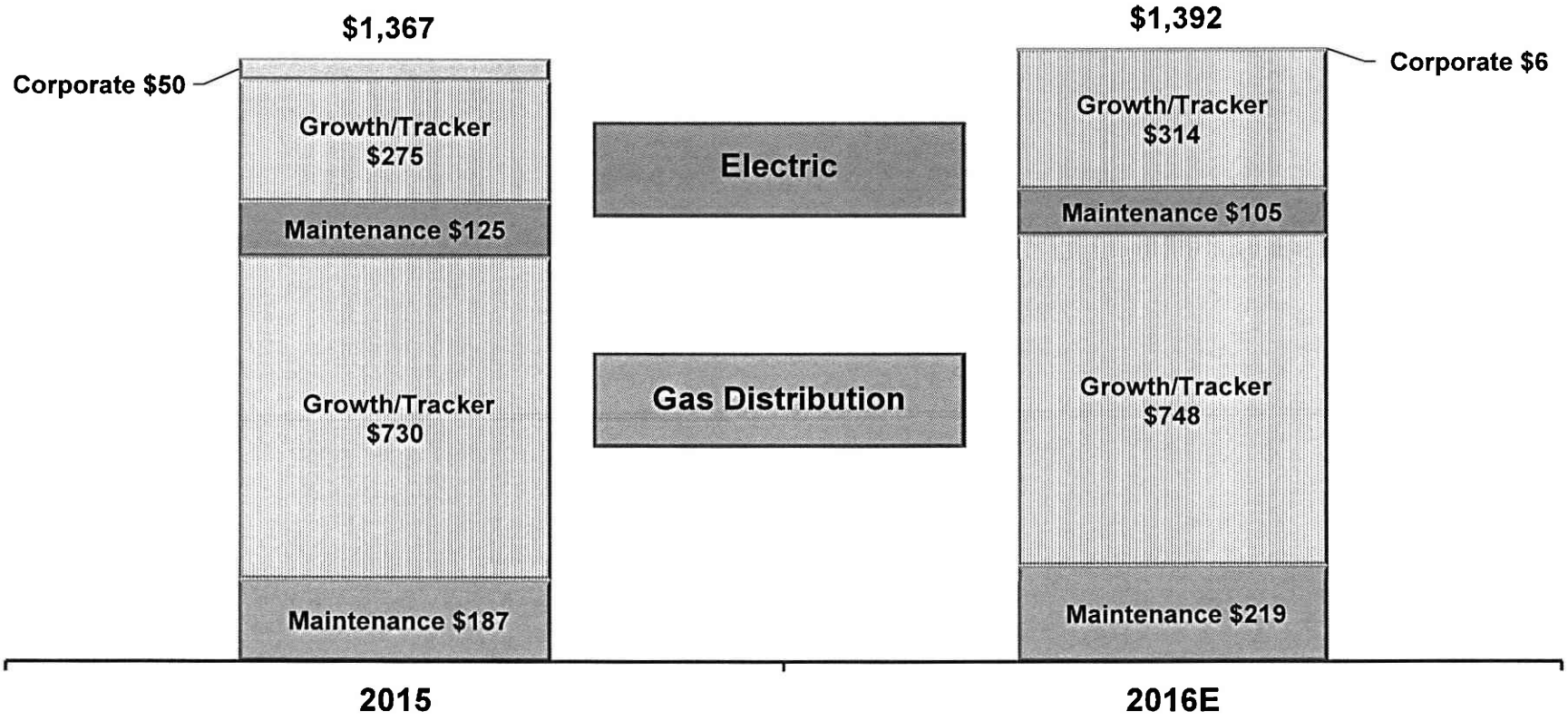
Appendix:
Fourth Quarter & Year-End 2015 Earnings



NiSource®

Capital Expenditures ($M)

Investments to Enhance System Safety and Reliability



2016 Growth/Tracker (76%) and Maintenance (24%)

NiSource

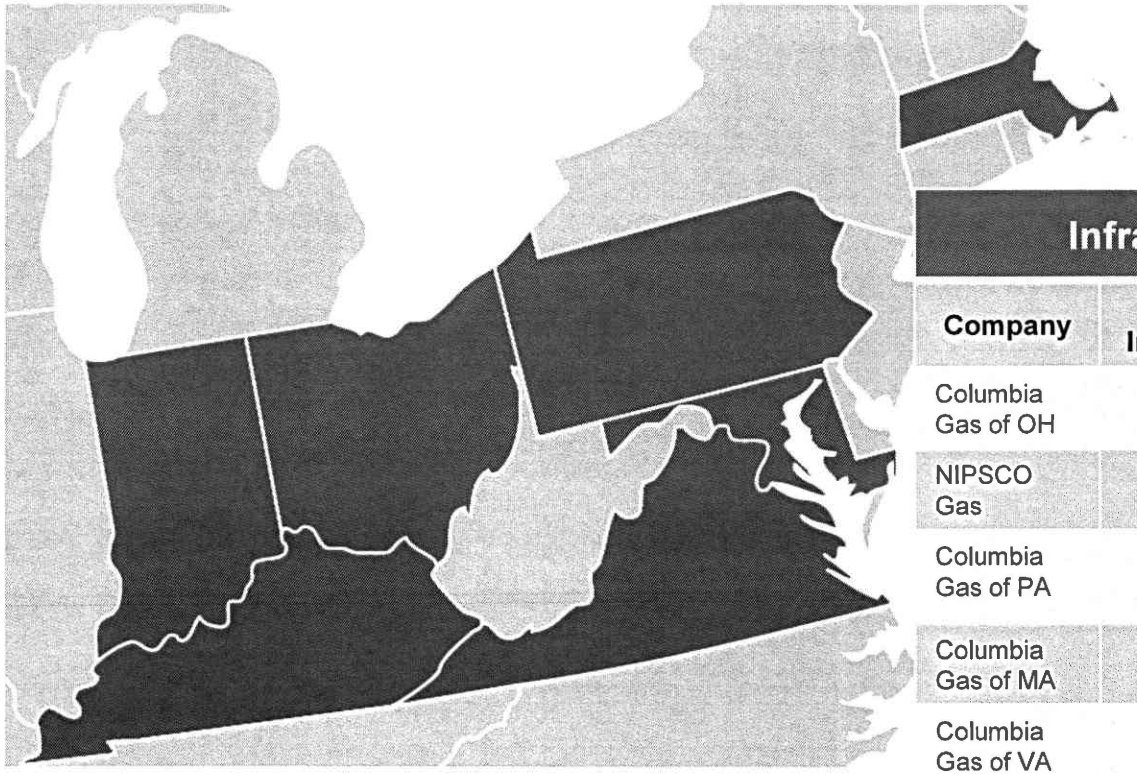
Current Liquidity and Debt Detail ($M)

Current Liquidity	Actual 12/31/15	Maturity
Revolving Credit Facility – NFC	$ 1,500	July 2020
Accounts Receivable Program*	246	
Less:		
Drawn on Credit Facility – NFC	-	
Commercial Paper	(321)	
Accounts Receivable Program Utilized	(246)	
L/C's Outstanding Under Credit Facility	(15)	
Add:		
Cash & Equivalents	15	
Net Available Liquidity	**$ 1,179**	

Debt Detail	Balance	Wtd. Avg. Rate**	Wtd. Avg. Maturity
Fixed Rate Long-Term Debt	$ 6,227	5.88%	14.10
Commercial Paper	321	1.00%	17 days
A/R Program Borrowings	246	0.72%	Approx. 1 mo.
Capital Leases, Def Cost & Other	155	N/A	N/A
Total Debt	**$ 6,949**		

* Represents the lesser of the seasonal limit or maximum borrowings supportable by the underlying receivables
** Represents coupon or current incremental borrowing rate, does not factor in fees and/or amortization of deferred charges
N/A = Not Applicable

Gas Distribution Infrastructure Programs Update

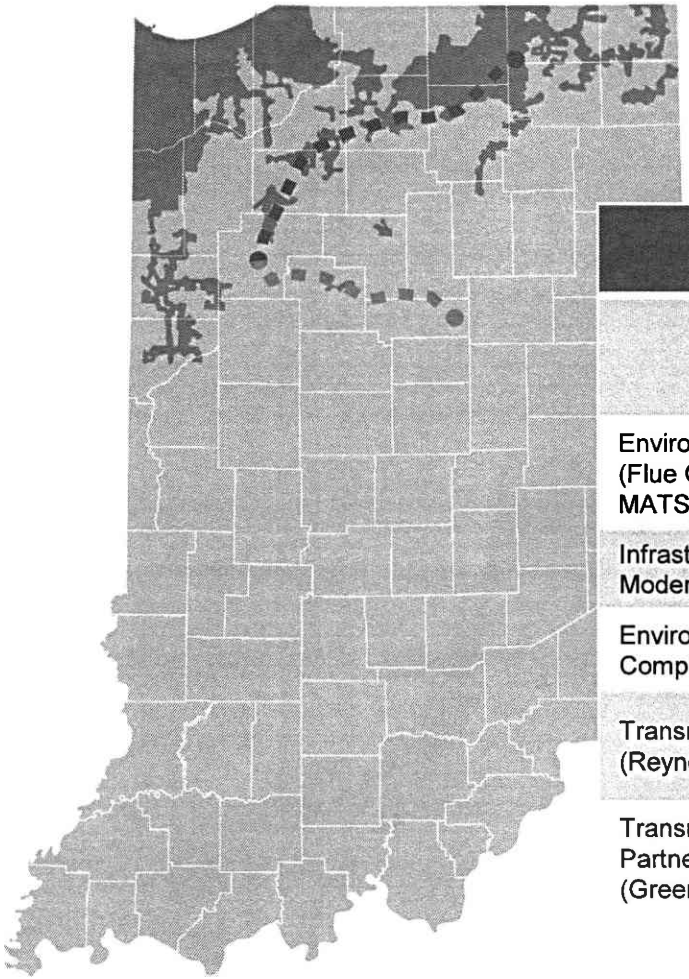


Infrastructure Modernization Programs

Company	Identified Investments	Annual Investment	Recovery Mechanism	Program Length
Columbia Gas of OH	~$4.1B	$175M - $210M	Tracked	20-25 Years
NIPSCO Gas	~$4.5B	$100M - $130M	Tracked	20-25 Years
Columbia Gas of PA	~$3.0B	$150M - $180M	Rate Case (Forward Test Year)	15-20 Years
Columbia Gas of MA	~$1.4B	$50M - $70M	Tracked	15-20 Years
Columbia Gas of VA	~$550M	$25M - $35M	Tracked	15-20 Years
Columbia Gas of KY	~$750M	$10M - $20M	Tracked	25-30 Years
Columbia Gas of MD	~$200M	$5M - $15M	Tracked	15-20 Years

Robust Long-Term Investment Programs Deliver Value

Electric Operations Investment Program Update



Infrastructure Investment Programs / Projects

Program / Project	Identified Investments	Annual Investment	Recovery Mechanism	Program / Project Length
Environmental (Flue Gas Desulfurization, MATS)	~$850M	~$30M in 2016	Tracked	1 Year Remaining (FGDs Complete)
Infrastructure Modernization	~$6.8B	$175M - $225M	Tracked	20+ Years
Environmental Compliance	~$300M	TBD	Tracked	~5 Years
Transmission Project I (Reynolds-Topeka)	$250M - $300M	$35M - $50M	FERC Approved Formula Rates	Expected Completion 2H 2018
Transmission Project II – Partnership (Greentown-Reynolds)	$300M - $400M (NI: $150M - $200M)	$25M - $60M	FERC Approved Formula Rates	Expected Completion 2H 2018

High Value Electric Infrastructure Investments

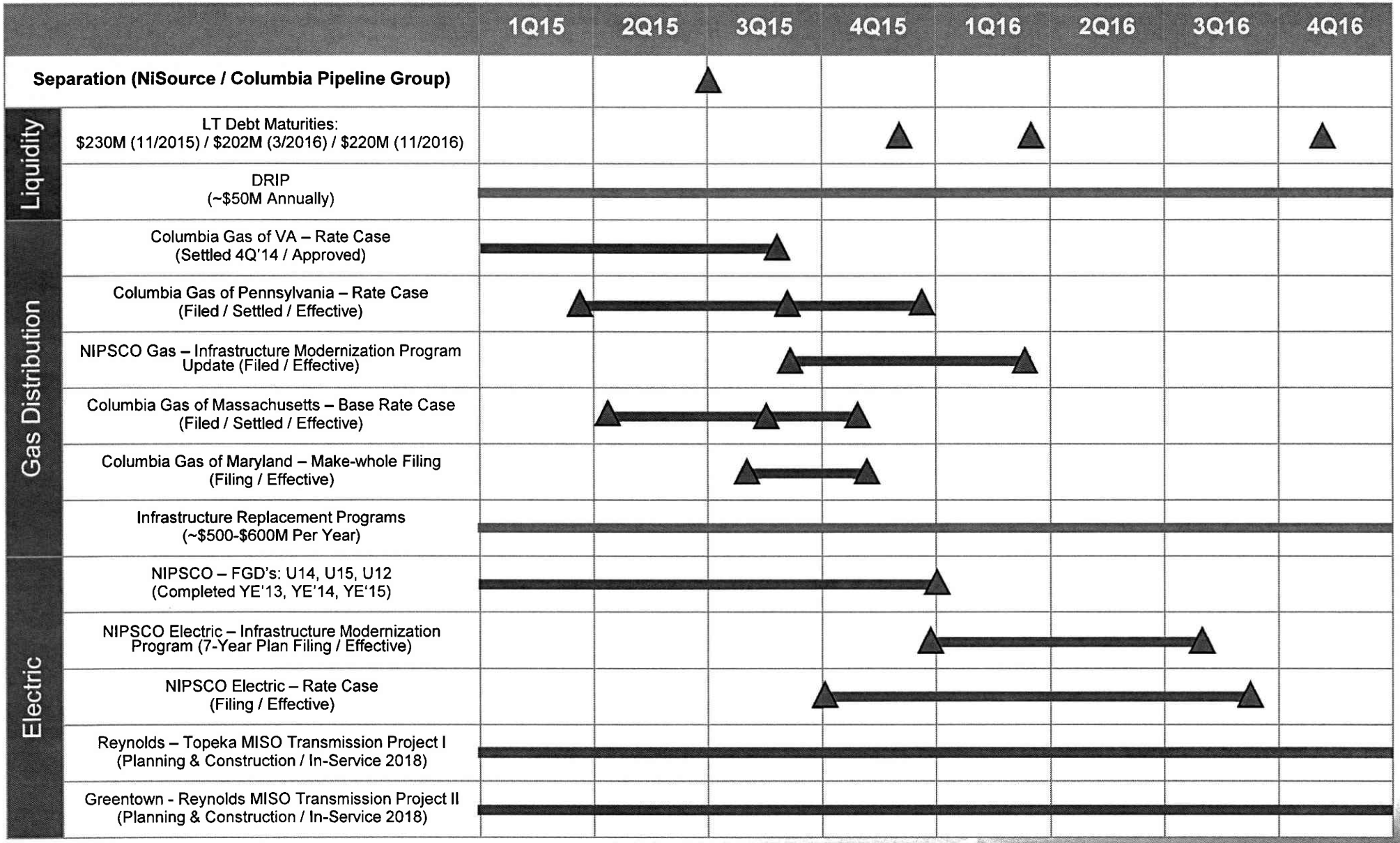
Regulatory Update

2015 Regulatory Activity		
Company / Filing	**Summary**	**Timeline**
Complete		
Columbia Gas of Massachusetts – Gas System Enhancement Filing	Increase: $2.6M	Filed: 10/2014 Effective: 5/1/2015
Columbia Gas of Massachusetts – Base Rate Case	Requested Increase: ~$49M Settled Increase: ~$36M	Filed: 4/16/2015 Settled: 8/19/2015 Effective: 11/1/2015*
Columbia Gas of Virginia – Base Rate Case	Requested Increase: ~$32M Settled Increase: ~$25M	Settlement: 12/10/2014 Approval: 8/21/2015
Columbia Gas of Pennsylvania – Base Rate Case	Requested Increase: ~$46M Settled Increase: ~$28M	Filed: 3/19/2015 Settled: 8/27/2015 Effective: 12/18/2015
Columbia Gas of Maryland – Make Whole Filing	Requested Increase: ~$0.7M Settled Increase: ~$0.5M	Filed: 8/7/2015 Effective: 11/5/2015
In Progress		
NIPSCO Gas – 7-Year Modernization Plan (TDSIC)	Tracker / Plan Update Filing (Investment of ~$817M)	Filed: 8/31/2015 Effective: 1Q 2016
NIPSCO Electric – Base Rate Case	Requested Increase: ~$148M (Net of Anticipated Trackers ~$95M)	Filed: 10/1/2015 Effective: 3Q 2016
NIPSCO Electric – 7-Year Modernization Plan (TDSIC)	New 7-Year Plan Filing (Investment of ~$1.3B)	Filed: 12/31/2015 Effective: 3Q 2016

Regulatory Execution that Drives Growth and Stakeholder Enhancements

**2-step increase: $32.8M on 11-1-2015; $3.6M on 11-1-2016*

Key Path Forward Markers



Supplemental Slides
First Quarter 2016 Earnings

May 3, 2016



NiSource®

Forward-Looking Statements

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Examples of forward-looking statements in this presentation include statements and expectations regarding NiSource's business, performance, infrastructure or utility investments and growth. Factors that could cause actual results to differ materially from the projections, forecasts, estimates, plans and expectations discussed in this presentation include, but are not limited to, NiSource's debt obligations; any changes in NiSource's credit rating; NiSource's ability to execute its growth strategy; changes in general economic, capital and commodity market conditions; pension funding obligations; economic regulation and the impact of regulatory rate reviews; compliance with environmental laws and the costs of associated liabilities; fluctuations in demand from residential and commercial customers; economic conditions of certain industries; the price of energy commodities and related transportation costs; the reliability of customers and suppliers to fulfill their payment and contractual obligations; potential impairments of goodwill or definite-lived intangible assets; changes in taxation and accounting principles; potential incidents and other operating risks associated with our business; the impact of an aging infrastructure; the impact of climate change; potential cyber-attacks; risks associated with construction and natural gas cost and supply; extreme weather conditions; the ability of subsidiaries to generate cash; uncertainties related to the expected benefits of the separation of CPG and other matters referred to in the "Risk Factors" section of NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and in other filings with the Securities and Exchange Commission. NiSource expressly disclaims any duty to update, supplement or amend any of its forward-looking statements contained in this presentation, whether as a result of new information, subsequent events or otherwise, except as required by applicable law.

Regulation G Disclosure Statement

This presentation includes financial results and guidance for NiSource with respect to net operating earnings and operating earnings, which are non-GAAP financial measures as defined by the SEC's Regulation G. The company includes such measures because management believes they permit investors to view the company's performance using the same tools that management uses and to better evaluate the Company's ongoing business performance. With respect to such guidance, it should be noted that there will likely be differences between such measures and GAAP equivalents due to various factors, including, but not limited to, fluctuations in weather, the impact of asset sales and impairments, separation-related costs and certain income tax items. NiSource is not able to estimate the impact of such factors on GAAP earnings and, as such, is not providing earnings guidance on a GAAP basis.

Key Takeaways – First Quarter 2016

- **Results in line with expectations**
  - $0.60 per share in Q1 2016 versus $0.57 per share in Q1 2015*
  - Well-positioned to deliver 2016 net operating earnings* within $1.00 to $1.10 per share guidance range

- **Continued execution of utility infrastructure investment strategy, combined with significant progress on regulatory initiatives**
  - With a strong start to the construction season, on track to execute on more than $1.4B in utility infrastructure investments in 2016
  - Settlement agreements reached in NIPSCO's long-term electric infrastructure modernization plan and electric base rate case
  - Rate cases filed in Maryland, Pennsylvania and Virginia; notice of intent filed in Kentucky
  - Gas system modernization program tracker updates approved in Indiana, Ohio and Massachusetts

- **Building on strong leadership team to advance growth, enhance performance**
  - Pablo Vegas joins company as president, Columbia Gas Group, leading the six Columbia Gas companies, as well as customer service and new business
  - Carl Levander assumes role leading regulatory policy, corporate affairs and human resources

Execution, Results & Growth Reinforce Value of 100% Regulated Utility Business

* Net Operating Earnings from Continuing Operations (non-GAAP); For a reconciliation to GAAP, see Schedule 1 of the Company's May 3, 2016 Earnings Release

First Quarter 2016 Financial Highlights

Non-GAAP*	2016	2015	Change
Net Operating Earnings from Continuing Operations ($M)	$190.8	$179.3	$11.5
Net Operating Earnings Per Share	$0.60	$0.57	$0.03
Operating Earnings ($M)	$399.3	$364.7	$34.6

GAAP	2016	2015	Change
Income from Continuing Operations ($M)	$179.7	$192.5	($12.8)
Earnings Per Share	$0.56	$0.61	($0.05)
Operating Income ($M)	$381.4	$386.3	($4.9)

2016 Guidance: $1.00 - $1.10 Per Share*

* Net Operating Earnings from Continuing Operations (non-GAAP); For a reconciliation to GAAP, see Schedule 1 of the Company's May 3, 2016 Earnings Release

NiSource Debt and Credit Profile

Strong Financial Foundation for Pure-Play Utility Growth

- **Current debt level: ~$7.0B as of March 31, 2016**
  - ~$6.2B of long-term debt
    - Weighted average maturity ~14 years
    - Weighted average rate of ~5.72%
- **Executed $500 million, 3-year term loan agreement on March 31**
  - 6-month delay draw; no borrowings as of March 31; LIBOR + 95 basis points
- **Solid liquidity position following separation**
  - ~$1.9B of committed facilities in place
    - ~$1.5B 5-year revolving credit facility
    - ~$0.4B* accounts receivable securitization facilities
  - Over $1.0B in net available liquidity as of March 31, 2016**
- **Committed to investment-grade credit ratings**
  - Moody's Baa2 | S&P BBB+ | Fitch BBB-

2016 Capital Expenditures Expected to be ~$1.4B

* Committed capacity on accounts receivable securitization facilities changes with seasonality
** Consisting of cash and available capacity under credit facilities

Gas Distribution Operations – First Quarter 2016

- Operating Earnings $330.2M in 2016 vs. $305.8M in 2015*
- Significant progress on regulatory initiatives in several states
- Ongoing infrastructure enhancements designed to improve safety, reliability and customer convenience

Key Milestones:

Highlight	Key Components	Status
Columbia Gas of Pennsylvania Base Rate Case	• Requested $55M annual revenue increase • Supports continued upgrades and replacement of infrastructure • Rate request based on capital investments and programs to enhance pipeline safety	• Filed March 18, 2016 • Order expected by YE 2016
Columbia Gas of Virginia Base Rate Case	• Requested $37M annual revenue increase • Supports ongoing safety and reliability initiatives, increased demand for service	• Filed April 29, 2016 • Order expected early 2017
Columbia Gas of Maryland Base Rate Case	• Requested $6.5M annual revenue increase • Supports continued replacement of aging pipe, pipeline safety upgrades	• Filed April 15, 2016 • Order expected YE 2016
Columbia Gas of Massachusetts Gas System Enhancement Plan (GSEP)	• Priority pipe replacement program • Cost recovery of investments through 2016 began May 1, 2016	• Order received on April 29, 2016 • Increases annual revenues by $8.2M
Columbia Gas of Ohio Infrastructure Replacement Program (IRP)	• Long-term system modernization program with ~$175M-$210M in annual investments • Program provides timely cost recovery through an annual tracker mechanism	• Annual tracker update approved April 20, 2016 • Increases annual revenues by $21M
NIPSCO Gas System Modernization Program	• Seven-year, ~$800M investment focused on system modernization to improve service, reliability and customer growth	• TDSIC 3 - semi-annual tracker approved March 30, 2016; increases annual revenues by $7.6M • TDSIC 4 - filed Feb. 29, 2016

~$20B in Identified Long-Term Infrastructure Investments

* Non-GAAP; For a reconciliation to GAAP, see Schedules 1 and 2 of the Company's May 3, 2016 Earnings Release

Electric Operations – First Quarter 2016

- Operating Earnings $72.2M in 2016 vs. $67.2M in 2015*
- Settlement reached in seven-year electric system modernization plan
- Settlement reached in electric base rate case; IURC decision expected early in third quarter 2016
- Two electric transmission projects on schedule, with line and tower construction to begin in second half of 2016

Key Milestones:

Highlight	Key Components	Status
Electric Base Rate Case	• Settlement proposes $72.5 million annual revenue increase • Provides platform for continued investments and service improvements for customers	• Settlement reached on Feb. 19, 2016 • IURC order expected in 3Q 2016
Electric System Modernization Program	• Settlement supports recovery of more than $1.2 billion in investments over seven years • Focused on electric transmission and distribution investments designed to improve system safety and reliability	• Settlement reached on March 24, 2016 • IURC order expected in 3Q 2016

Electric Transmission System Enhancement Projects	• Reynolds to Topeka Project
	  • 100-mile, 345-kV transmission project
	  • ~$250M-$300M investment**
	• Greentown to Reynolds (*Joint Project)*
	  • 65-mile, 765-kV transmission project
	  • ~$300M-$400M investment (NIPSCO portion ~$150M-$200M)**
		• Substation construction has begun
		• Right of way acquisition in progress
		• Line, tower construction will begin later this year
		• Both projects expected to be in service by late 2018

~$10B in Identified Long-Term Infrastructure Investments

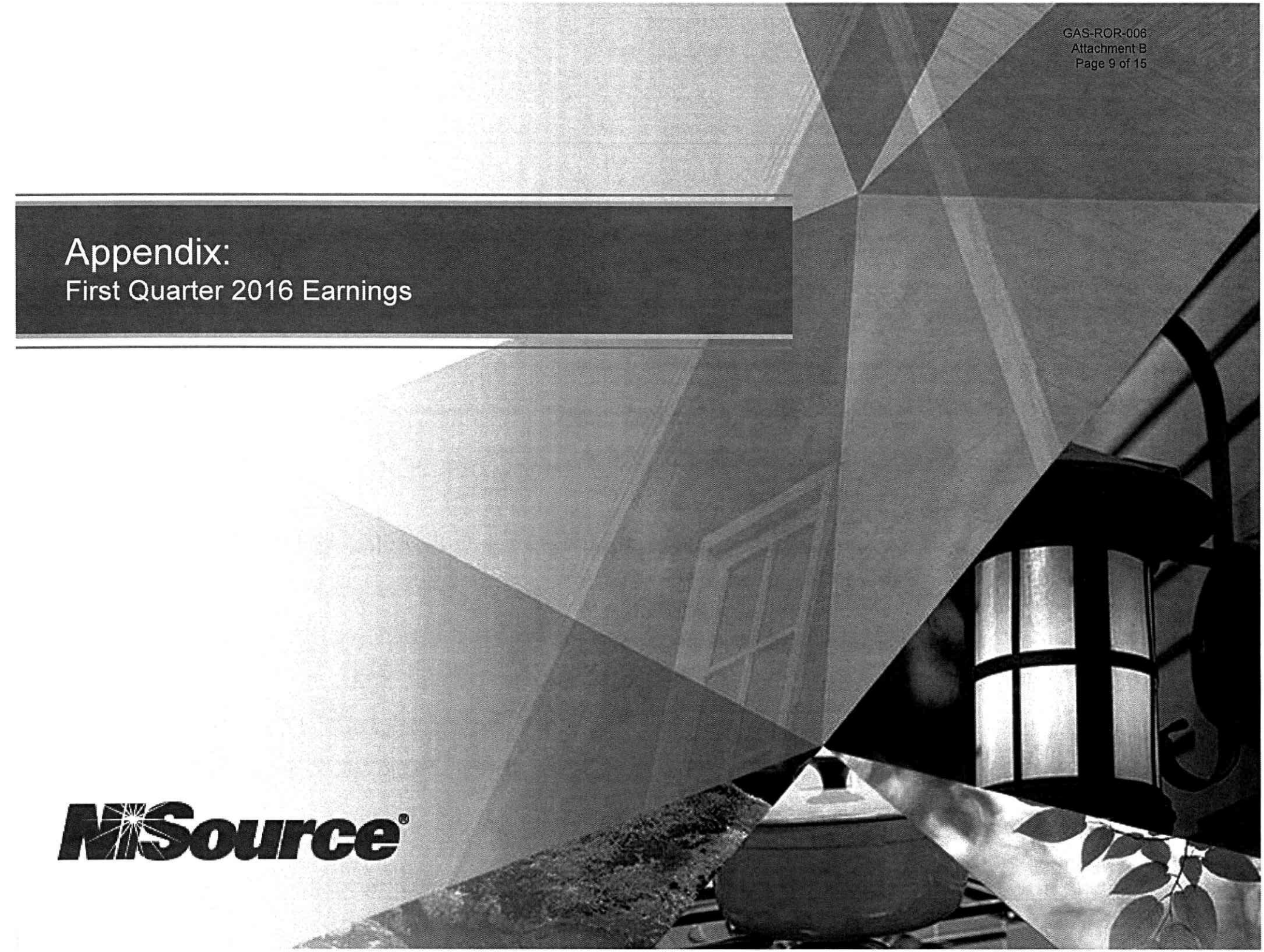
* Non-GAAP; For a reconciliation to GAAP, see Schedules 1 and 2 of the Company's May 3, 2016 Earnings Release
** Project cost estimates to be updated prior to the commencement of line construction

NiSource Strategic Framework

Aspiration	**Premier Regulated Utility Company**
Strategic Approach	**Delivering on Our Commitments** • Industry-leading safety and performance • Top-tier customer satisfaction • Investments that systematically and efficiently deliver service integrity • Dependable, predictable and timely service and emergency response • Growing our customer base by expanding into unserved areas • Recognized among the best places to work by all in our communities • Sustained year-to-year 4%-6% EPS and dividend growth
Value Proposition	**Best-in-Class Risk-Adjusted Total Return Proposition** • ~$30B of identified 100% regulated utility infrastructure investments • Scale across seven states • Transparent earnings and cash flow drivers • Constructive regulatory environments and mechanisms

Value Creation with Commitment to Investment-Grade Ratings

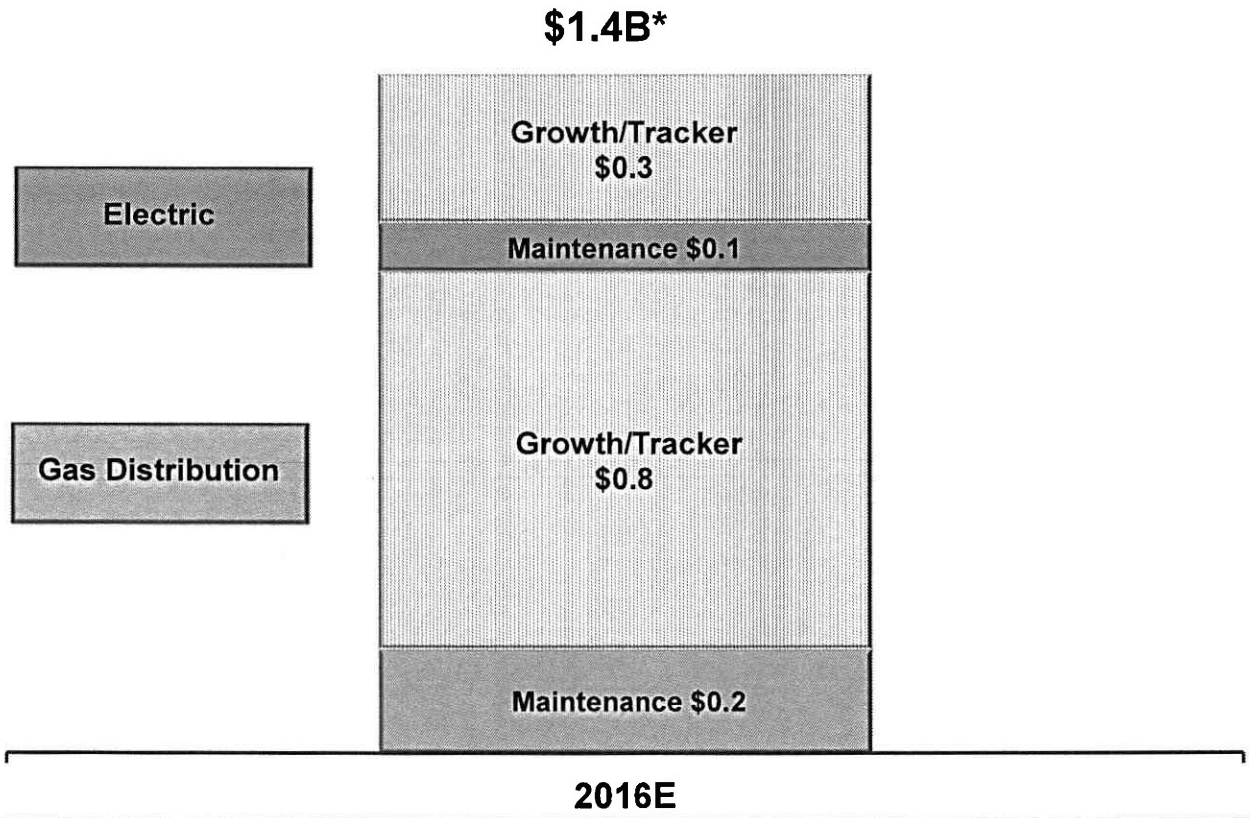
Appendix:
First Quarter 2016 Earnings



NiSource®

Capital Expenditures ($B)

Investments to Enhance System Safety and Reliability



2016 Growth/Tracker (77%) and Maintenance (23%)

* Includes $6M Corporate

Current Liquidity and Debt Detail ($M)

Current Liquidity

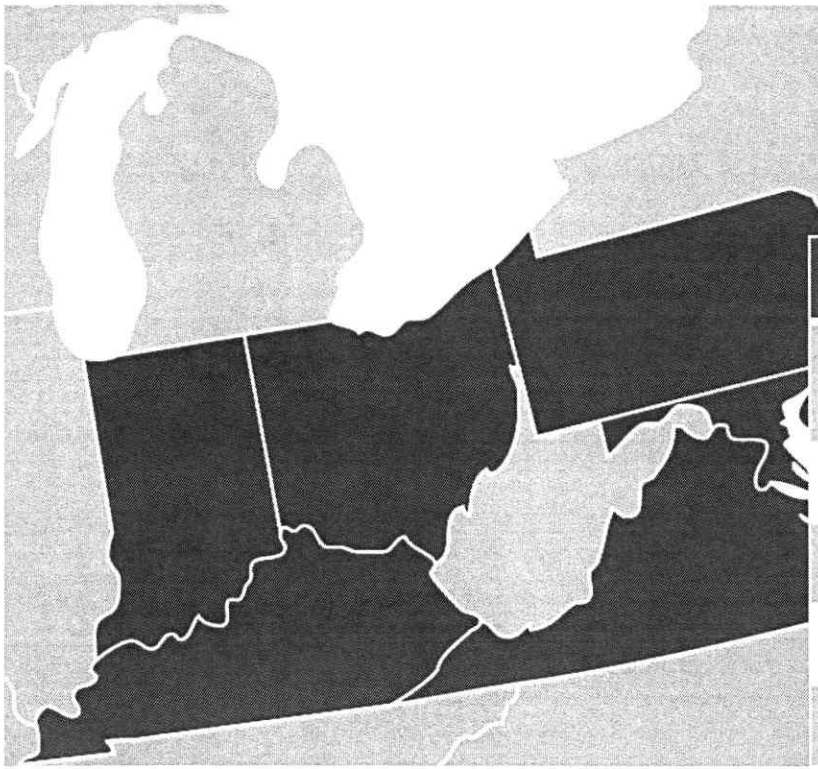
	Actual 3/31/16	Maturity
Revolving Credit Facility – NFC	$ 1,500	July 1, 2020
Accounts Receivable Program*	385	
Less:		
Drawn on Credit Facility – NFC	-	
Commercial Paper	(460)	
Accounts Receivable Program Utilized	(385)	
L/C's Outstanding Under Credit Facility	(15)	
Add:		
Cash & Equivalents	24	
Net Available Liquidity	**$ 1,049**	

Debt Detail

	Balance	Wtd. Avg. Rate**	Wtd. Avg. Maturity
Fixed Rate Long-Term Debt	$ 6,026	5.72%	14.31
Commercial Paper	460	1.00%	18 days
A/R Program Borrowings	385	0.84%	Approx. 1 mo.
Capital Leases, Def Cost & Other	144	N/A	N/A
Total Debt	**$ 7,015**		

* Represents the lesser of the seasonal limit or maximum borrowings supportable by the underlying receivables
** Represents coupon or current incremental borrowing rate, does not factor in fees and/or amortization of deferred charges
N/A = Not Applicable

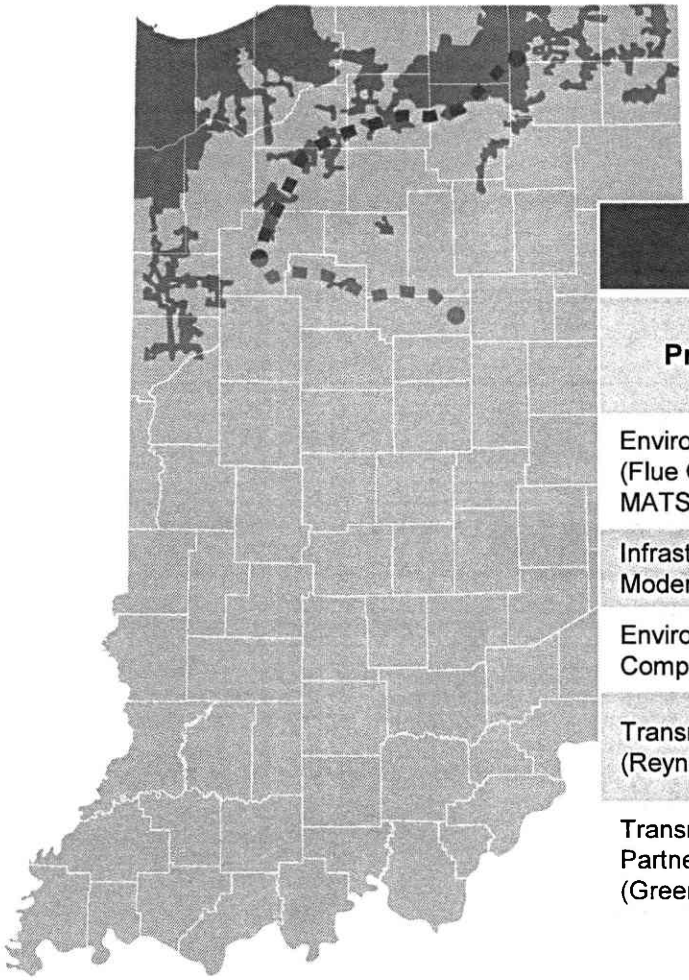
Gas Distribution Infrastructure Programs



Infrastructure Modernization Programs					
Company	**Year-End 2015 Rate Base**	**Identified Investments**	**Annual Investment**	**Recovery Mechanism**	**Investment Horizon**
Columbia Gas of OH	$1.9B	~$4.1B	$175M - $210M	Tracked	20-25 Years
Columbia Gas of PA	$1.2B	~$3.0B	$150M - $210M	Rate Case (Forward Test Year)	15-20 Years
NIPSCO Gas	$810M	~$4.5B	$100M - $130M	Tracked	20-25 Years
Columbia Gas of MA	$636M	~$1.4B	$50M - $70M	Tracked	15-20 Years
Columbia Gas of VA	$550M	~$550M	$25M - $35M	Tracked	15-20 Years
Columbia Gas of KY	$236M	~$750M	$10M - $20M	Tracked	25-30 Years
Columbia Gas of MD	$84M	~$200M	$5M - $15M	Tracked	15-20 Years

Robust Long-Term Investment Programs Deliver Value on $5.4B Rate Base

Electric Operations Investment Programs



Infrastructure Investment Programs/Projects

Program/Project	Identified Investments	Annual Investment	Recovery Mechanism	Program/Project Length
Environmental (Flue Gas Desulfurization, MATS)	~$850M	~$30M in 2016	Tracked	1 Year Remaining (FGDs Complete)
Infrastructure Modernization	~$6.8B	$175M - $225M	Tracked	20+ Years
Environmental Compliance	~$350M - $500M	TBD	Tracked	~5 Years
Transmission Project I* (Reynolds-Topeka)	~$250M - $300M	$35M - $50M	FERC Approved Formula Rates	Expected Completion 2H 2018
Transmission Project II* – Partnership (Greentown-Reynolds)	~$300M - $400M (NI: ~$150M-$200M)	$25M - $60M	FERC Approved Formula Rates	Expected Completion 2H 2018

High Value Electric Infrastructure Investments on $3.5B Rate Base**

*Project cost estimates to be updated prior to the commencement of line construction
**As of Year-End 2015

NiSource

Regulatory Update

2016 Rate Case and Program Renewal Activity		
Company/Filing	**Summary**	**Timeline***
In Progress		
NIPSCO Electric – Base Rate Case	Filed Increase: ~$127M Pending Settlement Increase: ~$73M	Filed: 10/1/2015 Settlement Filed: 2/19/2016 Effective: 4Q 2016
NIPSCO Electric – 7-Year Modernization Plan (TDSIC)	New 7-Year Plan Filing Pending Settlement (Investment of ~$1.2B)	Filed: 12/31/2015 Settlement Filed: 3/24/2016 Effective: 1Q 2017
Columbia Gas of Pennsylvania – Base Rate Case	Requested Increase: ~$55M	Filed: 3/18/2016 Effective: 4Q 2016
Columbia Gas of Virginia – Base Rate Case	Requested Increase: ~$37M	Filed: 4/29/2016 Effective: 4Q 2016
Columbia Gas of Maryland – Base Rate Case	Requested Increase: ~$6.5M	Filed: 4/15/2016 Effective: 4Q 2016
Complete		
NIPSCO Gas – 7-Year Modernization Plan (TDSIC3)	Tracker/Plan Update Filing (Investment of ~$800M) Annual Revenue Increase: ~$7.6M	Filed: 8/31/2015 Approved: 3/30/2016 Effective: 4/1/2016

Regulatory Execution that Drives Growth and Stakeholder Enhancements

* The period during which the new rates will be effective is estimated, and is subject to the decision of the applicable regulatory commission

Infrastructure Investment Programs

Company	Recovery Mechanism	Incremental Infrastructure Investments		Estimated Recovery Time Frame	
		Investment Period	Filed Investment	Filing Date	Effective Date
Columbia Gas of Ohio	Infrastructure Replacement Program (IRP)	Jan 2015 – Dec 2015	~$185M	Feb 2016	May 2016
Columbia Gas of Pennsylvania *	Base Rate Case with Fully Forecasted Test Year	Jan 2017 – Dec 2017	~$204M	Mar 2016	Dec 2016
Columbia Gas of Virginia	Steps to Advance Virginia's Energy Plan (SAVE)	Jan 2016 – Dec 2016	~$30M	Aug 2015	Jan 2016
Columbia Gas of Massachusetts	Gas System Enhancement Plan (GSEP)	Jan 2016 – Dec 2016	~$59M	Oct 2015	May 2016
Columbia Gas of Kentucky	Accelerated Main Replacement Program (AMRP)	Jan 2016 – Dec 2016	~$16M	Oct 2015	Jan 2016
Columbia Gas of Maryland	Strategic Infrastructure Development and Enhancement (STRIDE)	Jan 2016 – Dec 2016	~$9M	Nov 2015	Jan 2016
NIPSCO – Gas	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	May 2014 – Jun 2015 Jul 2015 – Dec 2015	~$74M ~$73M	Aug 2015 Feb 2016	Apr 2016 Jun 2016
NIPSCO – Electric **	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	Jan 2016 – Apr 2016 May 2016 – Apr 2017	TBD TBD	Jul 2016 Jul 2017	Feb 2017 Oct 2017

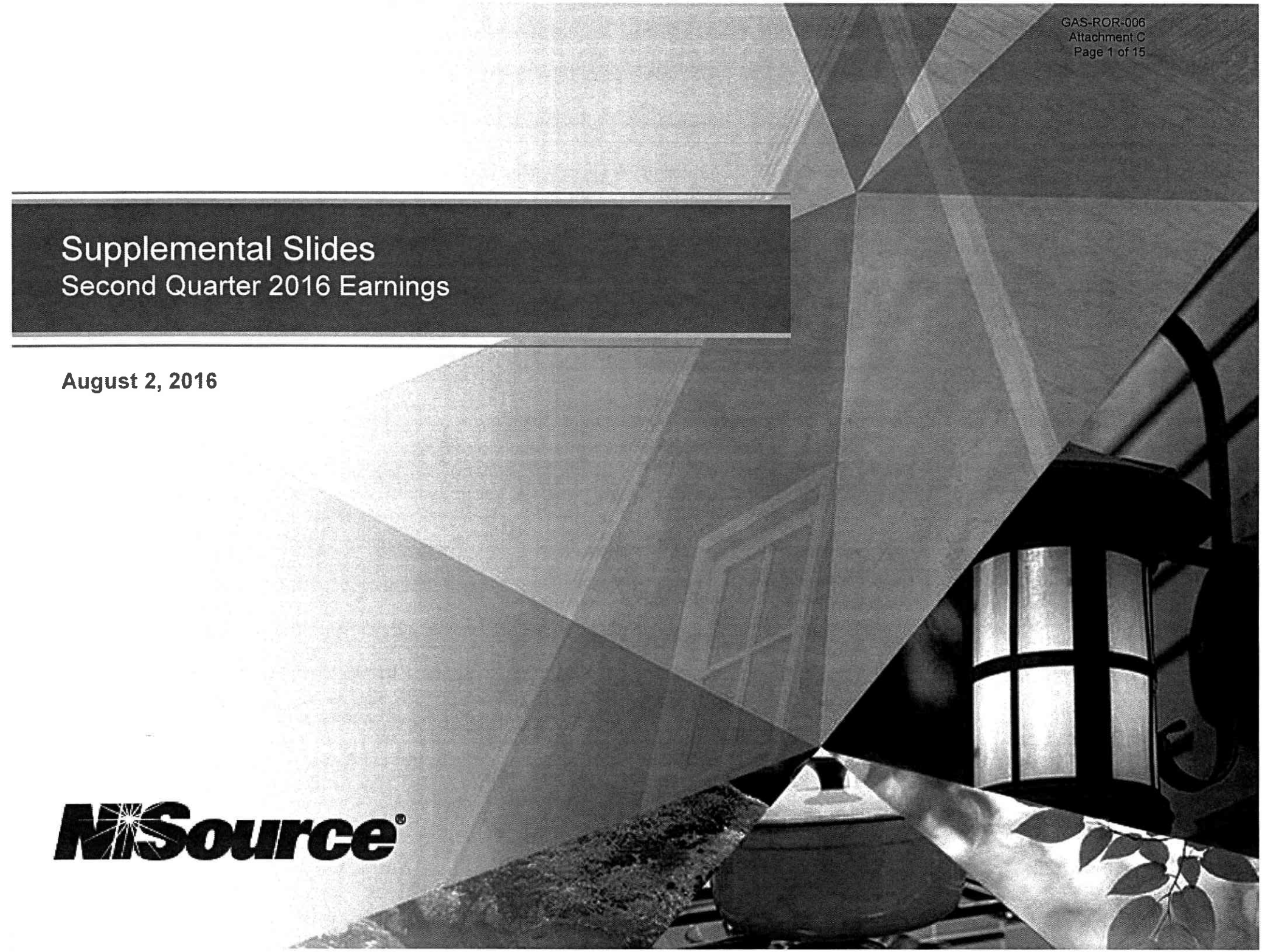
Timely Infrastructure Investment and Recovery

* Pennsylvania also allows for a tracking mechanism for infrastructure investments – Distribution System Improvement Charge (DSIC)
** Pending commission approval of the filed 7-year plan settlement

NiSource

Supplemental Slides
Second Quarter 2016 Earnings

August 2, 2016



NiSource®

Forward-Looking Statements

Forward-Looking Statements

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Key Takeaways – Second Quarter 2016

- **Narrowing of 2016 guidance range on solid financial and operational results**
  - Now expect to deliver 2016 net operating earnings* of $1.05 to $1.10 per share
  - $0.08 net operating EPS in Q2 2016 versus $0.00 per share in Q2 2015*
  - Strong start to construction programs supports updated capital plan at nearly $1.5B in 2016
- **Continued progress positions NiSource as a premier regulated utility company**
  - Orders received in NIPSCO's long-term electric infrastructure modernization plan and electric base rate case
  - Rate case filed in Kentucky; settlement filed in Maryland; cases progressing on schedule in Pennsylvania and Virginia
- **Sustainable and growing dividend, strong financial foundation**
  - 6.5% annual dividend increase declared on May 11
  - $619M net available liquidity**
- **Solid investment-grade credit ratings**
  - Fitch upgrades NiSource rating from BBB- to BBB, with stable outlook
  - NiSource maintains ratings of BBB+ and Baa2 at Standard & Poor's and Moody's, respectively

Continued Execution & Growth

* Net Operating Earnings from Continuing Operations (non-GAAP); For a reconciliation to GAAP, see Schedule 1 of the Company's Aug. 2, 2016 Earnings Release
** Consisting of cash and available capacity under credit facilities

Second Quarter 2016 Financial Highlights*

Non-GAAP**	Q2 2016	Q2 2015	Change
Net Operating Earnings from Continuing Operations ($M)	$26.3	$1.4	$24.9
Net Operating Earnings Per Share	$0.08	$0.00	$0.08
Operating Earnings ($M)	$134.3	$102.7	$31.6

GAAP	Q2 2016	Q2 2015	Change
Income from Continuing Operations ($M)	$28.7	($73.1)	$101.8
Earnings Per Share	$0.09	($0.23)	$0.32
Operating Income ($M)	$138.2	$84.4	$53.8

Updated 2016 Guidance: $1.05 - $1.10 Per Share**

* In millions, except for earnings per share
** Net Operating Earnings from Continuing Operations (non-GAAP); For a reconciliation to GAAP, see Schedule 1 of the Company's Aug. 2, 2016 Earnings Release and the supplemental segment and financial information accompanying this presentation available on the investor section of www.nisource.com.

NiSource Debt and Credit Profile

Strong Financial Foundation for Utility Growth Investments

- **Current debt level: ~$7.27B as of June 30, 2016**
  - ~$6.0B of long-term debt
    - Weighted average maturity ~14 years
    - Weighted average rate of ~5.72%
- **Solid liquidity position**
  - ~$1.7B of committed facilities in place
    - ~$1.5B 5-year revolving credit facility
    - ~$0.2B* accounts receivable securitization facilities
  - ~$619M in net available liquidity as of June 30, 2016**
- **Committed to investment-grade credit ratings**
  - S&P BBB+ | Moody's Baa2 | Fitch BBB (upgraded from BBB-)

2016 Capital Expenditures Expected to be nearly $1.5B

* Committed capacity on accounts receivable securitization facilities changes with seasonality
** Consisting of cash and available capacity under credit facilities

Gas Distribution Operations – Second Quarter 2016

- Operating Earnings $73.3M in 2016 vs. $55.6M in 2015*
- Significant progress on regulatory initiatives across several states
- New bill format introduced across all states
- Ongoing infrastructure enhancements on track, and designed to improve system safety, reliability, environmental performance and customer service

Key Milestones:

Highlight	Key Components	Status
Columbia Gas of Kentucky Base Rate Case	• Requested $25.4M annual revenue increase • Supports the company's ongoing initiatives to improve overall system safety and reliability	• Filed May 27, 2016 • Order expected by YE 2016
Columbia Gas of Pennsylvania Base Rate Case	• Requested $55.3M annual revenue increase • Supports continued upgrades and replacement of natural gas infrastructure • Rate request based on capital investments and programs to enhance pipeline safety • Filing includes enhanced customer growth provisions	• Filed March 18, 2016 • Order expected by YE 2016
Columbia Gas of Virginia Base Rate Case	• Requested $37.0M annual revenue increase • Supports ongoing safety and reliability initiatives, increased demand for service	• Filed April 29, 2016 • Order expected early 2017 • Rates in effect Oct. 1, 2016, subject to refund
Columbia Gas of Maryland Base Rate Case	• Requested $6.5M annual revenue increase • Settlement calls for $3.7M annual revenue increase • Supports continued replacement of aging infrastructure and pipeline safety upgrades • Settlement includes enhanced customer growth provisions	• Filed April 15, 2016 • Settlement filed July 27, 2016 • New rates expected to be in effect in November 2016
NIPSCO Gas System Modernization Program	• Seven-year, ~$800M investment focused on system modernization to improve service and reliability, and customer growth	• TDSIC 4 - semi-annual tracker update approved June 22, 2016; increases annual revenue by $6.7M

~$20B in Identified Long-Term Infrastructure Investments

* Operating Earnings (non-GAAP); For a reconciliation to GAAP, see the Company's Aug. 2, 2016 supplemental segment and financial information accompanying this presentation and available on the investor section of www.nisource.com.

Electric Operations – Second Quarter 2016

- Operating Earnings $64.0M in 2016 vs. $56.6M in 2015*
- Settlement approved in seven-year $1.2B electric system modernization program
- Settlement approved in electric base rate case; new rates effective Oct. 1, 2016
- Two electric transmission projects on schedule, with line and tower construction underway

Key Milestones:

Highlight	Key Components	Status
Electric Base Rate Case	• $72.5M annual revenue increase • Provides platform for continued investments and service improvements for customers	• Settlement approved on July 18, 2016 • Rates effective Oct. 1, 2016
Electric System Modernization Program	• Supports recovery of more than $1.2B in investments over seven years • Focused on electric transmission and distribution investments designed to improve system reliability and safety	• Settlement approved on July 12, 2016 • Cost recovery to begin 1Q 2017

Electric Transmission System Enhancement Projects	• Reynolds to Topeka Project
	  • 100-mile, 345-kV transmission project
	  • ~$350M-$400M investment
	• Greentown to Reynolds (*Joint Project)*
	  • 65-mile, 765-kV transmission project
	  • ~$350M-$400M investment (NIPSCO portion ~$175M-$200M)
		• Right-of-way acquisition nearly complete
		• Substation, line and tower construction underway
		• Both projects expected to be in service by late 2018

Approved Settlements Reinforce Confidence in Long-Term Investment Programs

* Operating Earnings (non-GAAP); For a reconciliation to GAAP, see the Company's Aug. 2, 2016 Earnings Release and supplemental segment and financial information accompanying this presentation and available on the investor section of www.nisource.com.

NiSource Strategic Framework

Aspiration

Premier Regulated Utility Company

Strategic Approach

Delivering on Our Commitments

- Industry-leading safety and performance
- Top-tier customer satisfaction
- Investments that systematically and efficiently deliver service integrity
- Dependable, predictable and timely service and emergency response
- Growing our customer base by expanding into unserved areas
- Recognized among the best places to work by all in our communities
- Sustained year-to-year 4%-6% net operating earnings and dividend growth

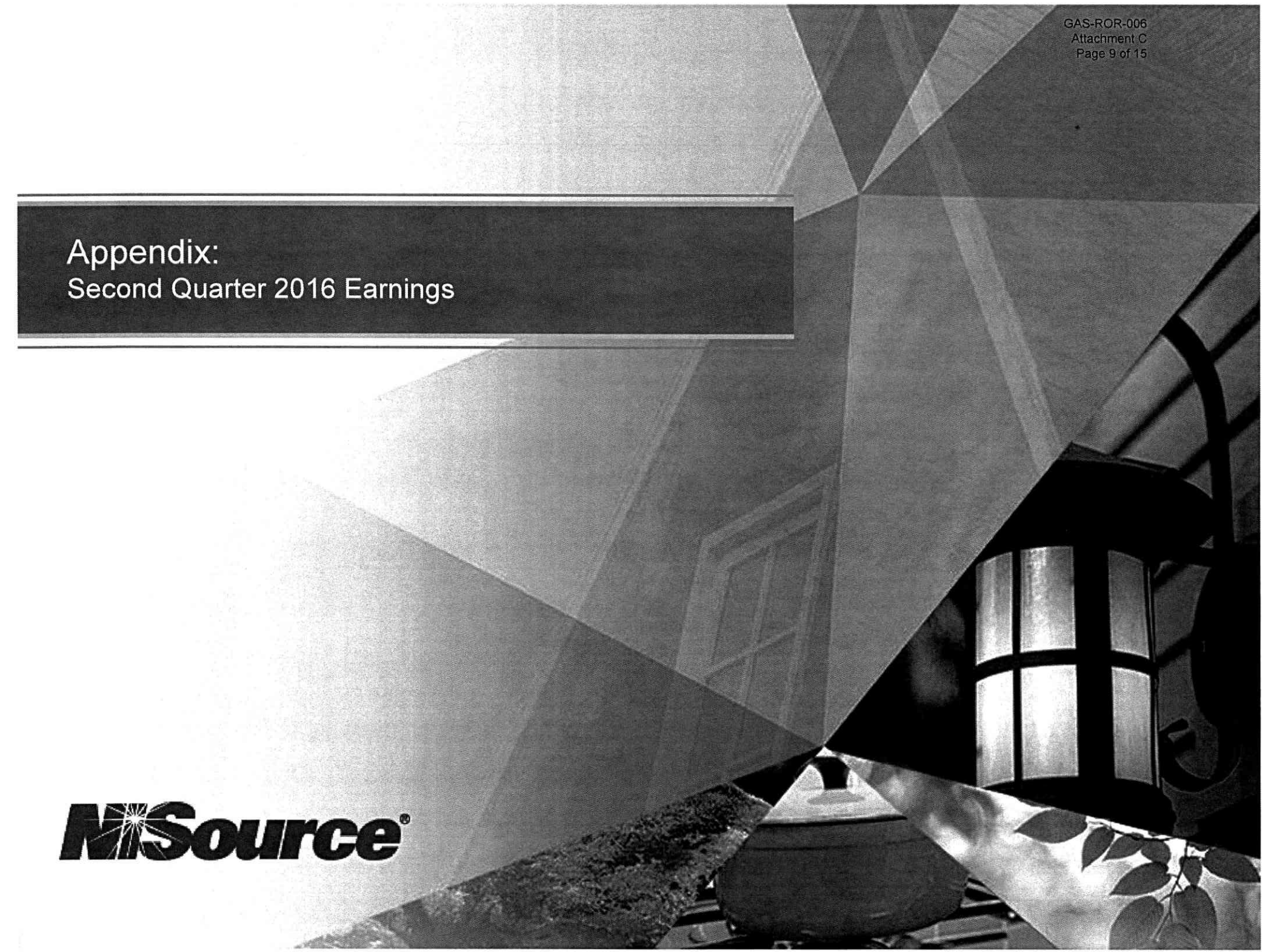
Value Proposition

Best-in-Class Risk-Adjusted Total Return Proposition

- ~$30B of identified 100% regulated utility infrastructure investments
- Scale across seven states
- Transparent earnings and cash flow drivers
- Constructive regulatory environments and mechanisms

Sustainable, Long-Term Value Creation with Commitment to Investment-Grade Ratings

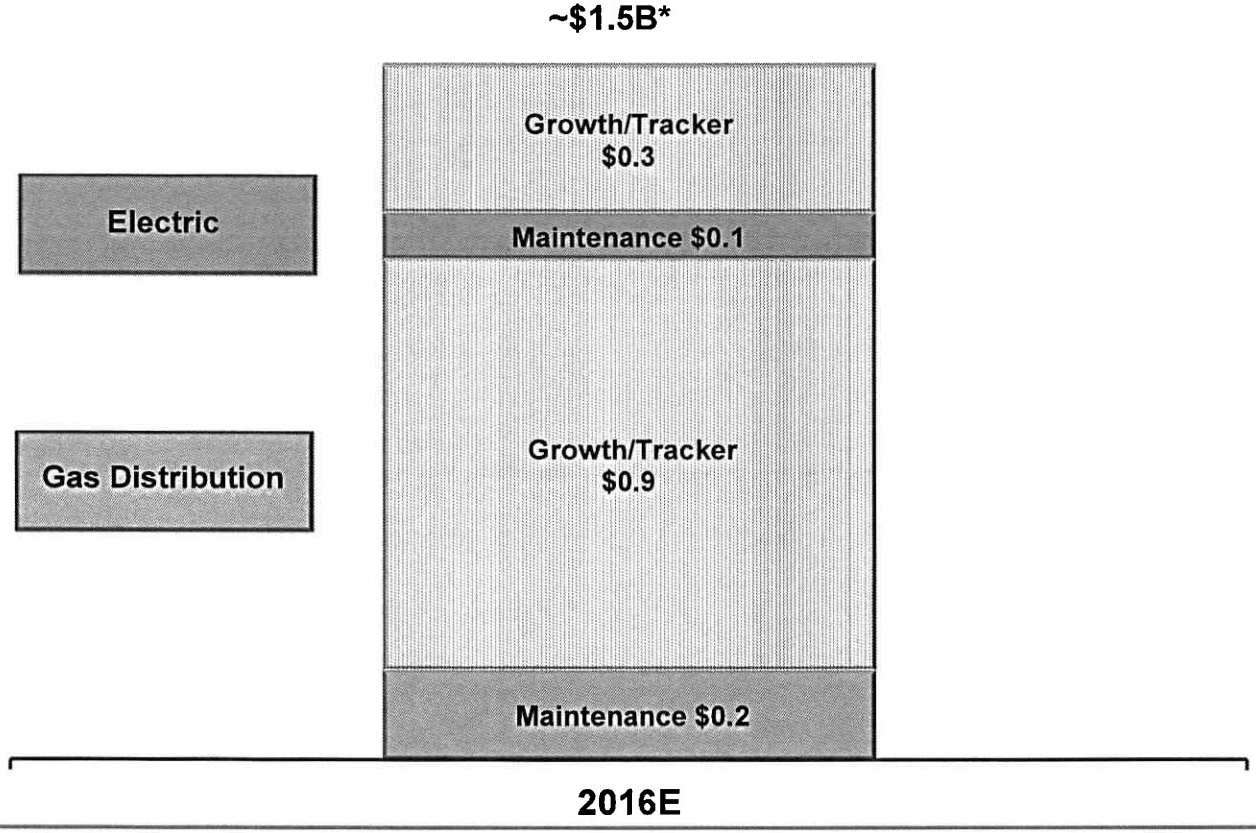
Appendix:
Second Quarter 2016 Earnings



NiSource®

Capital Expenditures ($B)

Investments to Enhance System Safety and Reliability



2016 Growth/Tracker (80%) and Maintenance (20%)

*Includes $6M Corporate

Current Liquidity and Debt Detail ($M)

Current Liquidity

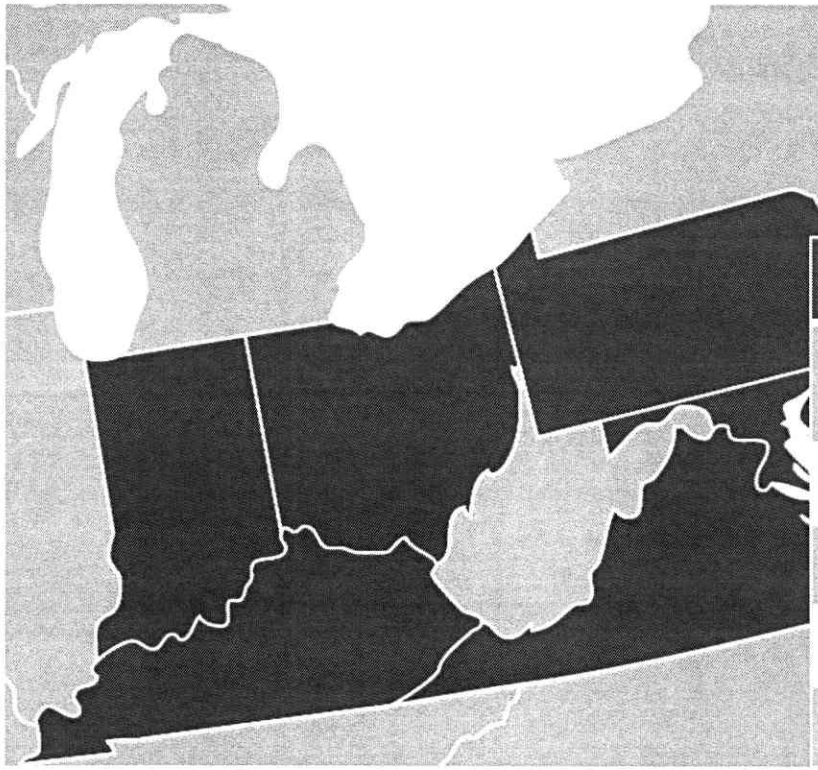
	Actual 6/30/16	Maturity
Revolving Credit Facility – NFC	$ 1,500	July 1, 2020
Accounts Receivable Program*	219	
Less:		
Drawn on Credit Facility – NFC	-	
Commercial Paper	(882)	
Accounts Receivable Program Utilized	(219)	
L/C's Outstanding Under Credit Facility	(15)	
Add:		
Cash & Equivalents	16	
Net Available Liquidity	**$ 619**	

Debt Detail

	Balance	Wtd. Avg. Rate**	Wtd. Avg. Maturity
Fixed Rate Long-Term Debt	$ 6,025	5.72%	14.06
Commercial Paper	882	1.09%	26 days
A/R Program Borrowings	219	0.87%	Approx. 1 mo.
Capital Leases, Def Cost & Other	144	N/A	N/A
Total Debt	**$ 7,270**		

* Represents the lesser of seasonal limit or maximum borrowings supportable by underlying receivables
** Represents coupon or current incremental borrowing rate; does not factor in fees and/or amortization of deferred charges
N/A = Not Applicable

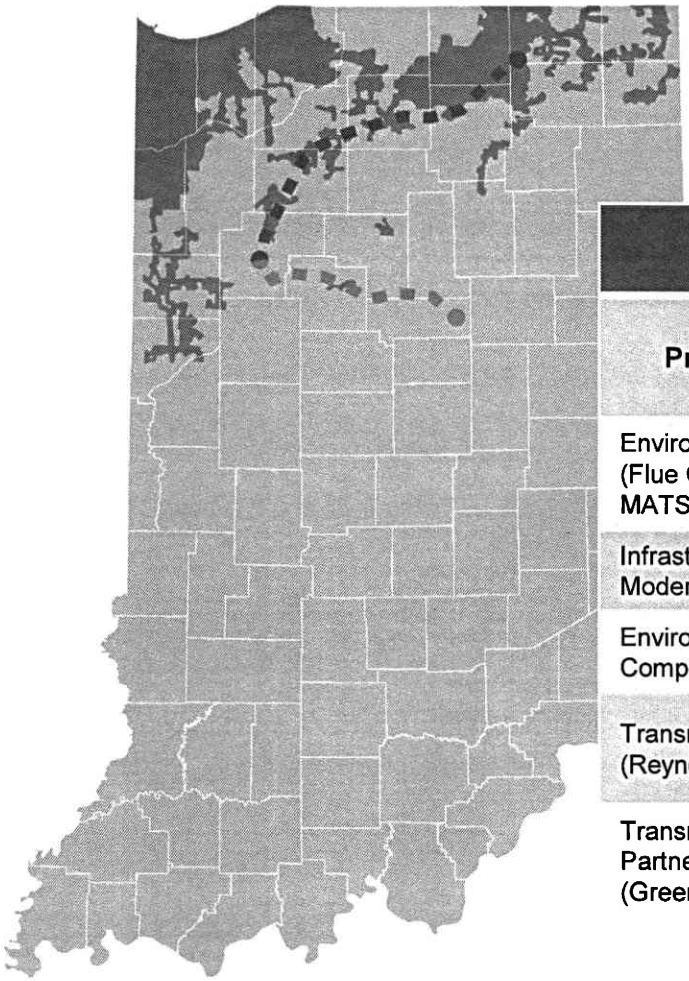
Gas Distribution Infrastructure Programs



Infrastructure Modernization Programs					
Company	**Year-End 2015 Rate Base**	**Identified Investments**	**Annual Investment**	**Recovery Mechanism**	**Investment Horizon**
Columbia Gas of OH	$1.9B	~$4.1B	$175M - $240M	Tracked	20-25 Years
Columbia Gas of PA	$1.2B	~$3.0B	$150M - $210M	Rate Case (Forward Test Year)	15-20 Years
NIPSCO Gas	$810M	~$4.5B	$100M - $130M	Tracked	20-25 Years
Columbia Gas of MA	$636M	~$1.4B	$50M - $70M	Tracked	15-20 Years
Columbia Gas of VA	$550M	~$550M	$25M - $35M	Tracked	15-20 Years
Columbia Gas of KY	$236M	~$750M	$10M - $20M	Tracked	25-30 Years
Columbia Gas of MD	$84M	~$200M	$5M - $15M	Tracked	15-20 Years

Robust Long-Term Investment Programs Deliver Value on $5.4B Rate Base

Electric Operations Investment Programs



Infrastructure Investment Programs/Projects				
Program/Project	**Identified Investments**	**Annual Investment**	**Recovery Mechanism**	**Program/Project Length**
Environmental (Flue Gas Desulfurization, MATS)	~$850M	~$30M in 2016	Tracked/Rate Base	1 Year Remaining (FGDs Complete)
Infrastructure Modernization	~$6.8B	~$120M - $220M	Tracked	20+ Years
Environmental Compliance	~$350M - $500M	TBD	Tracked	~5 Years
Transmission Project I (Reynolds-Topeka)	~$350M - $400M	~$50M - $140M	FERC Approved Formula Rates	Expected Completion 2H 2018
Transmission Project II – Partnership (Greentown-Reynolds)	~$350M - $400M (NI: ~$175M-$200M)	~$25M - $70M	FERC Approved Formula Rates	Expected Completion 2H 2018

High Value Electric Infrastructure Investments on $3.5B Rate Base*

* As of Year-End 2015

Regulatory Update

2016 Rate Case and Program Renewal Activity		
Company/Filing	**Summary**	**Timeline***
In Progress		
Columbia Gas of Pennsylvania – Base Rate Case	Requested Increase: ~$55M	Filed: 3/18/2016 Effective: 4Q 2016
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Columbia Gas of Kentucky – Base Rate Case	Requested Increase: ~$25.4M	Filed: 5/27/2016 Effective: 4Q 2016
Complete		
NIPSCO Gas – 7-Year Modernization Plan (TDSIC 4)	Tracker/Plan Update Filing (Investment of ~$800M) Annual Revenue Increase: ~$6.7M	Filed: 2/29/2016 Approved: 6/22/2016 Effective: 6/1/2016
NIPSCO Electric – Base Rate Case	Filed Increase: ~$127M Settled Increase:~$73M	Filed: 10/1/2015 Settlement Approved: 7/18/2016 Effective: 10/1/2016
NIPSCO Electric – 7-Year Modernization Plan (TDSIC)	New 7-Year Plan Filing (Investment of ~$1.2B)	Filed: 12/31/2015 Settlement Approved: 7/12/2016 Effective: 2/1/2017

Regulatory Execution that Drives Growth and Stakeholder Enhancements

* The period during which the new rates will be effective is estimated, and is subject to the decision of the applicable regulatory commission

Infrastructure Investment Programs

Company	Recovery Mechanism	Incremental Infrastructure Investments		Estimated Recovery Time Frame	
		Investment Period	Investment Amount	Filing Date	Effective Date
Columbia Gas of Ohio	Infrastructure Replacement Program (IRP)	Jan 2015 – Dec 2015	~$185M	Feb 2016	May 2016
Columbia Gas of Pennsylvania *	Base Rate Case with Fully Forecasted Test Year	Jan 2017 – Dec 2017	~$204M	Mar 2016	Dec 2016
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Columbia Gas of Maryland	Strategic Infrastructure Development and Enhancement (STRIDE)	Jan 2016 – Dec 2016	~$9M	Nov 2015	Jan 2016
NIPSCO – Gas	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 3: May 2014 – Jun 2015 TDSIC 4: Jul 2015 – Dec 2015	~$74M ~$72M	Aug 2015 Feb 2016	Apr 2016 Jun 2016
NIPSCO – Electric	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 1:Jan 2016 – Apr 2016 TDSIC 2: May 2016 – Apr 2017	~$46M TBD	Jul 2016 Jul 2017	Feb 2017 Oct 2017

Timely Infrastructure Investment and Recovery

* Pennsylvania also allows for a tracking mechanism for infrastructure investments – Distribution System Improvement Charge (DSIC)

Supplemental Slides
Third Quarter 2016 Earnings

November 1, 2016



NiSource®

Forward-Looking Statements

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Examples of forward-looking statements in this presentation include statements and expectations regarding NiSource's business, performance, infrastructure or utility investments and growth. Factors that could cause actual results to differ materially from the projections, forecasts, estimates, plans and expectations discussed in this presentation include, but are not limited to, NiSource's debt obligations; any changes in NiSource's credit rating; NiSource's ability to execute its growth strategy; changes in general economic, capital and commodity market conditions; pension funding obligations; economic regulation and the impact of regulatory rate reviews; compliance with environmental laws and the costs of associated liabilities; fluctuations in demand from residential and commercial customers; economic conditions of certain industries; the price of energy commodities and related transportation costs; the reliability of customers and suppliers to fulfill their payment and contractual obligations; potential impairments of goodwill or definite-lived intangible assets; changes in taxation and accounting principles; potential incidents and other operating risks associated with our business; the impact of an aging infrastructure; the impact of climate change; potential cyber-attacks; risks associated with construction and natural gas cost and supply; extreme weather conditions; the ability of subsidiaries to generate cash; uncertainties related to the expected benefits of the separation of Columbia Pipeline Group Inc. and other matters referenced in the "Risk Factors" section of NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and in other filings with the Securities and Exchange Commission. NiSource expressly disclaims any duty to update, supplement or amend any of its forward-looking statements contained in this presentation, whether as a result of new information, subsequent events or otherwise, except as required by applicable law.

Regulation G Disclosure Statement

This presentation includes financial results and guidance for NiSource with respect to net operating earnings and operating earnings, which are non-GAAP financial measures as defined by the SEC's Regulation G. The company includes such measures because management believes they permit investors to view the company's performance using the same tools that management uses and to better evaluate the Company's ongoing business performance. With respect to such guidance, it should be noted that there will likely be differences between such measures and GAAP equivalents due to various factors, including, but not limited to, fluctuations in weather, asset sales and impairments, separation transaction-related and other items included in GAAP results. NiSource is not able to estimate the impact of such factors on GAAP earnings and, as such, is not providing earnings guidance on a GAAP basis.

Key Takeaways – Third Quarter 2016

- **2016 guidance range reaffirmed**
  - Expects to deliver 2016 net operating earnings* of $1.05 to $1.10 per share
  - $0.06 net operating EPS in Q3 2016 versus $0.06 per share in Q3 2015*
  - Expects to complete ~$1.5B in capital investments in 2016
- **2017 earnings, capital plan guidance initiated**
  - Expects 2017 net operating earnings* of $1.12 to $1.18 per share
  - 2017 capital plan forecast at ~$1.5B
- **Continued progress on regulatory initiatives**
  - Settlement reached in Kentucky base rate case; settlements approved in Pennsylvania and Maryland
  - Interim base rates implemented in Virginia, with order expected in early 2017
  - New electric base rates in effect in Indiana
- **NIPSCO to submit Integrated Resource Plan Nov. 1**
- **Solid investment-grade credit ratings; strong financial foundation**

4-6% EPS and Dividend Growth Projected Over Long Term**

* Net Operating Earnings from Continuing Operations (non-GAAP); For a reconciliation to GAAP, see Schedule 1 of the Company's Nov. 1, 2016 Earnings Release
**Net Operating Earnings Per Share from Continuing Operations (Non-GAAP)

Third Quarter 2016 Financial Highlights*

Non-GAAP**	Q3 2016	Q3 2015	Change
Net Operating Earnings from Continuing Operations ($M)	$19.3	$18.5	$0.8
Net Operating Earnings Per Share	$0.06	$0.06	$0.00
Operating Earnings ($M)	$106.7	$115.8	($9.1)

GAAP	Q3 2016	Q3 2015	Change
Income from Continuing Operations ($M)	$23.7	$14.8	$8.9
Earnings Per Share	$0.07	$0.05	$0.02
Operating Income ($M)	$113.7	$109.7	$4.0

2016 Guidance: $1.05 - $1.10 Per Share**

* In millions, except for earnings per share
** Net Operating Earnings from Continuing Operations (non-GAAP); For a reconciliation to GAAP, see Schedule 1 of the Company's Nov. 1, 2016 Earnings Release and the supplemental segment and financial information accompanying this presentation available on the investor section of www.nisource.com.

NiSource Debt and Credit Profile

Strong Financial Foundation to Support Long-Term Utility Growth Investments

- **Current debt level: ~$7.74B as of September 30, 2016**
  - ~$6.7B of long-term debt
    - Weighted average maturity ~13 years
    - Weighted average rate of 5.39%
- **Solid liquidity position**
  - ~$1.7B of committed facilities in place
    - ~$1.5B 5-year revolving credit facility
    - ~$0.2B* accounts receivable securitization facilities
  - ~$677M in net available liquidity as of September 30, 2016**
- **Committed to investment-grade credit ratings**
  - S&P BBB+ | Moody's Baa2 | Fitch BBB

2016 Capital Expenditures Expected to be ~$1.5B

* Committed capacity on accounts receivable securitization facilities changes with seasonality
** Consisting of cash and available capacity under credit facilities

Gas Distribution Operations – Third Quarter 2016

- Operating Earnings $5.1M in 2016 vs. $21.6M in 2015*
- Significant progress on regulatory initiatives across several states
- Ongoing infrastructure enhancements on track, and designed to improve system safety, reliability, environmental performance and customer service

Key Milestones:

Highlight	Key Components	Status
Columbia Gas of Pennsylvania Base Rate Case	• Supports continued upgrades and replacement of natural gas infrastructure • Rate request based on capital investments and programs to enhance pipeline safety • Filing includes enhanced customer growth provisions • Requested $55.3M annual revenue increase; Settlement includes - $35.0M annual revenue increase	• Filed March 18, 2016 • Settlement approved Oct. 27, 2016 • New rates in effect Dec. 19, 2016
Columbia Gas of Virginia Base Rate Case	• Supports ongoing safety and reliability initiatives, increased demand for service • Requested $37.0M annual revenue increase	• Filed April 29, 2016 • Interim rates in effect Sept. 28, 2016, subject to refund • Order expected early 2017
Columbia Gas of Kentucky Base Rate Case	• Supports the company's ongoing initiatives to improve overall system safety and reliability • Requested $25.4M annual revenue increase; Settlement includes - $13.4M annual revenue increase	• Filed May 27, 2016 • Settlement filed: Oct. 20, 2016 • Order expected by YE 2016
Columbia Gas of Maryland Base Rate Case	• Supports continued replacement of aging infrastructure and pipeline safety upgrades • Settlement includes enhanced customer growth provisions • Requested $6.5M annual revenue increase; Settlement approved - $3.7M annual revenue increase	• Filed April 15, 2016 • Settlement approved Oct. 27, 2016 • New rates in effect Oct. 27, 2016
NIPSCO Gas System Modernization Program	• Seven-year, ~$800M investment focused on system modernization to improve service and reliability, and customer growth	• TDSIC 5 - semi-annual tracker filed Aug. 2016; additional $67M of investments in 1H 2016

~$20B in Identified Long-Term Infrastructure Investments

* Operating Earnings (non-GAAP); For a reconciliation to GAAP, see the Company's Nov. 1, 2016 supplemental segment and financial information accompanying this presentation and available on the investor section of www.nisource.com.

Electric Operations – Third Quarter 2016

- Operating Earnings $104.6M in 2016 vs. $101.6M in 2015*
- Settlement approved in seven-year $1.25B electric system modernization program
- Settlement approved in electric base rate case; new rates became effective Oct. 1, 2016
- Two electric transmission projects on schedule, with line and tower construction underway
- Integrated Resource Plan (IRP) to be submitted Nov. 1

Key Milestones:

Highlight	Key Components	Status
Electric Base Rate Case	• Provides platform for continued investments and service improvements for customers • $72.5M annual revenue increase	• Settlement approved on July 18, 2016 • Rates effective Oct. 1, 2016
Electric System Modernization Program	• Focused on electric transmission and distribution investments designed to improve system reliability and safety • Supports recovery of ~1.25B in investments through 2022	• Settlement approved on July 12, 2016 • TDSIC 1 filed June 2016

Electric Transmission System Enhancement Projects	• Reynolds to Topeka Project
	  • 100-mile, 345-kV transmission project
	  • ~$350M-$400M investment
	• Greentown to Reynolds (*Joint Project)*
	  • 65-mile, 765-kV transmission project
	  • ~$350M-$400M investment (NIPSCO portion ~$175M-$200M)
		• Right-of-way acquisition nearly complete
		• Substation, line and tower construction underway
		• Both projects expected to be in service by 2H 2018

Integrated Resource Plan (IRP)	• Outlines NIPSCO's plans for meeting customers' long-term electricity needs • Goal is to provide affordable, clean energy while maintaining flexibility for future technology and market changes • Remains consistent with future generation strategy previewed in August	• To be submitted Nov. 1, 2016

Approved Settlements Reinforce Confidence in Long-Term Investment Programs

* Operating Earnings (non-GAAP); For a reconciliation to GAAP, see the Company's Nov. 1, 2016 Earnings Release and supplemental segment and financial information accompanying this presentation and available on the investor section of www.nisource.com.

NiSource Strategic Framework

Aspiration

Premier Regulated Utility Company

Strategic Approach

Delivering on Our Commitments

- Industry-leading safety and performance
- Top-tier customer satisfaction
- Investments that systematically and efficiently deliver service integrity
- Dependable, predictable and timely service and emergency response
- Growing our customer base by expanding into unserved areas
- Recognized among the best places to work by all in our communities
- Sustained year-to-year 4%-6% net operating earnings and dividend growth

Value Proposition

Best-in-Class Risk-Adjusted Total Return Proposition

- ~$30B of identified 100% regulated utility infrastructure investments
- Scale across seven states
- Transparent earnings and cash flow drivers
- Constructive regulatory environments and mechanisms

Sustainable, Long-Term Value Creation with Commitment to Investment-Grade Ratings

Appendix:
Third Quarter 2016 Earnings

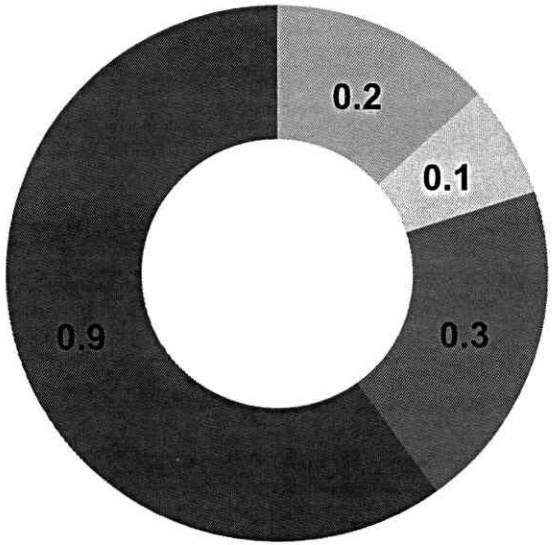


NiSource®

Capital Expenditures ($B)*

Investments Deliver Customer Value, Enhance System Safety and Reliability

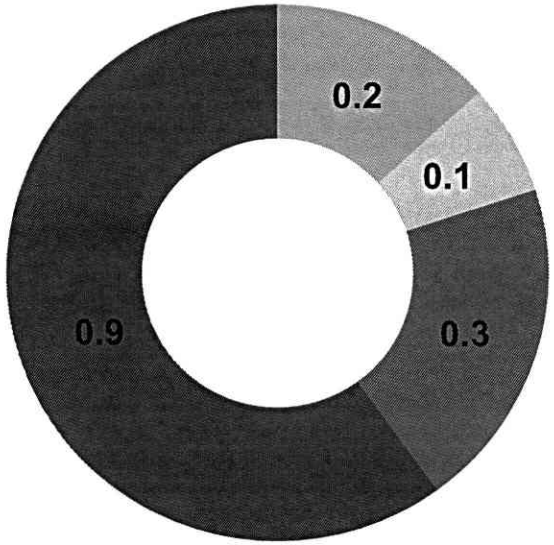
2016E = ~$1.5B



Electric

Growth/Tracker | Maintenance

2017E = ~$1.5B



Gas Distribution

Growth/Tracker | Maintenance

Growth/Tracker (80%) and Maintenance (20%)

*Includes Corporate (2016E = $21M, 2017E = $12M)

Current Liquidity and Debt Detail ($M)

Current Liquidity

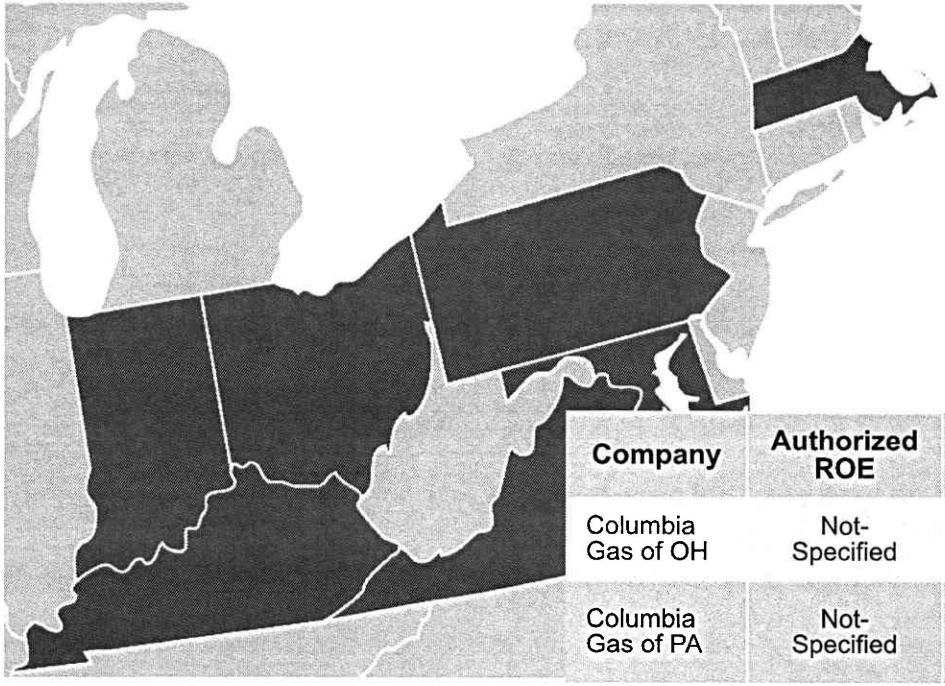
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Less:		
Drawn on Credit Facility – NFC	—	
Commercial Paper	824	
Accounts Receivable Program Utilized	235	
L/C's Outstanding Under Credit Facility	15	
Add:		
Cash & Equivalents	16	
Net Available Liquidity	**$ 677**	

Debt Detail

	Balance	Wtd. Avg. Rate**	Wtd. Avg. Maturity
Long-Term Debt	$ 6,526	5.39%	12.94
Commercial Paper	824	1.07%	25 days
A/R Program Borrowings	235	0.86%	Approx. 1 mo.
Capital Leases, Def Cost & Other	153	N/A	N/A
Total Debt	**$ 7,738**		

* Represents the lesser of seasonal limit or maximum borrowings supportable by underlying receivables
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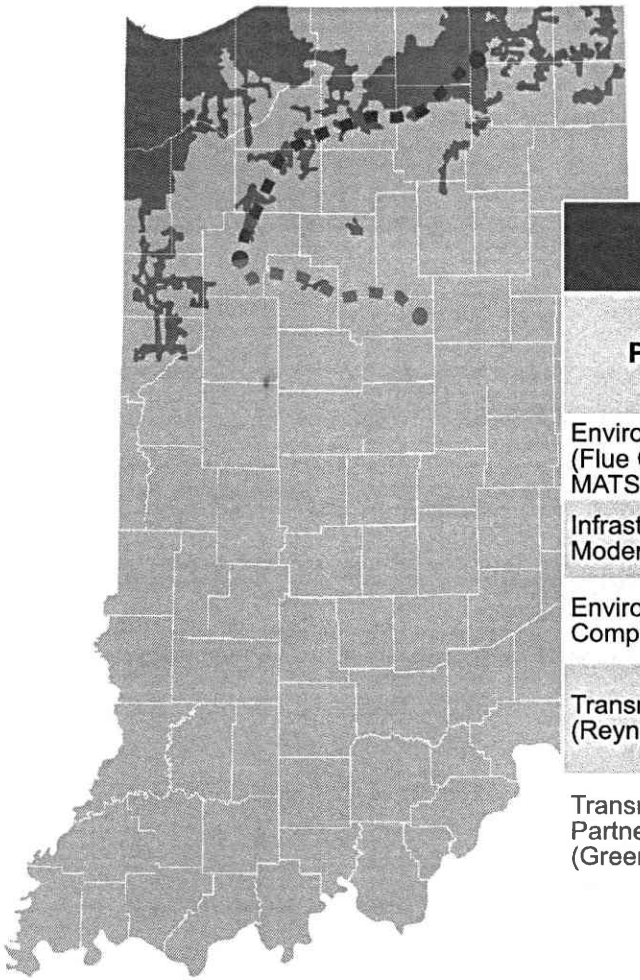
Gas Distribution Infrastructure Programs



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Robust Long-Term Investment Programs Deliver Value on $5.4B Rate Base

Electric Operations Investment Programs



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High-Value Investments with an Authorized ROE of 9.975% on $3.5B Rate Base*

* As of Year-End 2015

Regulatory Update

2016 Rate Case and Program Renewal Activity		
Company/Filing	**Summary**	**Timeline***
In Progress		
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Pending Approval		
Columbia Gas of Kentucky – Base Rate Case	Requested Increase: ~$25.4M Settled Increase: ~$13.4M	Filed: 5/27/2016 Settlement Filed: 10/20/2016 Effective: 4Q 2016
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NIPSCO Electric – 7-Year Modernization Plan (TDSIC)	New 7-Year Plan Filing (Investment of ~$1.25B)	Filed: 12/31/2015 Settlement Approved: 7/12/2016 Effective: 2/1/2017

Continued Regulatory Execution Drives Growth and Stakeholder Enhancements

* The period during which the new rates will be effective is estimated, and is subject to the decision of the applicable regulatory commission
** Rates in effect subject to refund

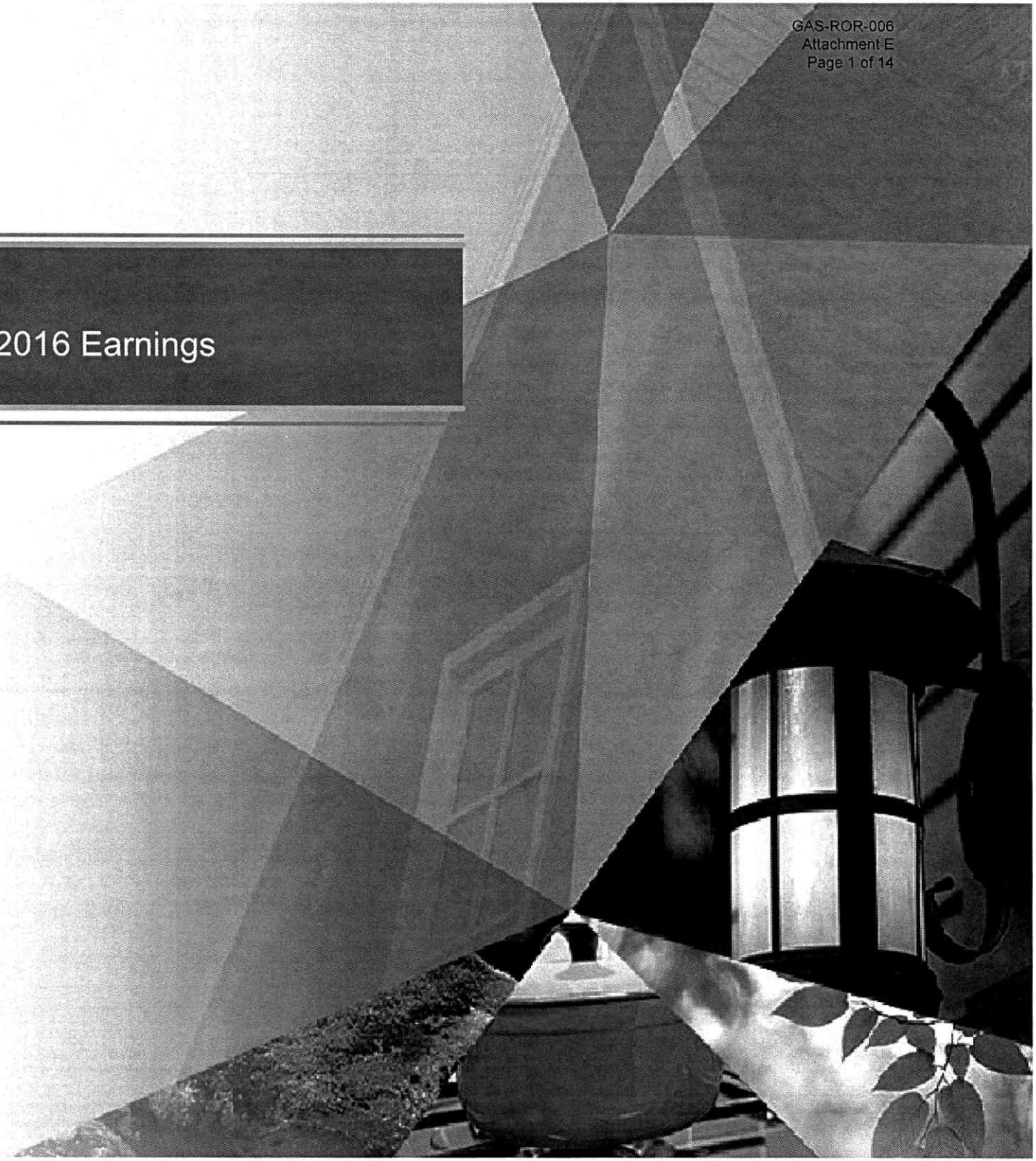
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		FY 2017	~$17M**	May 2016	Pending - Dec 2016
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		FY 2017	TBD	Expected - Nov 2016	Expected - Jan 2017
NIPSCO – Gas	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 4: Jul 2015 – Dec 2015	~$72M	Feb 2016	Jun 2016
		TDSIC 5: Jan 2016 – Jun 2016	~$67M	Aug 2016	Pending - Jan 2017
NIPSCO – Electric	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 1: Jan 2016 – Apr 2016	~$46M	Jun 2016	Feb 2017
		TDSIC 2: May 2016 – Apr 2017	TBD	Expected - Jul 2017	Expected - Oct 2017

* Pennsylvania also allows for a tracking mechanism for infrastructure investments – Distribution System Improvement Charge (DSIC)
** 2017 Investment for KY included in base rate case filing

Supplemental Slides
Fourth Quarter & Year-End 2016 Earnings

February 22, 2017



NiSource®

Forward-Looking Statements

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Examples of forward-looking statements in this presentation include statements and expectations regarding NiSource's business, performance, infrastructure or utility investments and growth. Factors that could cause actual results to differ materially from the projections, forecasts, estimates, plans and expectations discussed in this presentation include, but are not limited to, NiSource's debt obligations; any changes in NiSource's credit rating; NiSource's ability to execute its growth strategy; changes in general economic, capital and commodity market conditions; pension funding obligations; economic regulation and the impact of regulatory rate reviews; NiSource's ability to obtain expected financial or regulatory outcomes; any damage to NiSource's reputation; compliance with environmental laws and the costs of associated liabilities; fluctuations in demand from residential and commercial customers; economic conditions of certain industries; the success of NIPSCO's electric generation strategy; the price of energy commodities and related transportation costs; the reliability of customers and suppliers to fulfill their payment and contractual obligations; potential impairments of goodwill or definite-lived intangible assets; changes in taxation and accounting principles; potential incidents and other operating risks associated with our business; the impact of an aging infrastructure; the impact of climate change; potential cyber-attacks; construction risks and natural gas costs and supply risks; extreme weather conditions; the attraction and retention of a qualified work force; advances in technology; the ability of NiSource's subsidiaries to generate cash; uncertainties related to the expected benefits of the separation of Columbia Pipeline Group Inc. and other matters referenced in the "Risk Factors" section of NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and in other filings with the Securities and Exchange Commission. NiSource expressly disclaims any duty to update, supplement or amend any of its forward-looking statements contained in this presentation, whether as a result of new information, subsequent events or otherwise, except as required by applicable law.

Regulation G Disclosure Statement

This presentation includes financial results and guidance for NiSource with respect to net operating earnings and operating earnings, which are non-GAAP financial measures as defined by the SEC's Regulation G. The company includes such measures because management believes they permit investors to view the company's performance using the same tools that management uses and to better evaluate the Company's ongoing business performance. With respect to such guidance, it should be noted that there will likely be differences between such measures and GAAP equivalents due to various factors, including, but not limited to, fluctuations in weather, asset sales and impairments, and other items included in GAAP results. NiSource is not able to estimate the impact of such factors on GAAP earnings and, as such, is not providing earnings guidance on a GAAP basis.

Key Takeaways – Year-End 2016

- **2016 results within guidance range**
  - Net operating earnings of $1.09 per share versus $0.94 in 2015*
  - Completed a record $1.5B in utility infrastructure investments

- **Customer-focused infrastructure investments creating value**
  - Replaced 406 miles of priority pipe across seven states, 12 percent more than 2015, driving reduced leaks, outages and emissions; Replaced 60 miles of underground electric cable and 1,205 electric poles, improving reliability
  - Gas rate case settlements approved in Kentucky, Maryland, Pennsylvania; (settlement agreement reached in Virginia in January 2017); continued execution of gas modernization programs in all seven states
  - Settlements approved in electric base rate case, long-term modernization program
  - Charted future electric generation strategy
  - Added ~33,000 gas and electric customers - our best year for customer growth since 2006

- **Became founding member, U.S. EPA Methane Challenge, committing to further reduce methane emissions through gas modernization programs**

2017 Earnings Guidance: $1.12 to $1.18 Per Share*; CapEx Guidance: $1.6B to $1.7B

* Net Operating Earnings Per Share (non-GAAP); For a reconciliation of 2016 non-GAAP earnings to GAAP, see Schedule 1 of NiSource's Feb. 22, 2017 Earnings Release

Year-End 2016 Financial Highlights

Non-GAAP*	2016	2015	Change
Net Operating Earnings ($M)	$351.2	$298.8	$52.4
Net Operating Earnings Per Share*	$1.09	$0.94	$0.15
Operating Earnings ($M)	$894.2	$832.1	$62.1

GAAP	2016	2015	Change
Income from Continuing Operations ($M)	$328.1	$198.6	$129.5
Earnings Per Share - Continuing Operations	$1.02	$0.63	$0.39
Operating Income ($M)	$858.2	$799.9	$58.3

2016 Results Near Upper End of Guidance Range

* Net Operating Earnings (non-GAAP); For a reconciliation of non-GAAP earnings to GAAP, see Schedule 1 of NiSource's Feb. 22, 2017 Earnings Release and the supplemental segment and financial information accompanying this presentation available on the investor section of www.nisource.com.

NiSource Debt and Credit Profile

- **Current debt level: ~$7.9B as of December 31, 2016**
  - ~$6.4B of long-term debt
    - Weighted average maturity ~13 years
    - Weighted average interest rate of 5.41%
- **Solid liquidity position**
  - ~$2.2B of committed facilities in place as of December 31, 2016
    - ~$1.9B 5-year revolving credit facility
    - ~$0.3B* accounts receivable securitization facilities
  - ~$684M in net available liquidity as of December 31, 2016**
- **Committed to investment-grade credit ratings**
  - S&P BBB+ | Moody's Baa2 | Fitch BBB

Solid Investment-Grade Credit Ratings and Strong Financial Foundation

* Committed capacity on accounts receivable securitization facilities changes with seasonality
** Consisting of cash and available capacity under credit facilities

Gas Distribution Operations – Year-End 2016

- Operating Earnings* $597.6M in 2016 vs. $567.8M in 2015
- Significant progress on regulatory initiatives across all states
- Ongoing infrastructure enhancements on track, and designed to improve system safety, reliability, environmental performance and customer service

Key Milestones:

Highlight	Key Components	Status
Columbia Gas of Pennsylvania Base Rate Case	• Supports continued upgrades and replacement of natural gas infrastructure • Rate request based on capital investments and programs to enhance pipeline safety • Filing includes enhanced customer growth provisions • Requested $55.3M annual revenue increase; Settlement includes $35.0M annual revenue increase	• Filed Mar. 18, 2016 • Settlement approved Oct. 27, 2016 • New rates effective Dec. 19, 2016
Columbia Gas of Virginia Base Rate Case	• Supports ongoing safety and reliability initiatives, increased demand for service • Requested $37.0M annual revenue increase; Settlement includes $28.5M annual revenue increase	• Filed Apr. 29, 2016 • Interim rates effective Sept. 28, 2016 • Settlement filed Jan. 17, 2017 • Order expected 1H 2017
Columbia Gas of Kentucky Base Rate Case	• Supports the company's ongoing initiatives to improve overall system safety and reliability • Requested $25.4M annual revenue increase; Settlement includes $13.1M annual revenue increase	• Filed May 27, 2016 • Settlement approved Dec. 22, 2016 • New rates effective Dec. 27, 2016
Columbia Gas of Maryland Base Rate Case	• Supports continued replacement of aging infrastructure and pipeline safety upgrades • Settlement includes enhanced customer growth provisions • Requested $6.5M annual revenue increase; Settlement includes $3.7M annual revenue increase	• Filed Apr. 15, 2016 • Settlement approved Oct. 27, 2016 • New rates effective Oct. 27, 2016
NIPSCO Gas System Modernization Program	• Seven-year, $824M investment focused on system modernization to improve service and reliability, and customer growth • TDSIC 5 semi-annual tracker update covering $66.6M in 1H 2016 investments	• Filed Aug. 31, 2016 • Approved Dec. 28, 2016 • New rates effective Jan. 1, 2017

~$20B in Identified Long-Term Infrastructure Investments

* Operating Earnings (non-GAAP); For a reconciliation of non-GAAP earnings to GAAP, see NiSource's Feb. 22, 2017 supplemental segment and financial information accompanying this presentation and available on the investor section of www.nisource.com.

Electric Operations – Year-End 2016

- Operating Earnings* $302.3M in 2016 vs. $279.5M in 2015
- Seven-year ~$1.25B electric system modernization program in progress; cost recovery begins Feb. 2017
- New base rates effective Oct. 1, 2016
- Two electric transmission projects on schedule, with line and tower construction underway
- Integrated Resource Plan (IRP) submitted Nov. 1, 2016

Key Milestones:

Highlight	Key Components	Status
Electric Base Rate Case	• Provides platform for continued investments and service improvements for customers • Settlement includes $72.5M annual revenue increase	• Settlement approved July, 18, 2016 • New rates effective Oct. 1, 2016
Electric System Modernization Program	• Focused on electric transmission and distribution investments designed to improve system reliability and safety • Settlement supports recovery of ~$1.25B in investments through 2022 • TDSIC 1 semi-annual tracker update covering $45.5M in cumulative investments through April 30, 2016	• Settlement approved July 12, 2016 • New rates effective Feb. 1, 2017

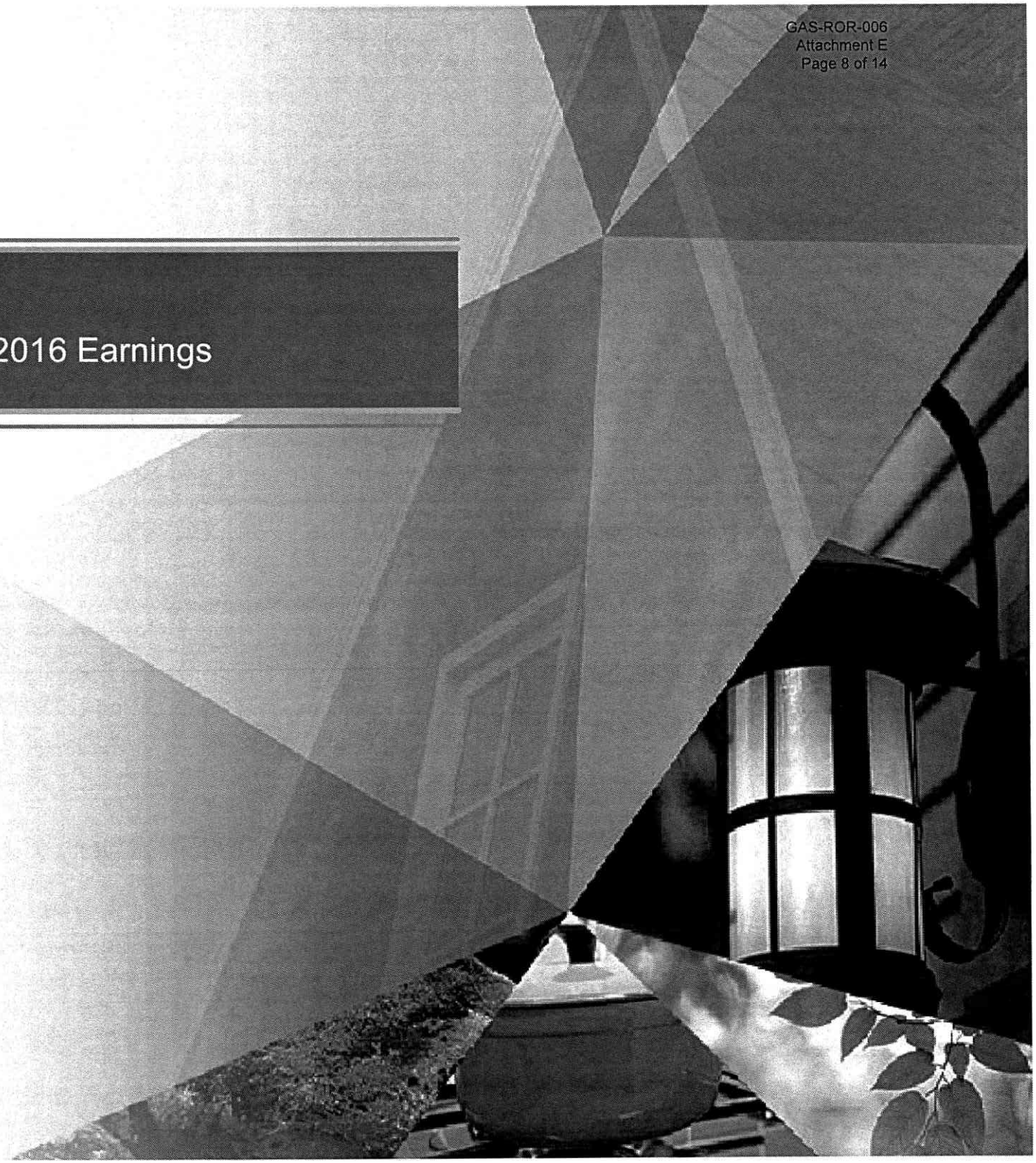
Electric Transmission System Enhancement Projects	• Reynolds to Topeka Project
	  • 100-mile, 345-kV transmission project
	  • ~$350M-$400M investment
	• Greentown to Reynolds (*Joint Project)*
	  • 65-mile, 765-kV transmission project
	  • ~$350M-$400M investment (NIPSCO portion ~$175M-$200M)
		• Substation, line and tower construction underway
		• Both projects expected to be in service by 2H 2018

Integrated Resource Plan (IRP)	• Charts NIPSCO's plans for meeting customers' long-term electricity needs • Goal is to provide affordable, clean energy while maintaining flexibility for future technology and market changes • Calls for retiring 50% of coal-fired generation fleet by end of 2023, including Bailly Units 7 and 8, and R.M. Schahfer Units 17 and 18 • ~$400M in environmental upgrades at Michigan City Unit 12, Schahfer Units 14, 15	• Submitted Nov. 1, 2016 • MISO approved Bailly Units 7 and 8 closure by mid-2018

~$10B in Identified Long-Term Infrastructure Investments

* Operating Earnings (non-GAAP); For a reconciliation of non-GAAP earnings to GAAP, see NiSource's Feb. 22, 2017 Earnings Release and supplemental segment and financial information accompanying this presentation and available on the investor section of www.nisource.com.

Appendix:
Fourth Quarter & Year-End 2016 Earnings

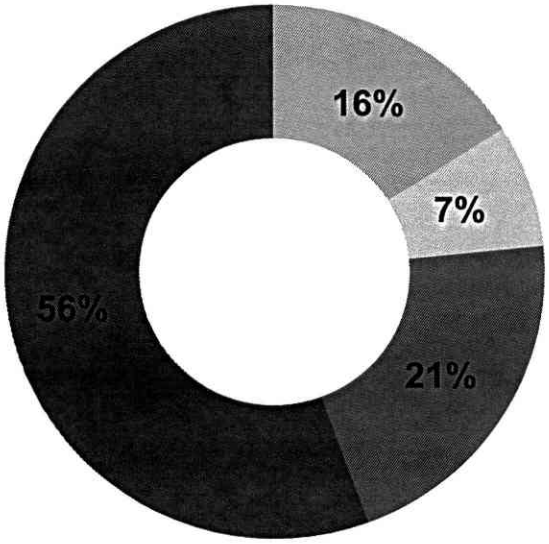


NiSource®

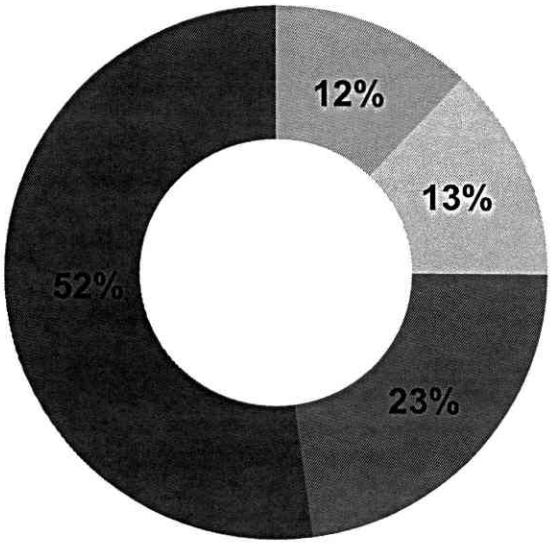
Capital Expenditures ($B)*

Investments Deliver Customer Value, Enhance System Safety and Reliability

2016 = ~$1.5B



2017E = ~$1.6B-$1.7B



Gas Distribution



Electric



2017 Growth/Tracker (75%) and Maintenance (25%)

*Includes Corporate (2016 = $15M, 2017E = $16M)

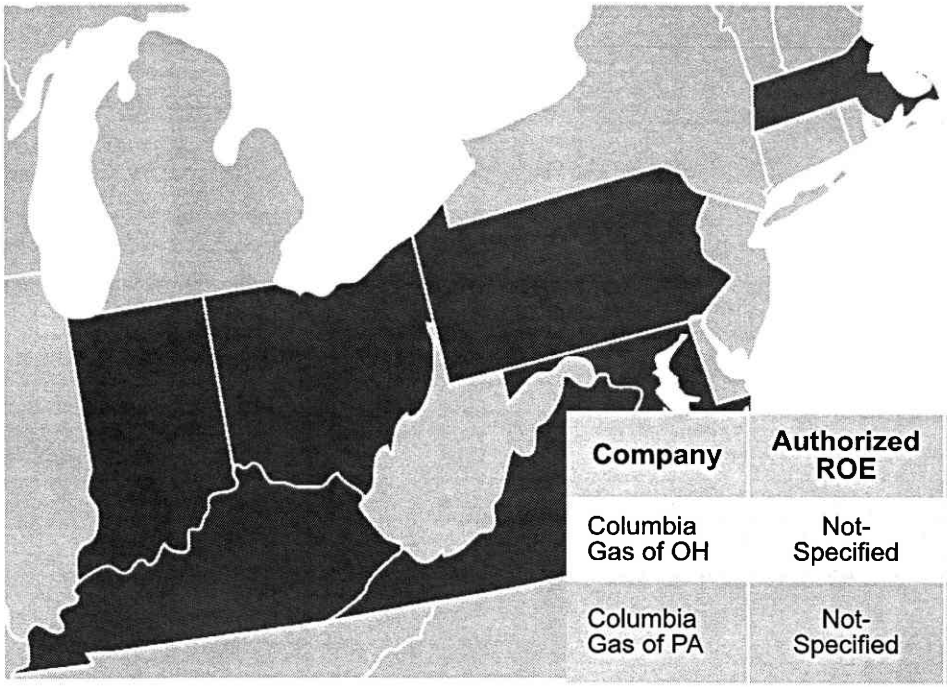
Current Liquidity and Debt Detail ($M)

		Actual 12/31/16	Maturity
Current Liquidity	Revolving Credit Facility – NFC	$ 1,850	Nov. 28, 2021
	Accounts Receivable Program*	310	
	Less:		
	Drawn on Credit Facility – NFC	—	
	Commercial Paper	1,178	
	Accounts Receivable Program Utilized	310	
	L/C's Outstanding Under Credit Facility	15	
	Add:		
	Cash & Equivalents	26	
	Net Available Liquidity	**$ 684**	

		Balance	Wtd. Avg. Rate**	Wtd. Avg. Maturity
Debt Detail	Long-Term Debt	$ 6,305	5.41%	13.14
	Commercial Paper	1,178	1.24%	41 days
	A/R Program Borrowings	310	1.11%	Approx. 1 mo.
	Capital Leases, Def Cost & Other	116	N/A	N/A
	Total Debt	**$ 7,909**		

* Represents the lesser of seasonal limit or maximum borrowings supportable by underlying receivables
** Represents coupon or current incremental borrowing rate; does not factor in fees and/or amortization of deferred charges
N/A = Not Applicable

Gas Distribution Infrastructure Programs

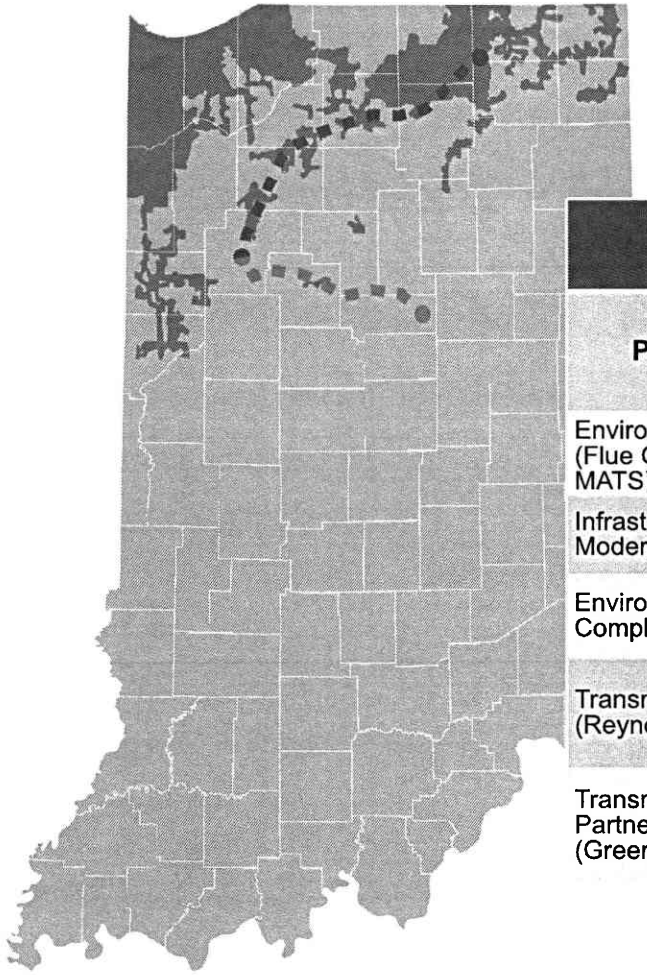


Company	Authorized ROE	Year-End 2016 Rate Base	Identified Investments	Annual Program Investment	Recovery Mechanism	Investment Horizon
Columbia Gas of OH	Not-Specified	$2.1B	~$4.1B	$205M - $260M	Tracked	20-25 Years
Columbia Gas of PA	Not-Specified	$1.3B	~$3.0B	$200M - $250M	Rate Case (Forward Test Year)	15-20 Years
NIPSCO Gas	9.90%	$915M	~$4.5B	$135M - $170M	Tracked	20-25 Years
Columbia Gas of MA	9.55%	$669M	~$1.4B	$70M - $120M	Tracked	15-20 Years
Columbia Gas of VA	9.75%*	$609M	~$550M	$30M - $40M	Tracked	15-20 Years
Columbia Gas of KY	Not-Specified	$238M	~$750M	$20M - $45M	Tracked	25-30 Years
Columbia Gas of MD	9.70%	$93M	~$200M	$10M - $16M	Tracked	15-20 Years

Robust Long-Term Investment Programs Deliver Value on $6.0B Rate Base

* Currently approved ROE. Settlement pending approval includes an unspecified ROE.

Electric Operations Investment Programs



Infrastructure Investment Programs/Projects				
Program/Project	**Identified Investments**	**Annual Investment**	**Recovery Mechanism**	**Program/Project Length**
Environmental (Flue Gas Desulfurization, MATS)	~$850M	~$30M in 2016	Tracked/Rate Base	FGDs Complete
Infrastructure Modernization	~$6.8B	~$120M - $220M	Tracked	20+ Years
Environmental Compliance	~$350M - $450M	TBD	Tracked	~5 Years
Transmission Project I (Reynolds-Topeka)	~$350M - $400M	~$50M - $140M	FERC Approved Formula Rates	Expected Completion 2H 2018
Transmission Project II – Partnership (Greentown-Reynolds)	~$350M - $400M (NI: ~$175M-$200M)	~$25M - $70M	FERC Approved Formula Rates	Expected Completion 2H 2018

High-Value Investments with an Authorized ROE of 9.975% on $3.4B Rate Base*

* As of Year-End 2016

Regulatory Update

2016 Rate Case and Program Renewal Activity		
Company/Filing	**Summary**	**Timeline***
	Pending Approval	
Columbia Gas of Virginia – Base Rate Case	Requested Increase: ~$37.0M Settled Increase: ~$28.5M	Filed: 4/29/2016 Rates Effective**: 9/28/2016 Order Expected: 1H 2017
	Complete	
Columbia Gas of Kentucky – Base Rate Case	Requested Increase: ~$25.4M Settled Increase: ~$13.1M	Filed: 5/27/2016 Settlement Approved: 12/22/2016 Effective: 12/27/16
Columbia Gas of Pennsylvania – Base Rate Case	Requested Increase: ~$55.3M Settled Increase: ~$35M	Filed: 3/18/2016 Settlement Approved: 10/27/2016 Effective: 12/19/2016
Columbia Gas of Maryland – Base Rate Case	Requested Increase: ~$6.5M Settled Increase: ~$3.7M	Filed: 4/15/2016 Settlement Approved: 10/27/2016 Effective: 10/27/2016
NIPSCO Gas – 7-Year Modernization Plan (TDSIC 5)	Tracker/Plan Update Filing (Investment of $824M)	Filed: 8/31/2016 Approved: 12/28/2016 Effective: 1/1/2017
NIPSCO Electric – Base Rate Case	Requested Increase: ~$126.6M Settled Increase:~$72.5M	Filed: 10/1/2015 Settlement Approved: 7/18/2016 Effective: 10/1/2016
NIPSCO Electric – 7-Year Modernization Plan (TDSIC)	New 7-Year Plan Filing (Investment of ~$1.25B)	Filed: 12/31/2015 Settlement Approved: 7/12/2016 Effective: 2/1/2017

Continued Regulatory Execution Drives Growth and Stakeholder Enhancements

* The period during which the new rates will be effective is estimated, and is subject to the decision of the applicable regulatory commission
** Rates in effect subject to refund

Infrastructure Investment Details

Company	Recovery Mechanism	Incremental Infrastructure Investments		Recovery	
		Investment Period	Investment Amount	Filing Date	Effective Date
Columbia Gas of Ohio	Infrastructure Replacement Program (IRP)	FY 2015	~$185M	Feb 2016	May 2016
		FY 2016	TBD	Expected - Feb 2017	Expected May 2017
Columbia Gas of Pennsylvania*	Base Rate Case with Fully Forecasted Test Year	FY 2016	~$147M	Mar 2015	Dec 2015
		FY 2017	~$204M	Mar 2016	Dec 2016
Columbia Gas of Virginia	Steps to Advance Virginia's Energy Plan (SAVE)	FY 2016	~$30M	Aug 2015	Jan 2016
		FY 2017	~$37M	Aug 2016	Dec 2016
Columbia Gas of Massachusetts	Gas System Enhancement Plan (GSEP)	FY 2016	~$59M	Oct 2015	May 2016
		FY 2017	~$73M	Oct 2016	Pending - May 2017
Columbia Gas of Kentucky	Accelerated Main Replacement Program (AMRP)	FY 2016	~$16M	Oct 2015	Jan 2016
		FY 2017	~$17M**	May 2016	Jan 2017
Columbia Gas of Maryland	Strategic Infrastructure Development and Enhancement (STRIDE)	FY 2016	~$9M	Nov 2015	Jan 2016
		FY 2017	~$15M	Nov 2016	Jan 2017
NIPSCO – Gas	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 5: Jan 2016 – Jun 2016	~$67M	Aug 2016	Jan 2017
		TDSIC 6: Jul 2016 – Dec 2016	TBD	Expected - Feb 2017	Expected - Jun 2017
NIPSCO – Electric	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 1: Jan 2016 – Apr 2016	~$46M	Jun 2016	Feb 2017
		TDSIC 2: May 2016 – Apr 2017	TBD	Expected - Jul 2017	Expected - Oct 2017

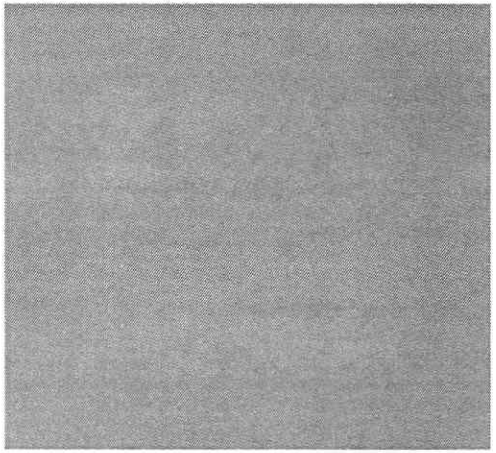
* Pennsylvania also allows for a tracking mechanism for infrastructure investments – Distribution System Improvement Charge (DSIC)
** 2017 Investment for KY included in base rate case filing

NISOURCE

INVESTOR DAY
MARCH 8, 2017

NiSource®











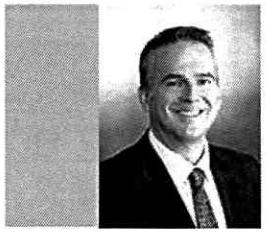


Forward Looking Statements

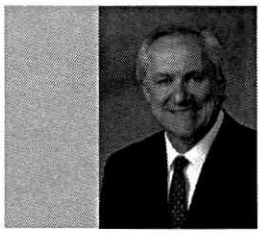
NISOURCE PARTICIPANTS



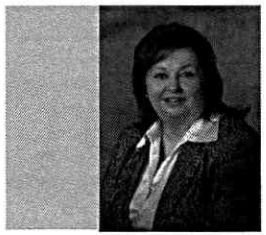
Joe Hamrock
President and Chief Executive Officer



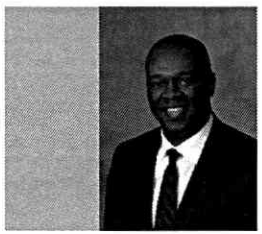
Pablo Vegas
Executive Vice President and
President, Columbia Gas Group



Jim Stanley
Executive Vice President and
Chief Operating Officer



Violet Sistovaris
Executive Vice President and
President, NIPSCO



Donald Brown
Executive Vice President and
Chief Financial Officer

Experienced Team, Demonstrated Track Record

AGENDA

NiSource Investor Day 2017

8:00 AM	**Registration and Welcome**	
8:30 AM	**Strategic Overview & Introductions**	**Joe Hamrock** President and Chief Executive Officer
8:45 AM	**Natural Gas Segment**	**Pablo Vegas** Executive Vice President and President, Columbia Gas Group
9:15 AM	**Electric Segment**	**Violet Sistovaris** Executive Vice President and President, NIPSCO
9:45 AM	**Break**	
10:00 AM	**Operations Overview**	**Jim Stanley** Executive Vice President and Chief Operating Officer
10:30 AM	**Financial Profile**	**Donald Brown** Executive Vice President and Chief Financial Officer
11:00 AM	**Closing Remarks / Q&A**	**Joe Hamrock and Team**

PREMIER REGULATED UTILITY BUSINESS

Operating in Diverse Footprint with Constructive Stakeholder Relationships

NiSource®

NATURAL GAS

- COLUMBIA GAS OF KENTUCKY
- COLUMBIA GAS OF MARYLAND
- COLUMBIA GAS OF MASSACHUSETTS
- COLUMBIA GAS OF OHIO
- COLUMBIA GAS OF PENNSYLVANIA
- COLUMBIA GAS OF VIRGINIA
- NIPSCO GAS

ELECTRIC

- NIPSCO ELECTRIC

SIGNIFICANT SCALE ACROSS SEVEN STATES

~3.5M Gas Customers

~500K Electric Customers

NI LISTED NYSE

COMPELLING ANNUAL 8%-10% TOTAL SHAREHOLDER RETURN PROPOSITION*

Delivering on Commitments to Customers, Communities, Employees and Investors

* Estimated total shareholder return at a constant P/E ratio

NISOURCE STRATEGIC FRAMEWORK

Aspiration

Premier Regulated Utility Company

Strategic Direction

Delivering on Our Commitments

- Industry-leading safety and performance
- Top-tier customer satisfaction
- Investments that systematically and efficiently deliver service integrity
- Dependable, predictable and timely service and emergency response
- Growing our customer base by expanding into unserved areas
- Recognized among the best places to work in our communities
- Sustained year-to-year 5%-7% net operating earnings per share and dividend growth through 2020*

Value Proposition

Compelling Annual Total Shareholder Return of 8%-10%**

- ~$30B of identified 100% regulated utility infrastructure investments
- Scale across seven states
- Transparent earnings and cash flow drivers
- Constructive regulatory environments and mechanisms
- Commitment to investment grade credit

Solid Long-Term Investment Proposition

BALANCED STRATEGY DRIVES BENEFITS

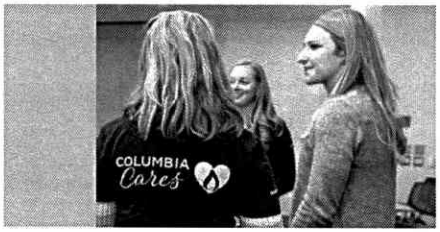
To All Stakeholders

CUSTOMERS



- Safe, Reliable System
- Customer-Focused Service and Response
- Enhanced Customer Value and Growth
- Energy Efficiency and Assistance Programs to Help Ensure Affordability

COMMUNITIES



- Public Safety, Community Support and Involvement
- Social and Environmental Responsibility
- Economic Development

EMPLOYEES



- Safe, Inclusive Place to Work
- Talent Development and Training Focus
- Team Aligned with NiSource Commitments

INVESTORS



- Sustainable Long-Term Regulated Utility Investment
- Transparent, Commitment-Driven Management
- Constructive Regulatory Environments
- Geographic Diversity

Commitments Provide Sustainable Value to All Stakeholders

DELIVERING ON COMMITMENTS

Continuing a Long Track Record

MAKING COMMITMENTS	KEEPING COMMITMENTS
NiSource at **SEPARATION***	NiSource **TODAY**
• Identified Long-Term Infrastructure Investments of ~$30B	• Executed Infrastructure Investments of ~$2.9B
• Grow Rate Base of ~$8.0B by 6%-8% Annually	• Grew Rate Base to ~$9.4B (~8.0% CAGR)
• Grow Net Operating EPS** by 4%-6% Annually (2015 EPS = $0.94)	• 2016 Net Operating EPS of $1.09 and 2017 Net Operating EPS Guidance of $1.12-$1.18 (~10.6% CAGR)**
• Grow Dividend by 4%-6% Annually (2015 Dividend = $0.60)	• Increased Annualized Dividend to $0.70 (~8.0% CAGR)
• Execute Balanced Regulatory Outcomes	• Executed Eight Constructive Base Rate Case Outcomes
• Maintain Investment-Grade Credit	• Maintained Investment-Grade Credit

Significant Progress in Less than Two Years

* Separation of Columbia Pipeline Group (CPG) completed July 1, 2015

** Net Operating Earnings per share (Non-GAAP); for 2016 reconciliation to GAAP, see slide 57 of this presentation; see also slide 2 regarding unavailability of GAAP equivalent of earnings guidance

KEY INVESTMENT CONSIDERATIONS

Driving Sustainable Growth

STRONG UNDERLYING BUSINESS

- **100% Regulated Gas and Electric Utility Business**
  - Balanced Business Mix of 66% Gas and 34% Electric
  - Stable Revenue Stream with ~65% Non-Volume Sensitive
- **Significant Scale with ~4M Customers Across Seven States**
- **~$30B of Identified Infrastructure Investments**
  - Equals Over ~4x Current Market Cap
  - Over 90% of Investments in Regulated Pipes and Wires through 2020

+ EXECUTION

- **Focused Business Strategy**
  - Infrastructure Modernization
  - Customer Growth
  - Generation Strategy
  - Performance Transformation
- **Management with Proven Track Record of Execution**
- **Planned Capital Investment of $1.6B-$1.8B Annually through 2020**
- **Timely Investment Recovery through Established Mechanisms**
- **Focused Regulatory Leadership in Constructive Stakeholder Environments**

= FINANCIAL OUTCOME

- **Expected Annual Net Operating EPS and Dividend Growth of 5%-7% through 2020***
- **Targeted Dividend Payout of 60%-70%**
- **Commitment to a Healthy Balance Sheet with Growing Cash Flow**
- **Maintain Investment-Grade Credit**

Compelling Annual 8%-10% Total Shareholder Return Proposition**

* Net Operating Earnings from Continuing Operations (Non-GAAP); See Regulation G statement on slide 2; Dividends subject to Board approval
** Estimated total shareholder return at a constant P/E ratio

NATURAL GAS SEGMENT

PABLO VEGAS
Executive Vice President and President,
Columbia Gas Group

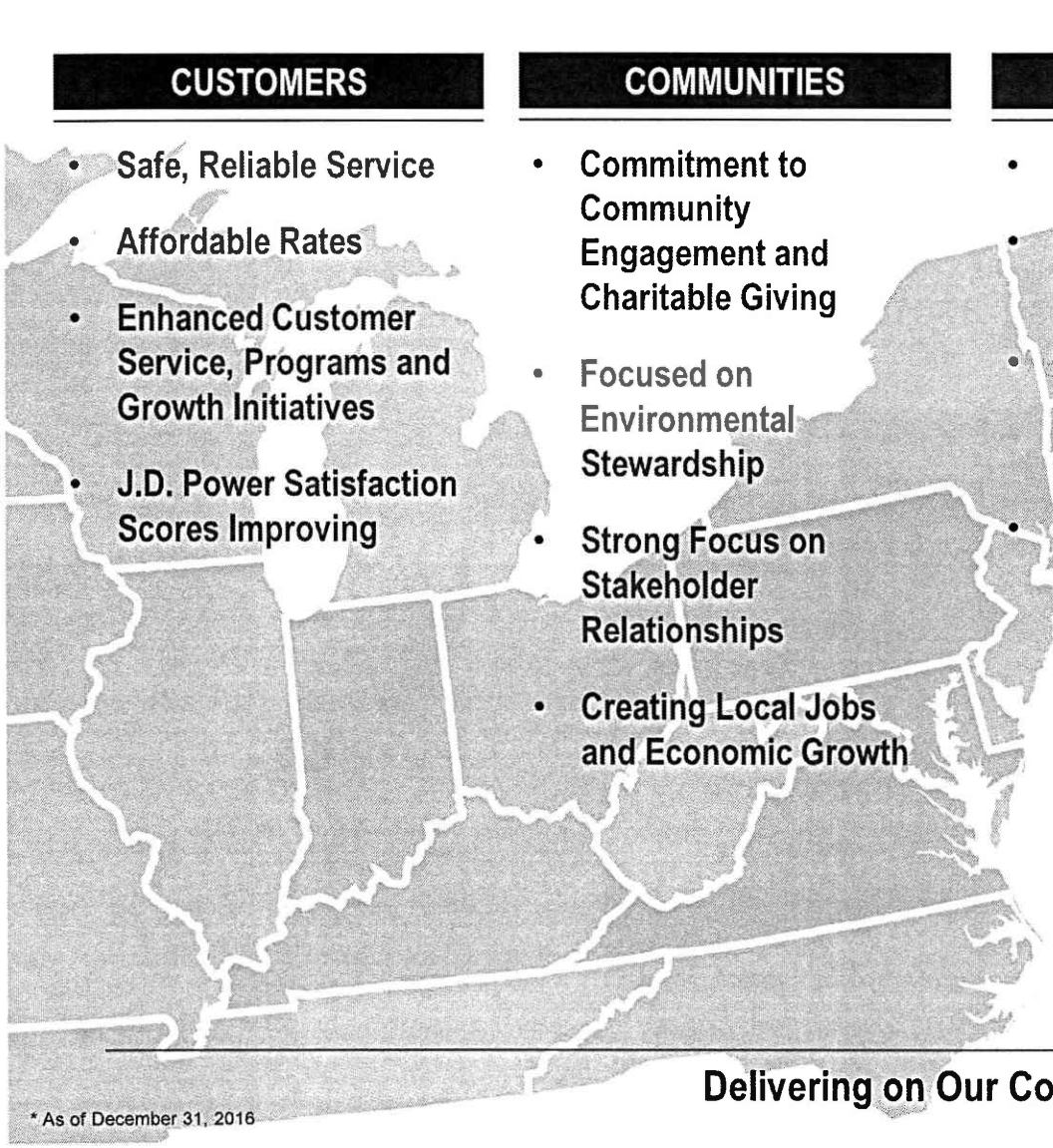
NiSource®





NATURAL GAS SEGMENT

Balanced Execution



CUSTOMERS

- Safe, Reliable Service
- Affordable Rates
- Enhanced Customer Service, Programs and Growth Initiatives
- J.D. Power Satisfaction Scores Improving

COMMUNITIES

- Commitment to Community Engagement and Charitable Giving
- Focused on Environmental Stewardship
- Strong Focus on Stakeholder Relationships
- Creating Local Jobs and Economic Growth

COMPANY

- Experienced Leadership
- Constructive Regulatory Environments
- Significant System Modernization Investment Programs
- Driving Efficiencies Across Operations

INVESTORS

- Stable 100% Regulated Natural Gas Revenue Stream
- Total Rate Base of $6.0B*
- $20B+ Natural Gas System Identified Investments
- Expected Rate Base Growth of 9%-11% per Year through 2020

Delivering on Our Commitments

* As of December 31, 2016

CONSTRUCTIVE REGULATORY ENVIRONMENT

Timely Investment Recovery

20-YEAR INVESTMENT OPPORTUNITY

$20B+
NATURAL GAS SYSTEM IDENTIFIED INVESTMENTS

$5.0B - $6.0B
CUSTOMER GROWTH

$10B+
MODERNIZATION

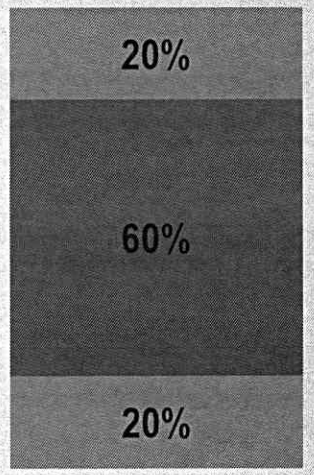
~$6.0B
MAINTENANCE

ESTABLISHED RECOVERY MECHANISMS IN ALL STATES

- Indiana (NIPSCO Gas): Transmission, Distribution and Storage System Improvement Charge (TDSIC)
- Kentucky: Accelerated Main Replacement Program (AMRP)
- Maryland: Strategic Infrastructure Development and Enhancement (STRIDE)
- Massachusetts: Gas System Enhancement Plan (GSEP)
- Ohio: Infrastructure Replacement Program (IRP)
- Pennsylvania: Distribution System Improvement Charge (DSIC) or Base Rate Case with Fully Forecasted Test Year
- Virginia: Steps to Advance Virginia's Energy Plan (SAVE)

EARNING ON EXPECTED 2017-2020 ANNUAL CAPITAL INVESTMENTS

$1.1B - $1.3B

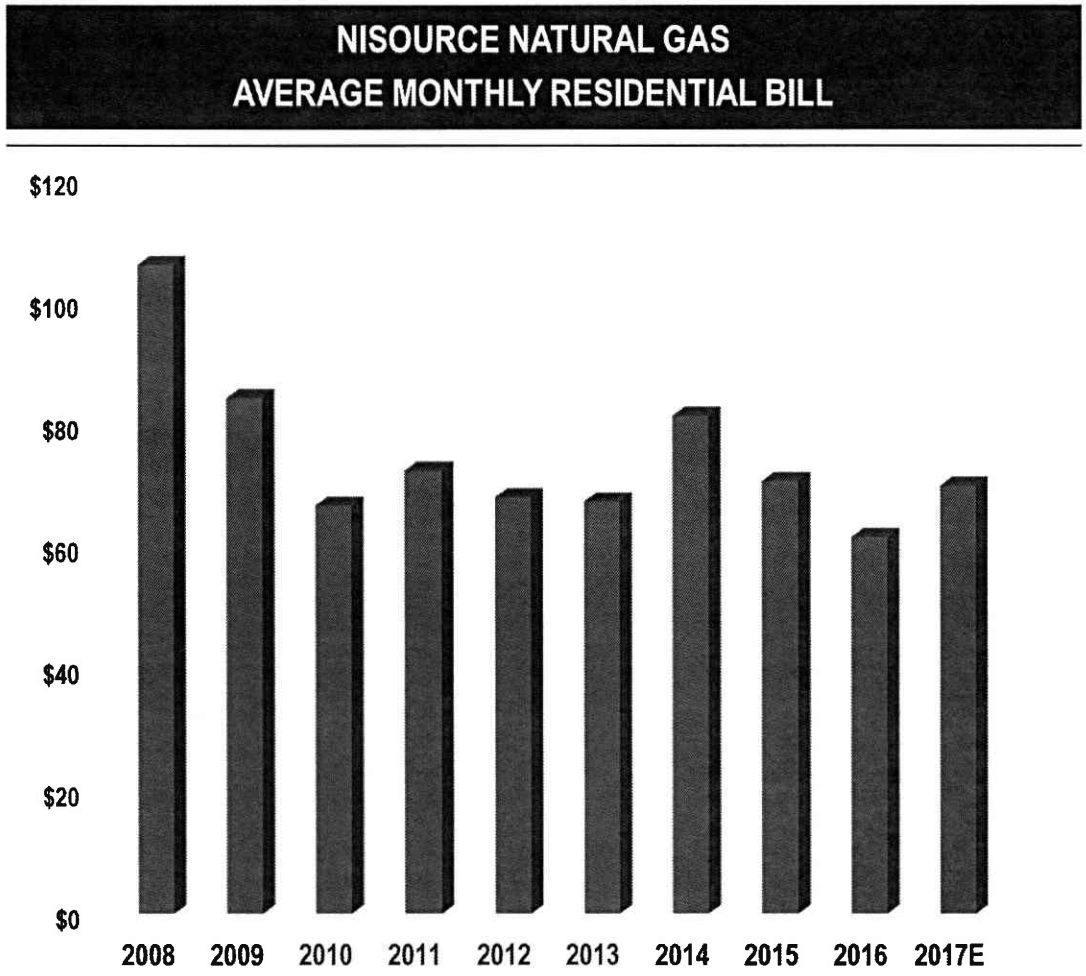


Mechanisms Support Continued Capital Investment

GRADUAL IMPACT ON CUSTOMER BILLS

Driving Customer Value and Affordability

- **Low and stable natural gas price environments create headroom for infrastructure replacement**
- **On average, NiSource gas customers have seen their bills decline 42% since 2008**
- **Natural gas remains the lowest utility bill in our service areas**



Continued Projected Single Digit Percentage Annual Increases in Total Typical Bills

NATURAL GAS GROWTH MARKETS

Upside in Customer Conversion Opportunities

NEW CONSTRUCTION



- Single Family
- Multi-Family
- Commercial

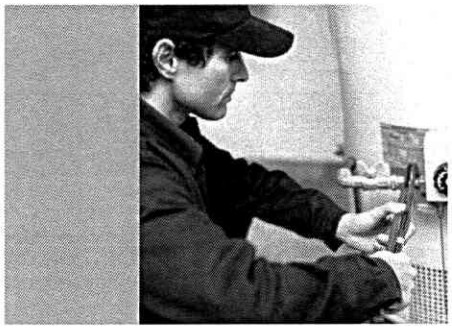
DRIVERS

- Housing Market
- Construction Economics
- Execution

2/3

CURRENT NISOURCE GROWTH FROM NEW CONSTRUCTION

CUSTOMER CONVERSION



- Existing Single Family Homes
- Existing Commercial Buildings

DRIVERS

- Awareness and Need
- Value
- Execution

1/3

CURRENT NISOURCE GROWTH FROM CONVERSION

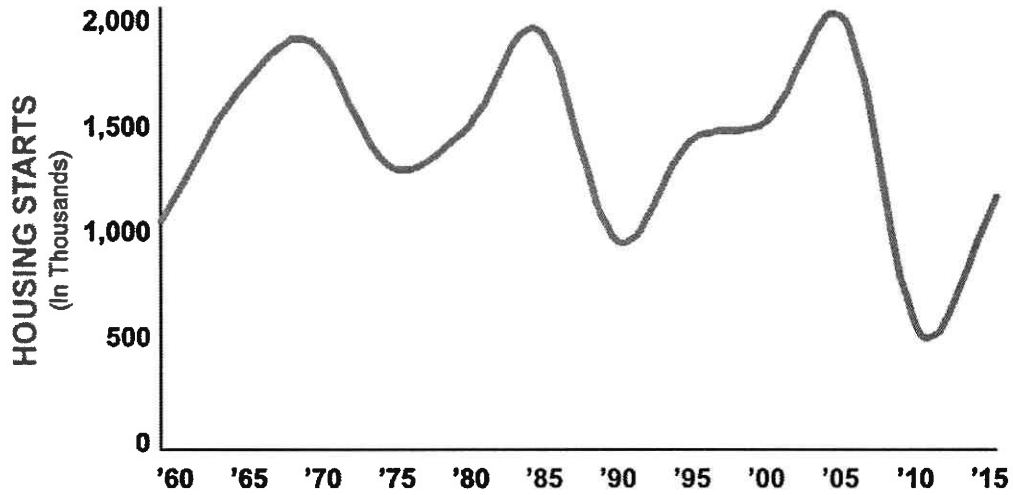
Significant Growth Opportunities Exist Across the Seven States

NEW CONSTRUCTION STRATEGY

Capitalizing on Specific Markets

- **Supportive Policies**
- **Targeted Marketing**
- **Builder/Developer Field Partnerships**

U.S. HOUSING STARTS



Source: U.S Census data

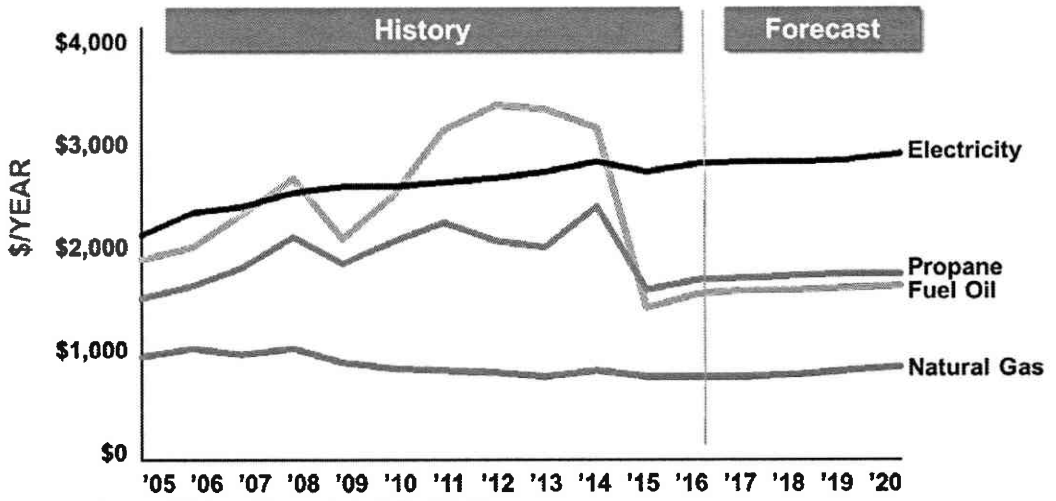
Housing Market Recovering from Historic Lows

CUSTOMER CONVERSION STRATEGY

Opportunity Driven by Execution

- **Supportive Policies**
- **Targeted Marketing**
- **Trade Ally Relationships**
- **New Conversion Consultants**
- **Appliance Failure Fast Path Service**

FUEL SPREADS



Source: EIA Annual Energy Outlook (April 2015)

Opportunity to Grow Customer Base 10% by Converting Customers within 500 Feet of Main

GAS CUSTOMER GROWTH PROGRAM

Pathway to Sustainable Annual 1% Net Growth by 2020

	2014	2015	2016	2017E	2018E	2019E	2020E
Net Customer Additions	19,700	15,900	30,300				35,000
Net Customer Growth	0.59%	0.47%	0.89%				1.00%
Capital	~$175M	~$160M	~$175M		~$200M-$230M		~$260M

1/2
FUTURE CUSTOMER ADDITIONS FROM NEW CONSTRUCTION

1/2
FUTURE CUSTOMER ADDITIONS FROM CONVERSIONS

Natural Gas Growth Program Expected to Contribute Positive Earnings in All Years of Plan

CLEAR STRATEGY FOR NATURAL GAS SEGMENT

Balanced Focus Benefiting All Stakeholders

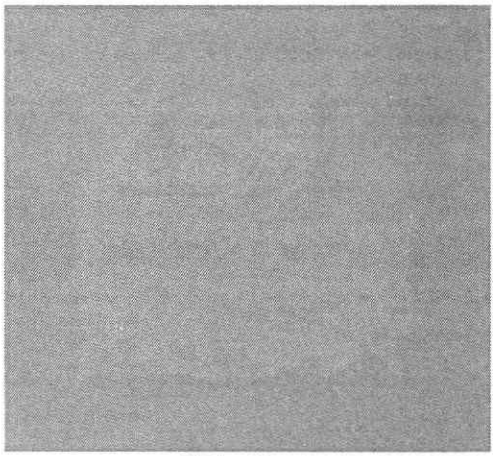
- **Executing on Our Regulatory Strategy**
- **Constructive Regulatory Environments across All Jurisdictions**
- **Capital Plan Focuses on Modernization Investments and Customer Growth**
- **Significant Customer Growth Opportunity Exists**
- **Driving Improved Customer Experience**
- **Growth Plans Benefit All Customers**

ELECTRIC SEGMENT

VIOLET SISTOVARIS
Executive Vice President and President,
NIPSCO

NiSource®







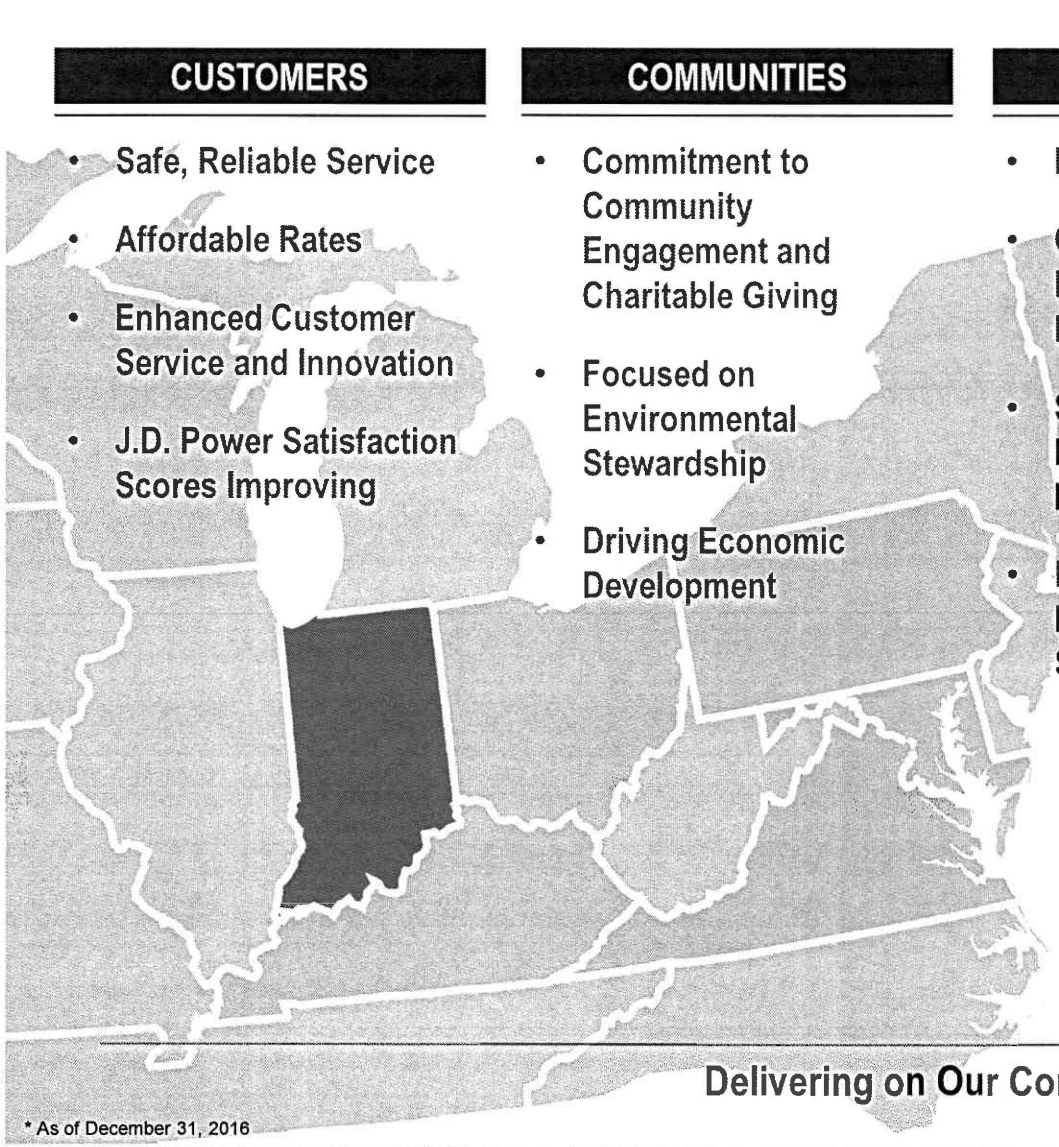






ELECTRIC SEGMENT (NIPSCO)

Balanced Execution



CUSTOMERS

- Safe, Reliable Service
- Affordable Rates
- Enhanced Customer Service and Innovation
- J.D. Power Satisfaction Scores Improving

COMMUNITIES

- Commitment to Community Engagement and Charitable Giving
- Focused on Environmental Stewardship
- Driving Economic Development

COMPANY

- Experienced Leadership
- Constructive Regulatory Environment
- Significant System Modernization Investment Program
- Established Long-Term Electric Generation Strategy

INVESTORS

- Fully Integrated 100% Regulated Electric Revenue Stream
- Total Rate Base of $3.4B*
- $10B+ Electric System Identified Investments
- Expected Rate Base Growth of 4%-6% per Year through 2020

Delivering on Our Commitments

* As of December 31, 2016

CONSTRUCTIVE REGULATORY ENVIRONMENT

Timely Investment Recovery

20-YEAR INVESTMENT OPPORTUNITY

$10B+
ELECTRIC SYSTEM IDENTIFIED INVESTMENTS

~$0.9B
CUSTOMER GROWTH

~$4.2B
MODERNIZATION

~$3.6B
MAINTENANCE

~$0.4B
TRANSMISSION

~$0.4B
ENVIRONMENTAL

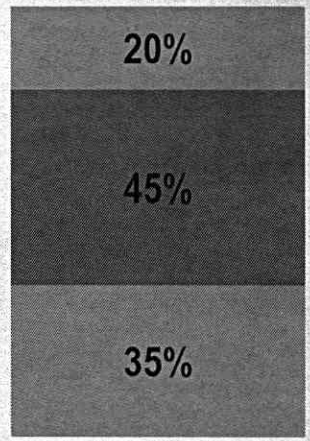
~$0.8B
NEW GENERATION

PREDICTABLE AND TIMELY INVESTMENT RECOVERY

- **Transmission, Distribution and Storage System Improvement Charge (TDSIC)**
  - ~$1.25B, seven-year infrastructure modernization plan (2016-2022)
- **Federally Mandated Cost Adjustment (FMCA) Mechanism**
  - $400M Environmental Compliance filing made in Nov. 2016 for Coal Combustion Residuals Rule (CCR) and Effluent Limitation Guidelines (ELG)
- **Federal Energy Regulatory Commission (FERC) Formula Rates**
  - Two MISO projects under construction

EARNING ON EXPECTED 2017-2020 ANNUAL CAPITAL INVESTMENTS

$0.4B - $0.6B



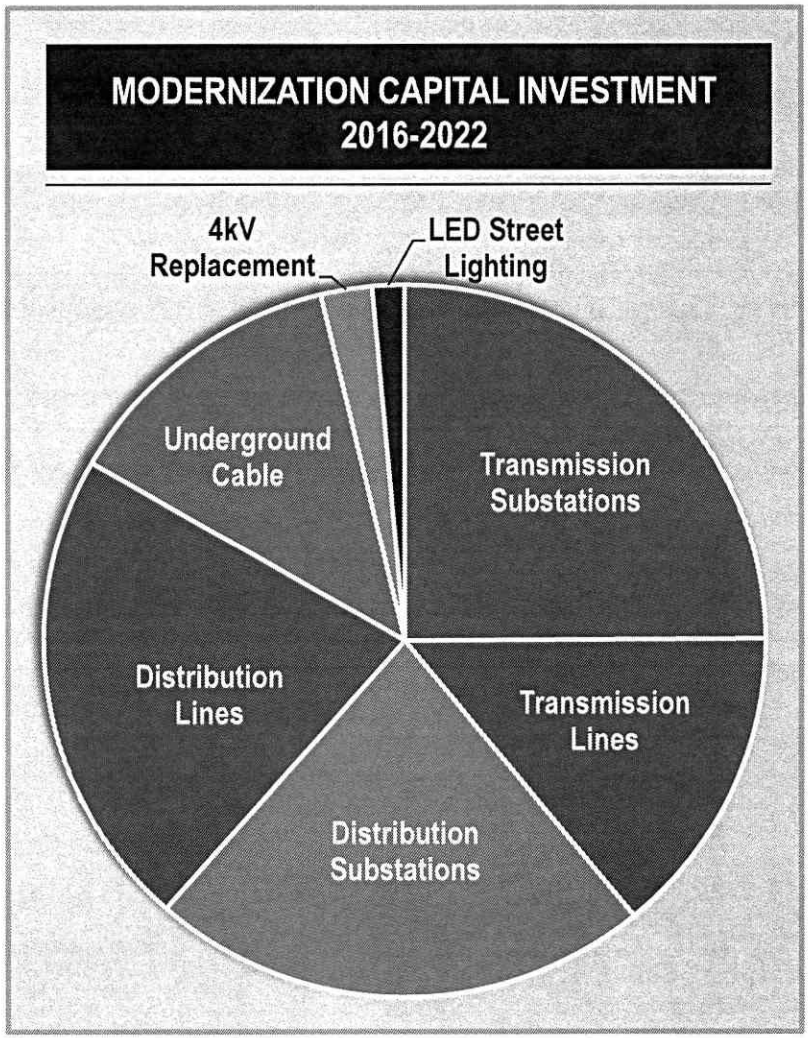
- Within 0 - 3 Months (Customer Growth / Transmission)
- Within 0 - 12 Months (Modernization/ Environmental)
- Periodic Rate Case (Maintenance)

Framework Supports Long-Term Investments

REGULATORY STRATEGY

Focus on Safety and Reliability Investments

- **Long-Term Transmission and Distribution Electric Modernization**
  - Initial seven-year $1.25B program approved July 2016
  - $175M-$225M annual investment
  - Improves system safety and reliability
  - Recovery through semi-annual tracker filings
  - Allows for 9.975% ROE

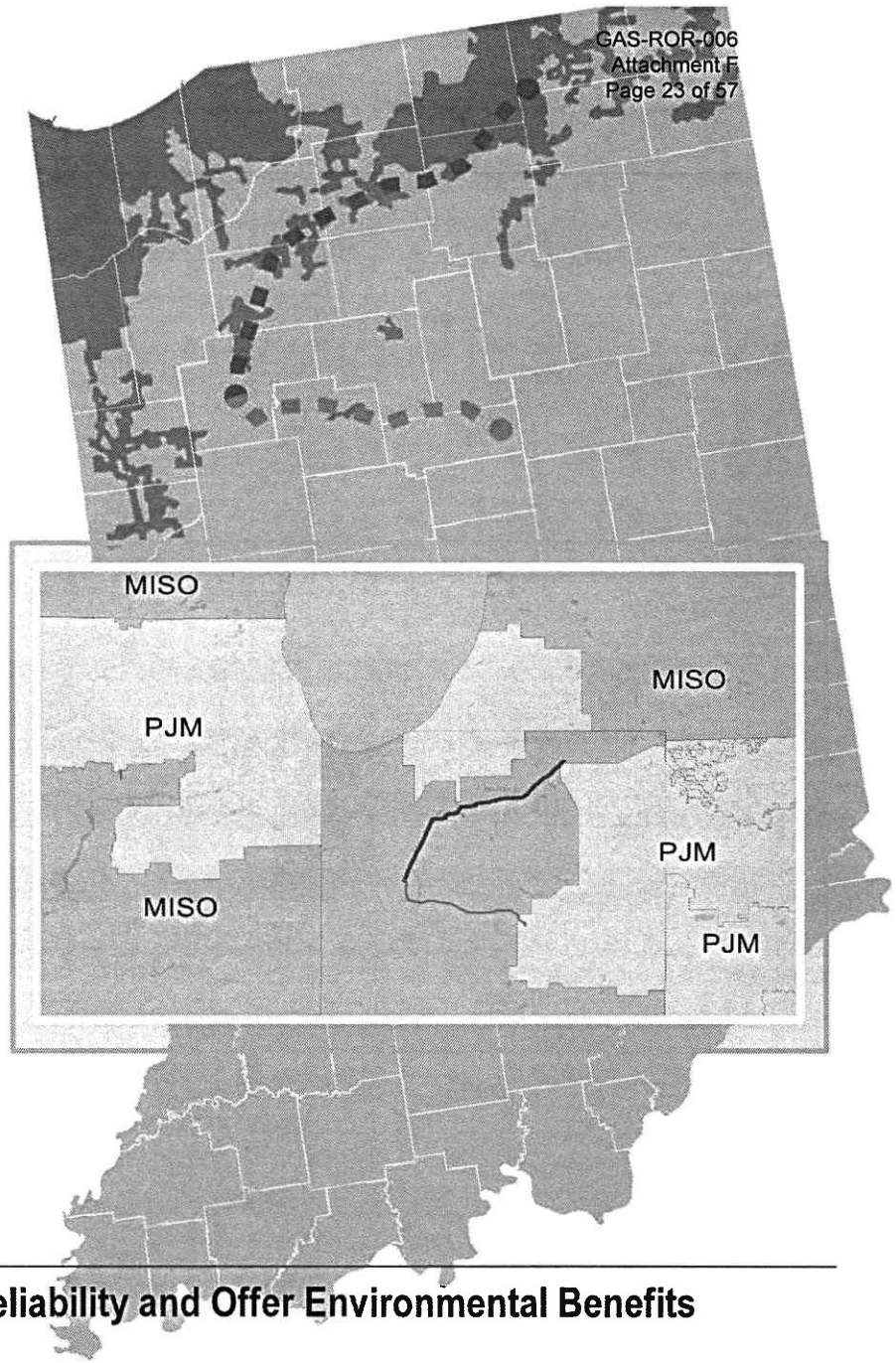


Seven-Year Plan to Improve Safety and Reliability

ELECTRIC TRANSMISSION

MISO Multi-Value Projects

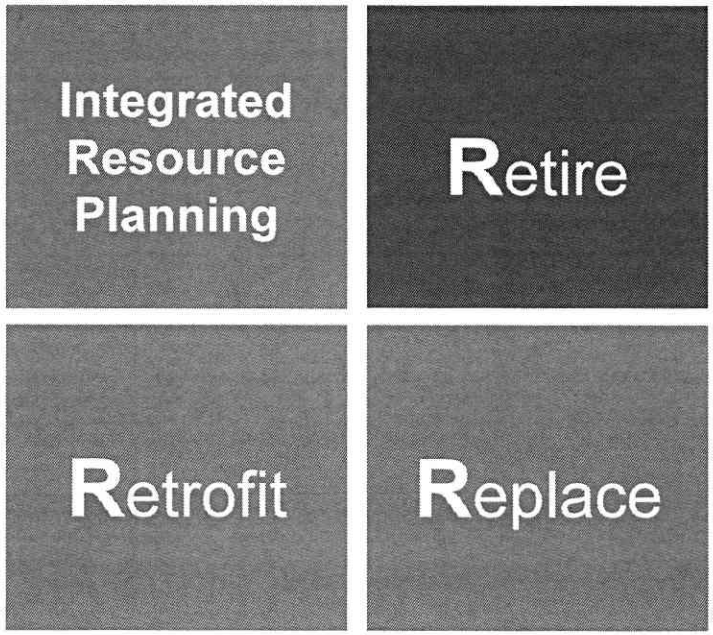
- **Reynolds to Topeka Project**
  - 100-Mile, 345-kV transmission project
  - ~$350M-$400M investment
- **Greentown to Reynolds (Joint Project)**
  - 65-Mile, 765-kV transmission project
  - ~$350M-$400M investment
    (NIPSCO portion ~$175M-$200M)
- **Both Projects on Schedule**
  - $60M-$140M annual investment
  - FERC rates: 10.32% ROE
  - NIPSCO customers responsible for only a small portion of costs
  - Right-of-way acquisition virtually complete
  - Substation, line and tower construction underway
  - Projected in-service: year-end 2018



Opportunities Support New Jobs, Enhance Reliability and Offer Environmental Benefits

LONG-TERM ELECTRIC GENERATION

Planning for the Future



NIPSCO Planning Considerations

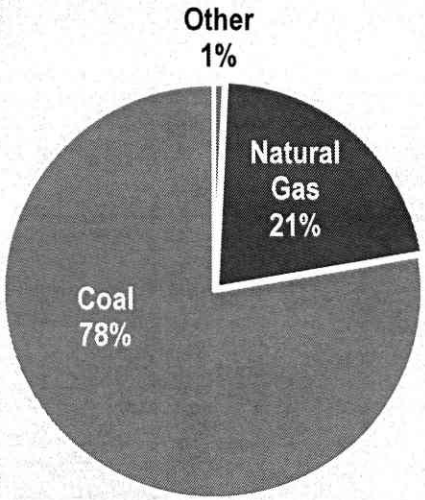
- Evolving landscape, technologies and market conditions
- Significant maintenance costs needed in aging coal fleet
- Low, stable natural gas prices
- Heavy industrial customer base

Providing Balanced Options for Stakeholders while Maintaining Flexibility for the Future

DIVERSIFYING NIPSCO'S RESOURCE PORTFOLIO

Projected Retirement of 50% of Coal Capacity by 2023

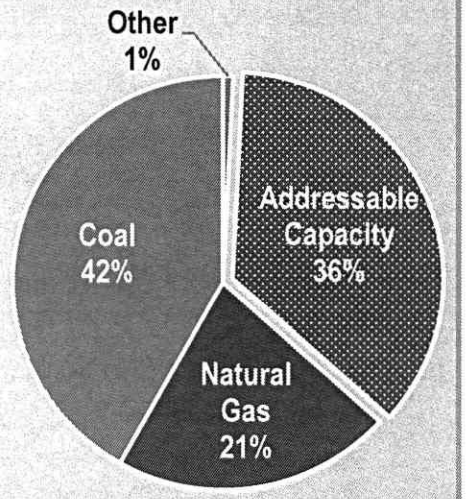
2016 CAPACITY*



RANGE OF BENEFITS PROVIDED

- Balanced Option for Customers and Environment
- Maintains the Flexibility to Adapt to Future Technology and Market Changes
- Minimizes Employee Impacts
- Extends Operation of Reliable Units where Recent Environmental Upgrades Were Made
- Reduces Risk of Operating Aging Plants

POST 2023 PROJECTED CAPACITY*



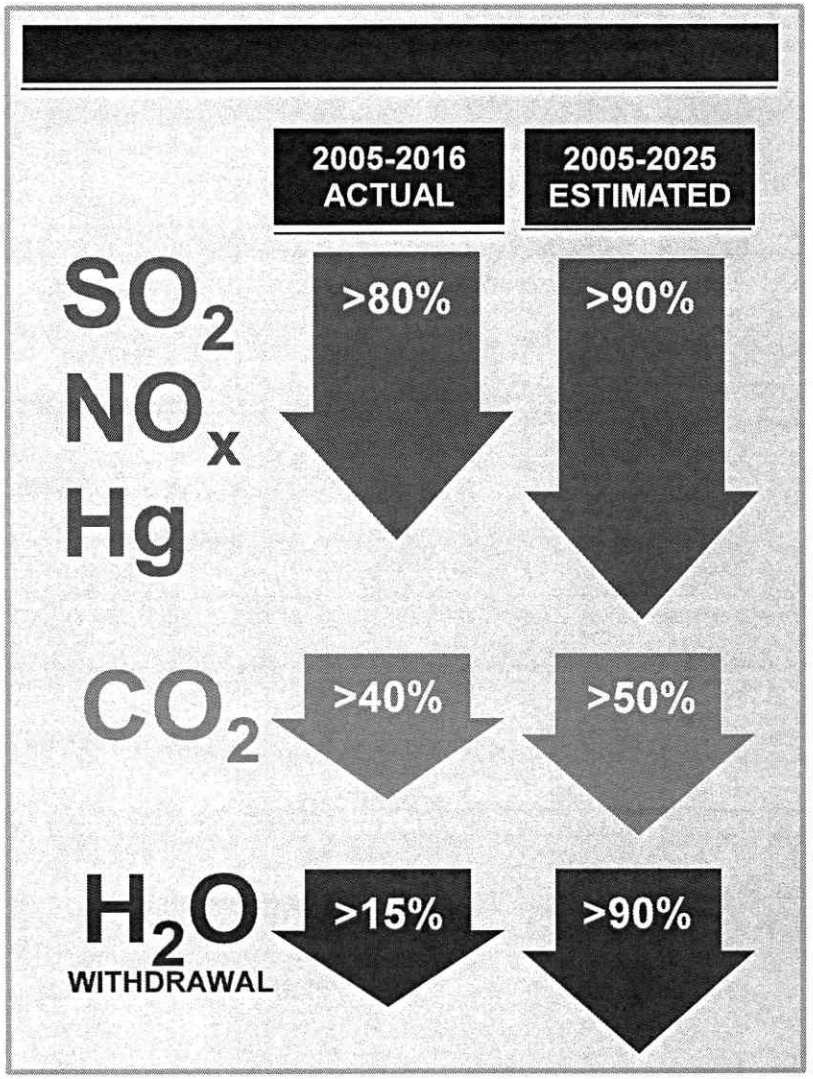
Long-Term Generation Strategy to Provide Balanced Value for All Stakeholders

* Net Demonstrated Capacity, Excluding Interruptible Resources

ENHANCING ENVIRONMENTAL STEWARDSHIP

Past and Projected Environmental Improvements

- **~$850M Invested in Flue Gas Desulfurization (FGD) Facilities and New Environmental Controls through 2016**
- **Increased Natural Gas Generation Capacity**
- **Efficiency Improvements in Generation Fleet**
- **Customer Energy Efficiency and Demand Side Management**
- **Environmental Compliance**
  - Certificate of Public Convenience and Necessity (CPCN) filed in Nov. 2016, expected outcome by year-end 2017
  - ~$400M of investment for Coal Combustion Residuals Rule (CCR) and Effluent Limitation Guidelines (ELG)



Continuing Sustainable Positive Impacts

CLEAR STRATEGY FOR ELECTRIC SEGMENT

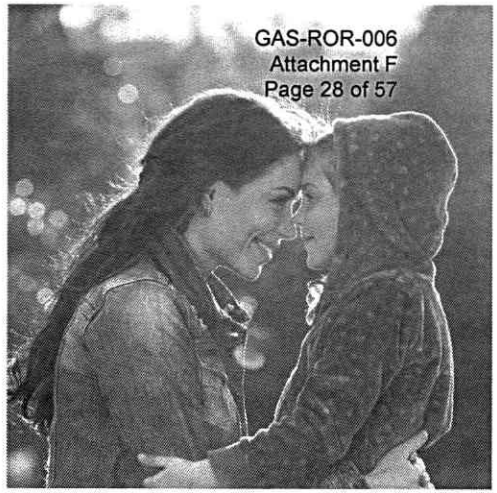
Balanced Focus Benefiting All Stakeholders

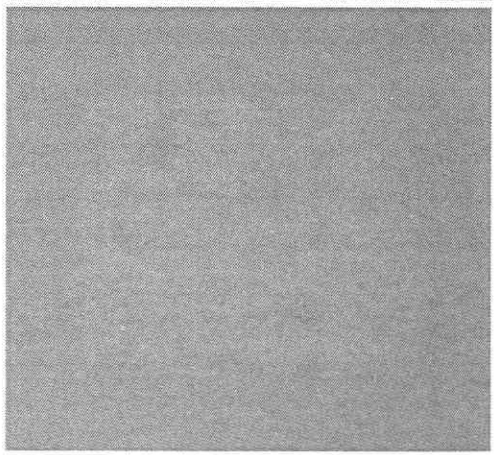
- **Executing on Our Regulatory Strategy**
- **Constructive Regulatory Environment**
- **Focus on Customer Value and Experience**
- **Integrated Resource Plan Sets Stage to Diversify NIPSCO's Generation Portfolio**
- **Investments Support Enhanced Environmental Performance and Sustainable Positive Impacts**

OPERATIONS OVERVIEW

JIM STANLEY
Executive Vice President and
Chief Operating Officer

NiSource®







NISOURCE OPERATIONS

Focused on Safety, Reliability and Sustained Program Execution

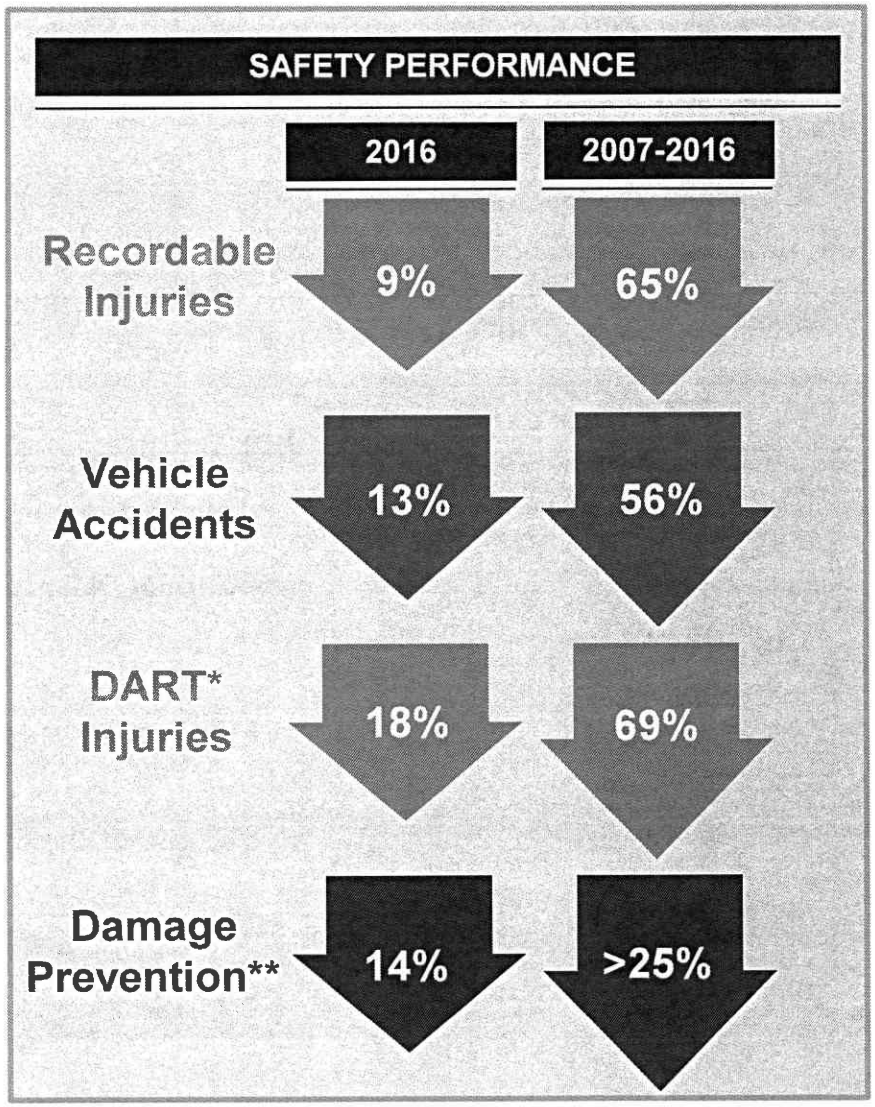
2016	FOCUS	Projected 2017-2020
Top Quartile Employee Safety	• Industry-Leading Safety Performance	**Top Decile** Employee Safety Milestone
406 Miles of Pipe Replaced	• Customer-Focused Service and Response	**1,547 Miles** of Priority Pipe Replaced
60 Miles of Underground Electric Cable Replaced	• Infrastructure Investments to Reduce Risk	**255 Miles** of Underground Electric Cable Replaced
1,205 Electric Poles Replaced	• Enhanced Field Workforce Training and Development	**4,800** Electric Poles Replaced
10% Reduction in Average Emergency Response Time	• Disciplined Capital Allocation and Execution	**Additional 2% Reduction** in Average Emergency Response Time

A Strategy Grounded in the Value Delivered to Customers

INDUSTRY-LEADING SAFETY PERFORMANCE

Setting a New Standard

- **Customer and Community Safety**
  - High-value system infrastructure investments
  - Public education and training emphasis
  - Improved emergency response using new technology and processes
- **Employee Safety**
  - Significant progress over last ten years
  - Building an employee-driven safety culture
  - Aligning our contract partner safety with NiSource expectations and values
  - Relentless focus on reducing risk

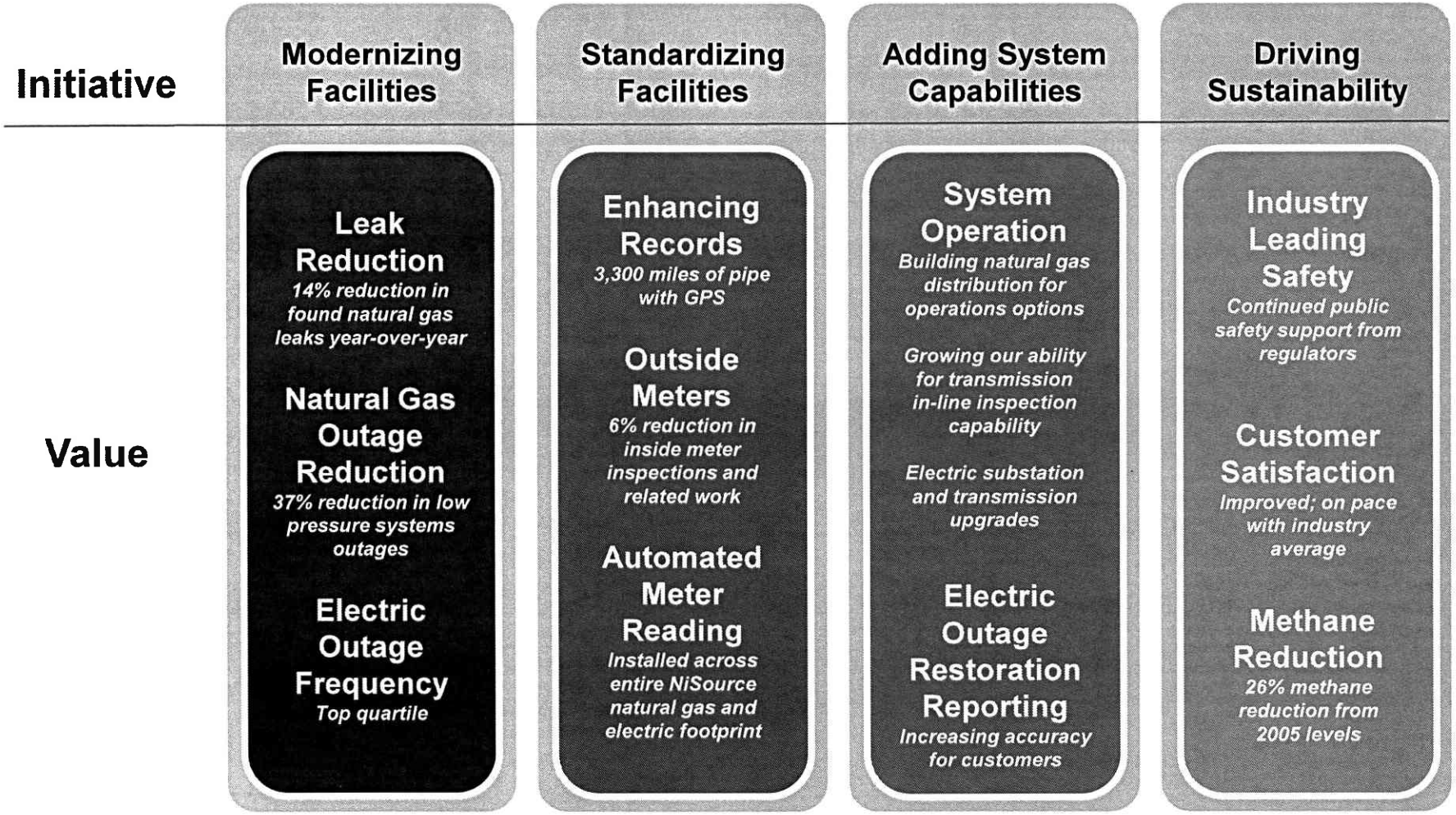


Safety Culture Drives Improvements

* Days away restricted or transferred rate
** Damages per 1,000 facility locates

FOCUSED INITIATIVES DRIVE VALUE

Comprehensive Approach to Increase Public Safety and Reduce Risk



Driving Towards Industry-Leading Safety, Reliability and Emergency Response

DELIVERING RELIABLE AND ENHANCED SERVICES

Through Education, Technology, Training and Process Improvement

Safety and Performance

- Achieve goal of responding to 98% of emergency calls within 45 minutes
- Investment in emergency responder training
- Improving our processes to enhance our restoration efforts
- Industry-leading line locating and damage prevention

System Investments

- Replacement of higher risk, aging utility infrastructure
- Investment in common systems and processes
- Diversification of generation capacity
- Increase customer base to realize benefits of greater scale

Best Place to Work

- Leverage the workforce diversity in the communities where we operate
- Recognized as a top employer
- Enhance our technical training curriculum; four training facilities to be opened by end of 2018
- Talent strategies aligned with long-term priorities and goals

Customer Satisfaction

- Connect with customers in their preferred way
- Scheduling appointments responsive to customer needs
- Expanding customer engagement channels

Our Vision - Transforming the Way We Deliver Services to Our Customers

CLEAR FOCUS AND STRATEGY – VISIBLE PROGRESS

Balanced Focus Benefiting All Stakeholders

FINANCIAL PROFILE

DONALD BROWN
Executive Vice President and
Chief Financial Officer

NiSource®









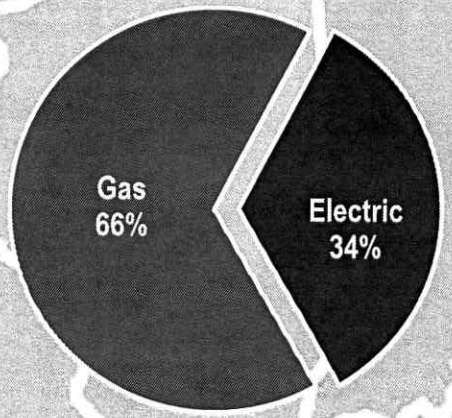


PREMIER REGULATED UTILITY BUSINESS

Stable 100% Regulated Revenue Stream

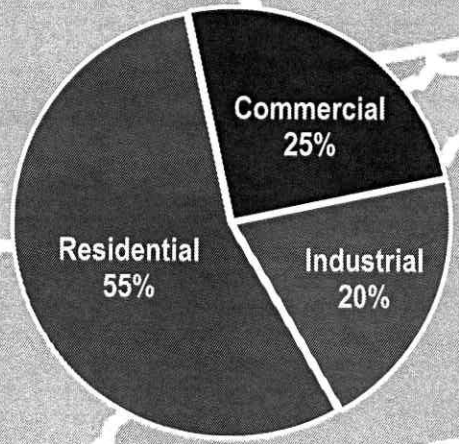
BALANCED BUSINESS MIX

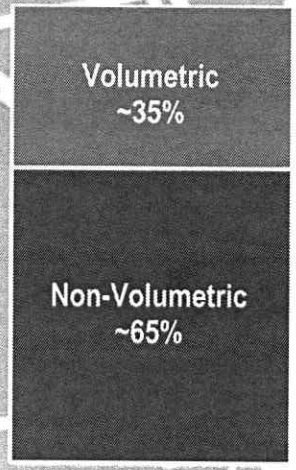
Operating Earnings*



STABLE REVENUE PROFILE

Total Revenue**



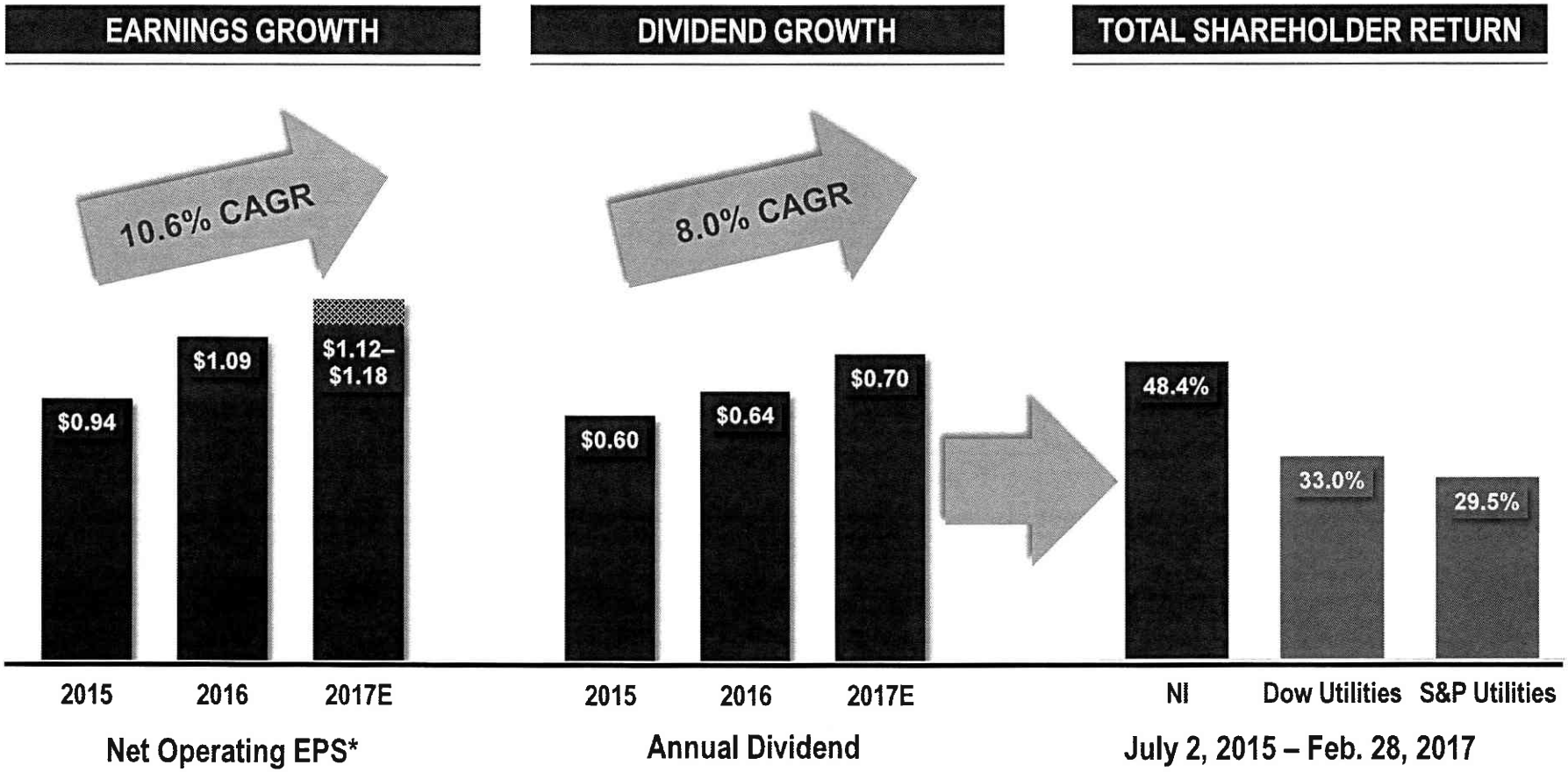


Delivering on Commitments to Customers, Communities, Employees and Investors

* 2016 Operating Earnings (Non-GAAP)
** As of Dec. 31, 2016

BUILDING SHAREHOLDER VALUE

48.4% Total Shareholder Return from July 2, 2015 – Feb. 28, 2017

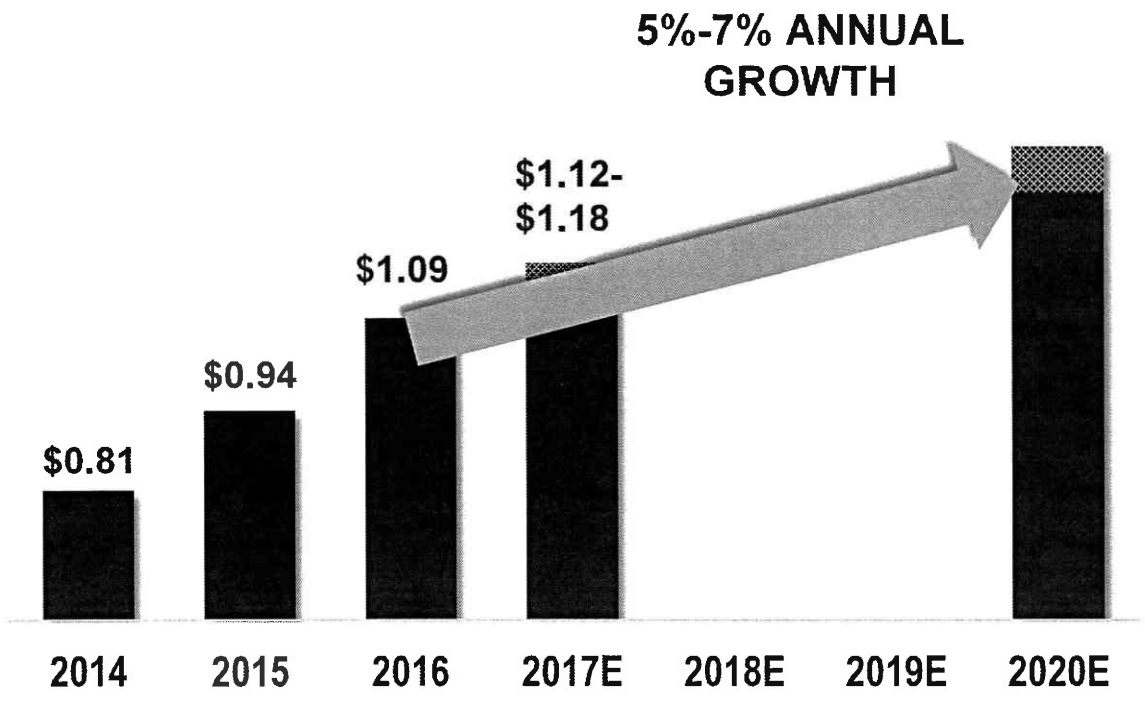


Compelling Annual 8%-10% Total Shareholder Return Proposition**

* Net Operating Earnings per share (Non-GAAP); for 2015 and 2016 reconciliation to GAAP, see slide 57 of this presentation; See Regulation G statement on slide 2
** Estimated total shareholder return at a constant P/E ratio

CONSISTENT EARNINGS GROWTH

Driven by High-Value Infrastructure Investment



2017 GUIDANCE

- Net Operating EPS* Range $1.12-$1.18
- Annual Dividend of $0.70 per Share Following an ~6.1% Increase in February 2017

PROJECTED GROWTH THROUGH 2020

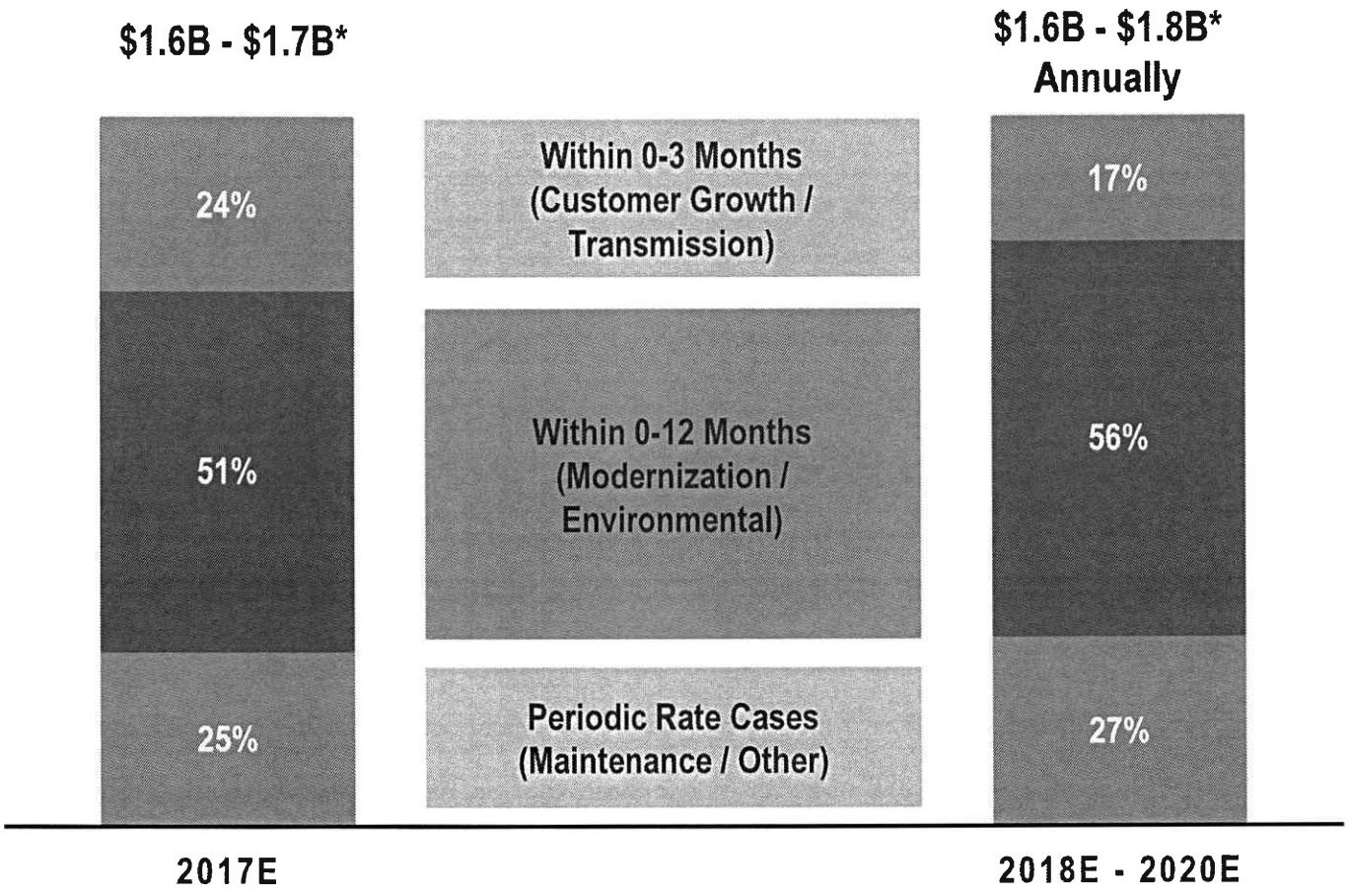
- 8%-10% Annual Rate Base
- 5%-7% Annual Net Operating EPS*
- 5%-7% Annual Dividend* (Targeted Payout Ratio of 60%-70%)

Visible Long-Term Rate Base Growth Drives Sustainable EPS and Dividend Growth Beyond 2020*

* Net Operating Earnings per share (Non-GAAP); for 2014 - 2016 reconciliation to GAAP, see slide 57 of this presentation; See Regulation G statement on slide 2; Dividends subject to Board approval

CAPITAL EXPENDITURES

Regulatory Programs Support Timely Earning on Investments



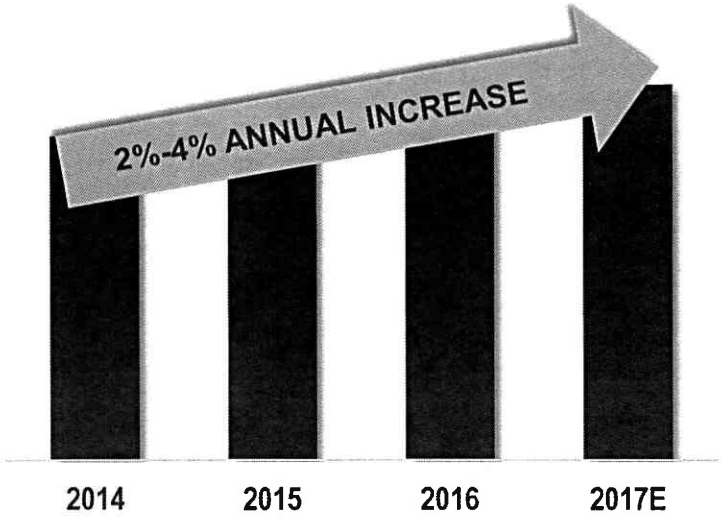
~75% of Capital Investments Begin Earning in Less Than 12 months

* Includes Corporate (2017 = $15M, 2018 = $13M, 2019 = $14M, 2020 = $14M)

TRANSFORMATION TO ENHANCE VALUE FOR CUSTOMERS

Focused on Long-Term Affordability

BUILDING A PLATFORM FOR EXECUTION



Annual Total O&M Expense

PROJECTED ANNUAL O&M INCREASES FLATTEN BEYOND 2017

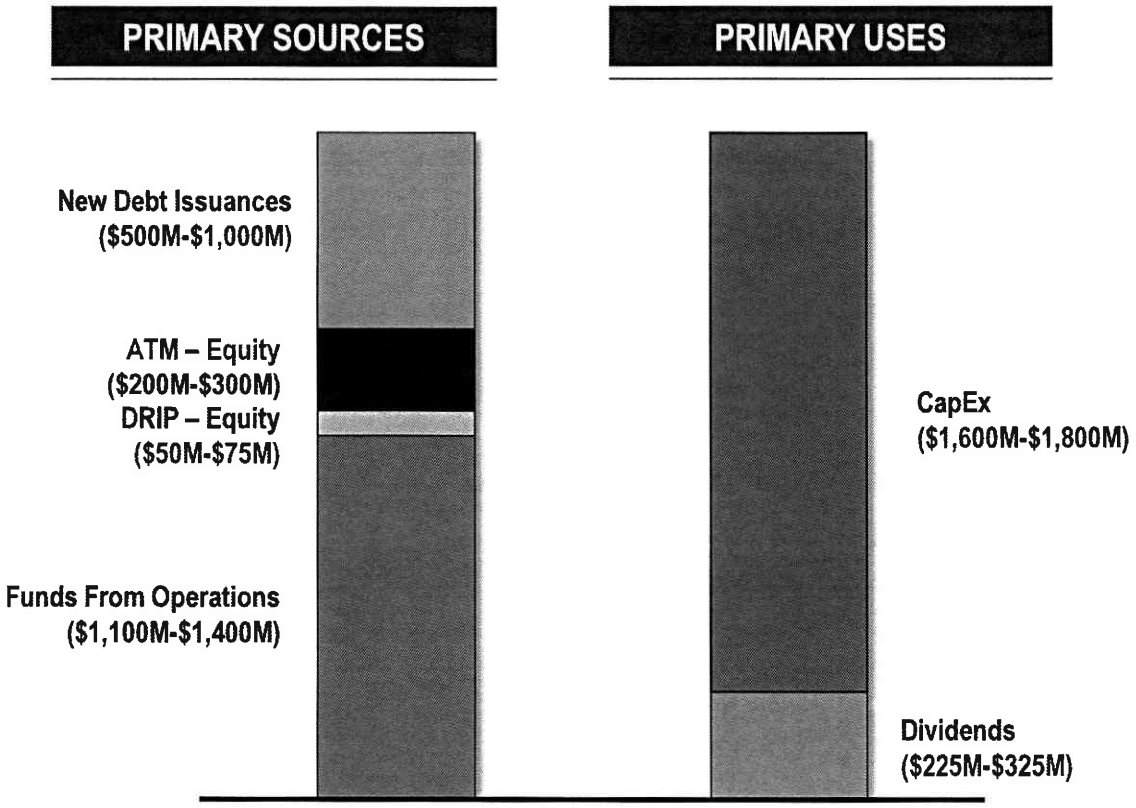
- Optimizing Processes, Investments, and Technology across the Footprint
- Logical Next Step Following Separation to Further Enhance Utility Operations
- Builds Sustainability of Safety and Reliability Investments by Reducing Customer Rate Inflation

~$100M-$150M of Estimated Transformation Investments through 2020 to Drive Sustainability

PRIMARY SOURCES AND USES OF CASH

Predictable Financing for Programmatic Investments

Illustrative – Annual Sources and Uses Through 2020



Balanced and Predictable Capital Financing Plan (2017 – 2020)

- **Debt**
  - Approximately 50% of 2017 and 2018 issuances hedged
- **Equity**
  - New ATM (At The Market) Program
  - Continuation of the DRIP (Dividend Reinvestment Program)

Annual 5%-7% Net Operating EPS and Dividend Growth Guidance through 2020 Inclusive of all Funding Needs*

* Net Operating Earnings from Continuing Operations (Non-GAAP); See Regulation G statement on slide 2; Dividends subject to Board approval

DEBT AND CREDIT PROFILE

Supports Sustainable Investments

Current Debt Level: ~$7.9B as of December 31, 2016

- ~$6.3B of long-term debt
  - Weighted average maturity ~13 years
  - Weighted average rate of 5.41%

Solid Liquidity Position

- ~$2.2B of committed facilities in place
  - ~$1.9B 5-year revolving credit facility
  - ~$0.3B* accounts receivable securitization facilities
- ~$684M in net available liquidity as of December 31, 2016**

Interest Rate Hedging Position

- ~$1.5B of issuances currently hedged
  - ~50% of anticipated debt issuances in 2017 & 2018

Committed to Investment-Grade Credit

- S&P BBB+ | Moody's Baa2 | Fitch BBB

Strong Financial Foundation to Support Long-Term Infrastructure Investments

* Committed capacity on accounts receivable securitization facilities changes with seasonality
** Consisting of cash and available capacity under credit facilities

POTENTIAL TAX POLICY REFORM

Shaping a Balanced, Constructive Outcome

Advocacy – Key Policy Objectives

- Balance the interests of customers and shareholders
- Preserve deductibility of interest expense and state/local taxes
- Maintain low dividend and capital gains tax rates
- Ensure fair and effective transition rules

Primary Areas of Potential Financial Exposure

- Corporate level debt not capitalized in operating companies
- Cash flow from regulated operating companies
- Future cost of capital to finance capital investments

Engaged with Policy Makers, Working with Industry Partners

KEY INVESTMENT CONSIDERATIONS

Driving Sustainable Growth

STRONG UNDERLYING BUSINESS

- **100% Regulated Gas and Electric Utility Business**
  - Balanced Business Mix of 66% Gas and 34% Electric
  - Stable Revenue Stream with ~65% Non-Volume Sensitive
- **Significant Scale with ~4M Customers Across Seven States**
- **~$30B of Identified Infrastructure Investments**
  - Equals Over ~4x Current Market Cap
  - Over 90% of Investments in Regulated Pipes and Wires through 2020

+ EXECUTION

- **Focused Business Strategy**
  - Infrastructure Modernization
  - Customer Growth
  - Generation Strategy
  - Performance Transformation
- **Management with Proven Track Record of Execution**
- **Planned Capital Investment of $1.6B-$1.8B Annually through 2020**
- **Timely Investment Recovery through Established Mechanisms**
- **Focused Regulatory Leadership in Constructive Stakeholder Environments**

= FINANCIAL OUTCOME

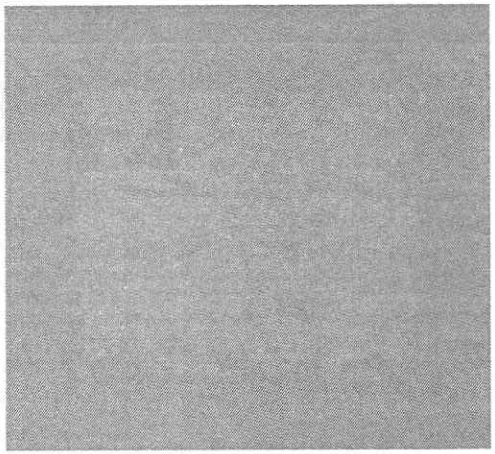
- **Expected Annual Net Operating EPS and Dividend Growth of 5%-7% through 2020***
- **Targeted Dividend Payout of 60%-70%**
- **Commitment to a Healthy Balance Sheet with Growing Cash Flow**
- **Maintain Investment-Grade Credit**

Compelling Annual 8%-10% Total Shareholder Return Proposition**

* Net Operating Earnings from Continuing Operations (Non-GAAP); See Regulation G statement on slide 2; Dividends subject to Board approval
** Estimated total shareholder return at a constant P/E ratio

APPENDIX

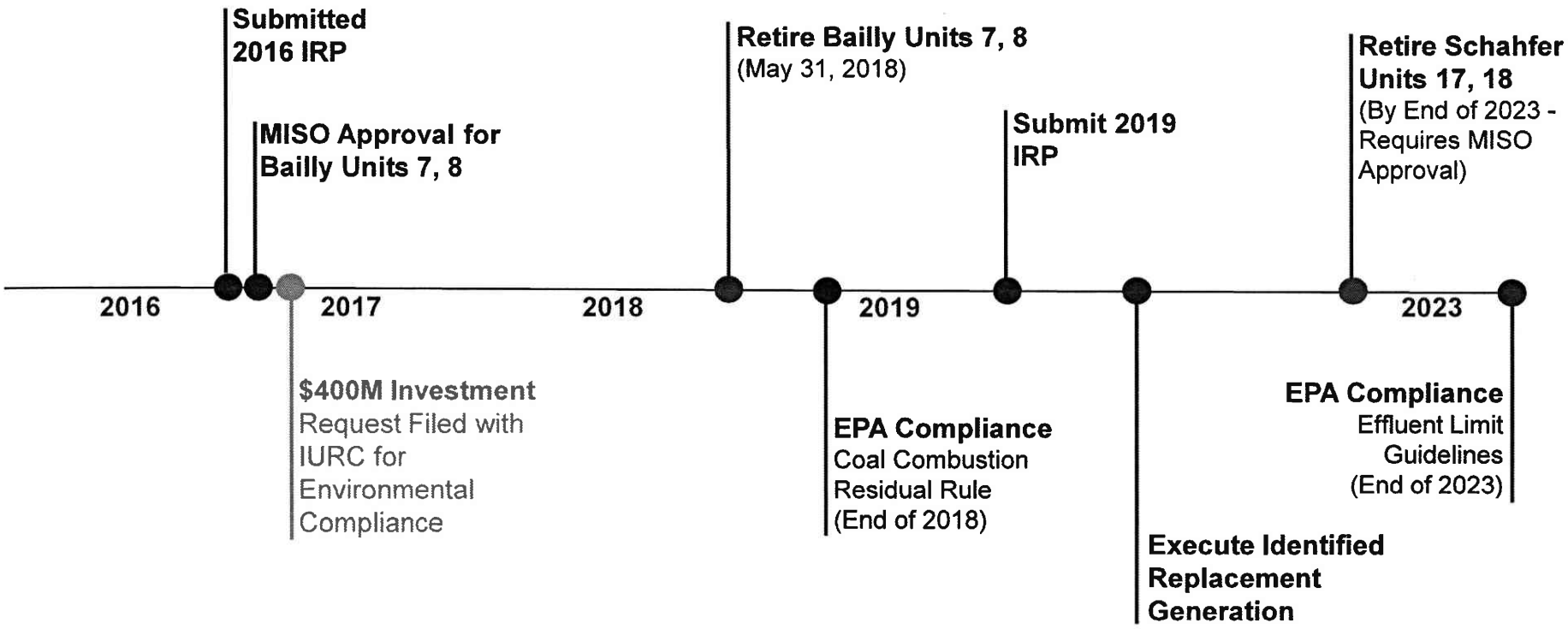






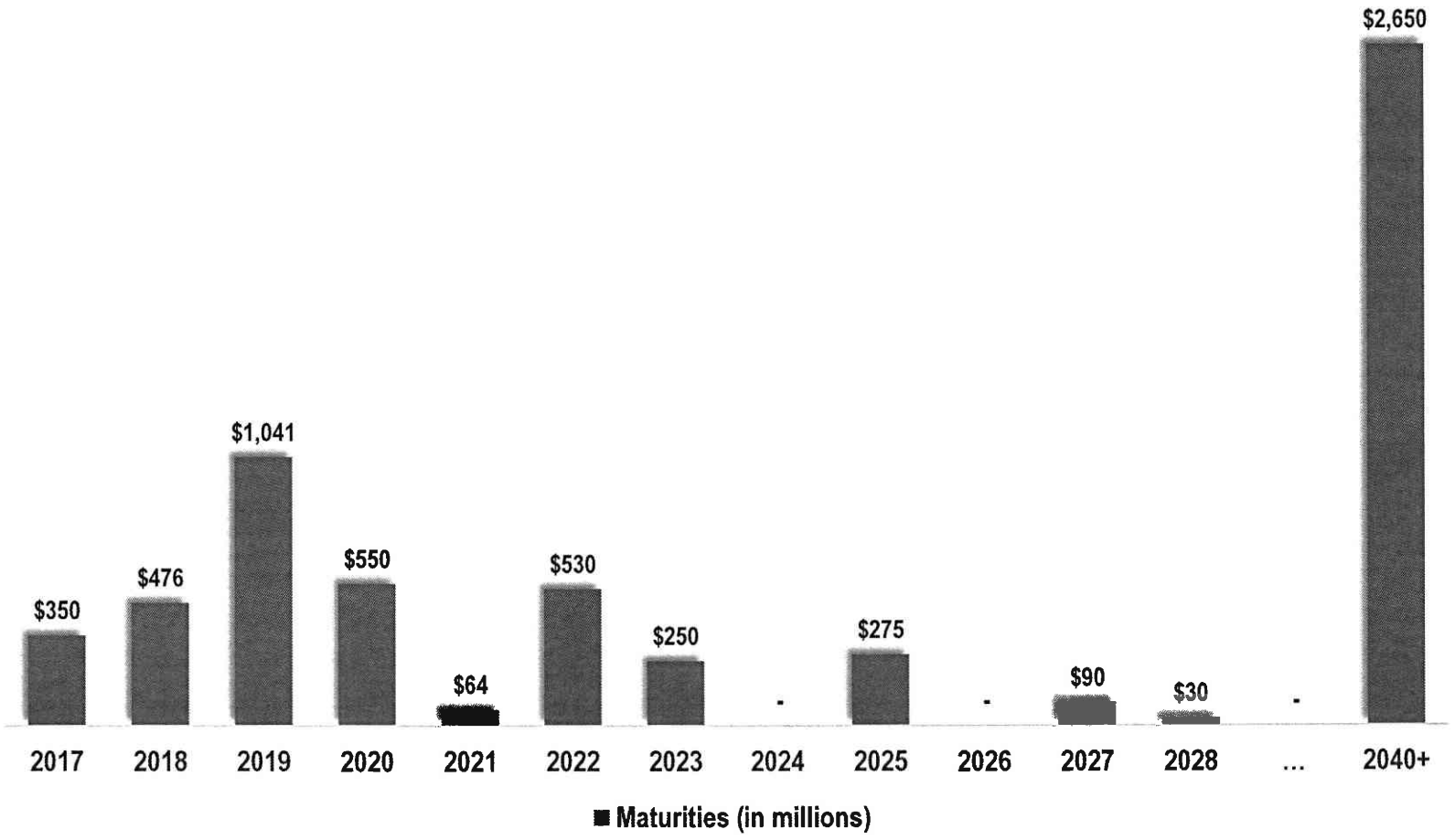
NiSource®

FORECASTED GENERATION STRATEGY TIMELINE



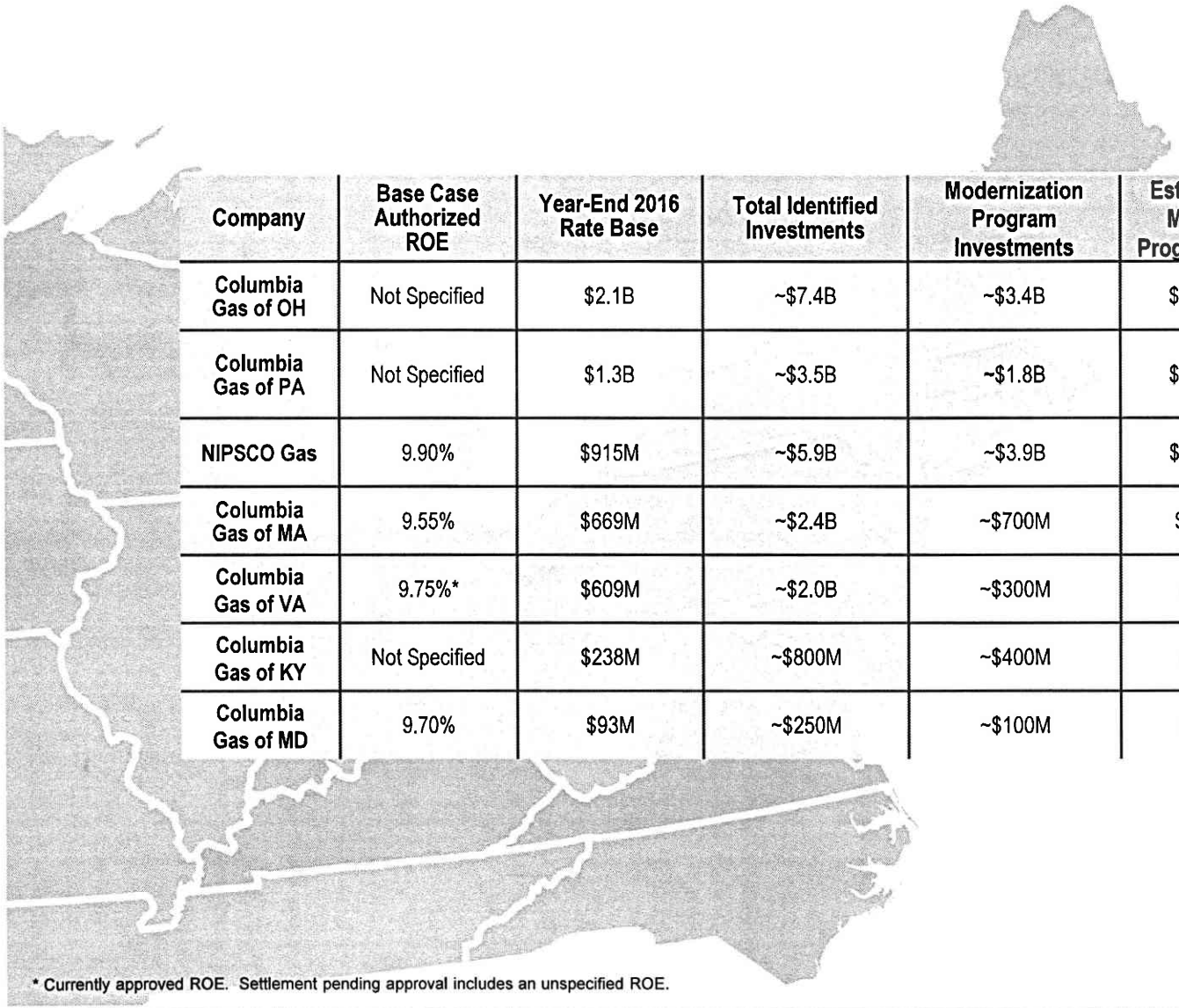
Continuous Engagement with Internal and External Stakeholders

NISOURCE LONG-TERM DEBT PROFILE



Strong Financial Foundation to Support Long-Term Infrastructure Investments

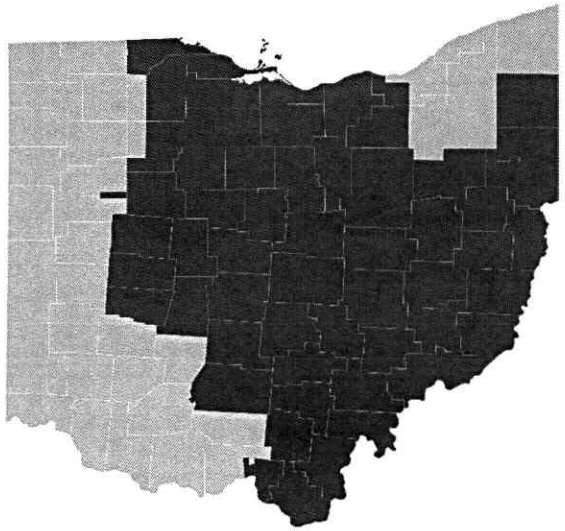
NATURAL GAS DISTRIBUTION INFRASTRUCTURE PROGRAMS



Company	Base Case Authorized ROE	Year-End 2016 Rate Base	Total Identified Investments	Modernization Program Investments	Estimated Annual Modernization Program Investment	Recovery Mechanism
Columbia Gas of OH	Not Specified	$2.1B	~$7.4B	~$3.4B	$205M - $260M	Tracked
Columbia Gas of PA	Not Specified	$1.3B	~$3.5B	~$1.8B	$200M - $250M	Rate Case (Forward Test Year)
NIPSCO Gas	9.90%	$915M	~$5.9B	~$3.9B	$135M - $170M	Tracked
Columbia Gas of MA	9.55%	$669M	~$2.4B	~$700M	$70M - $120M	Tracked
Columbia Gas of VA	9.75%*	$609M	~$2.0B	~$300M	$30M - $40M	Tracked
Columbia Gas of KY	Not Specified	$238M	~$800M	~$400M	$20M - $45M	Tracked
Columbia Gas of MD	9.70%	$93M	~$250M	~$100M	$10M - $16M	Tracked

* Currently approved ROE. Settlement pending approval includes an unspecified ROE.

COLUMBIA GAS OF OHIO



ANTICIPATED MODERNIZATION INVESTMENT SUMMARY

Total Investment Opportunities	**~$7.4B**
Annual Program Investment Range	**$205M - $260M**
Regulatory Treatment	**Tracked**
Tracker Filing Period	**Historical – 12 months**
Tracker Filing Date	**February**
Recovery Begins	**May**
Weighted Avg Regulatory Lag	**< 12 Months**
Authorized Program ROE	**10.39%**

Business Profile

- Largest LDC in Ohio (~1.4M customers)
- ~ 20,100 miles of pipe
- ~ 2,550 miles of bare steel and cast iron
- ~ $2.1B rate base

Customer Focus

- Nationally recognized energy efficiency programs
- Positive trending customer satisfaction

Rate Design

- Straight fixed variable rate design (fully fixed residential distribution rate)
- Bad debt tracked with full recovery
- Several other O&M trackers

Economic Outlook / Customer Growth

- Stable economic environment with modest customer growth
- Energy is central to state economy

Constructive Legislation

- House Bill 95
  - Utility modernization capital programs
  - Trackers cannot increase residential rates by more than $1.50 per month with each annual filing
- House Bill 319
  - Infrastructure cost recovery for up to $4.2M annually for economic development projects
- Senate Bill 378
  - Underground protection and enforcement

Regulatory Environment and Growth Strategy

- Fully tracked annual Infrastructure Replacement Program (IRP)
- Ability to defer costs associated with non-tracked investments
- Public policy provides tools supporting investment for economic development and deferral of pipeline safety costs

COLUMBIA GAS OF PENNSYLVANIA



ANTICIPATED MODERNIZATION INVESTMENT SUMMARY

Total Investment Opportunities	~$3.5B
Annual Program Investment Range	$200M - $250M
Regulatory Treatment	Base Rate Case*
Test Year	Forward – 12 months
Filing Date	Varies
Recovery Begins	Typically within 9 months of filing
Weighted Avg Regulatory Lag	None
Authorized ROE	Not Specified

Business Profile

- Third Largest LDC in PA (~430K customers)
- ~ 7,600 miles of pipe
- ~ 1,500 miles of bare steel and cast iron
- ~ $1.3B rate base

Customer Focus

- State leader in universal services, low income initiatives, choice and energy efficiency programs

Rate Design

- ~50% of residential distribution rate fixed (assuming average customer usage)
- Weather normalization adjustment for residential customers stabilizes revenue

Economic Outlook / Customer Growth

- Stable economic environment
- Tariff program allows for modest customer growth
- New business tariff proposals pending

Constructive Legislation

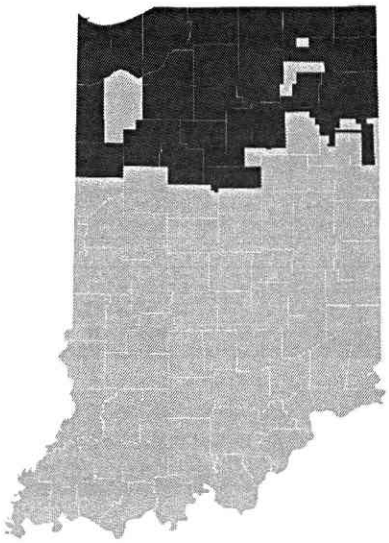
- Act 11
  - Allows a gas utility to file a Distribution Service Improvement Charge (DSIC) and rate case with fully forecasted rate year
  - No limits for rate cases; DSIC increase limited to 5% of billed revenue

Regulatory Environment and Growth Strategy

- Recovery of infrastructure and other costs through base rate filings using a forward test year
- Tariff supports system expansion by allowing customers payment options for main extension and allows LDCs to implement various programs to facilitate customer conversion to natural gas

* Pennsylvania also allows for a tracking mechanism for Infrastructure Investments – Distribution System Improvement Charge (DSIC)

INDIANA GAS (NIPSCO)



ANTICIPATED MODERNIZATION INVESTMENT SUMMARY

Total Investment Opportunities	**~$5.9B**
Annual Program Investment Range	**$135M - $170M**
Regulatory Treatment	**Tracked**
Tracker Filing Period	**Historical – Prior 6 Months**
Tracker Filing Cadence	**February and August**
Recovery Begins	**July and January**
Weighted Avg Regulatory Lag	**< 12 Months**
Authorized Program ROE	**9.90%**

Business Profile

- Largest LDC in Indiana (~820K customers)
- ~ 17,900 miles of pipe
- ~ 50 miles of bare steel
- ~ $915M rate base

Customer Focus

- Lowest-cost gas provider in Indiana
- Fewest customer complaints in Indiana
- Continued rise in J.D. Power customer satisfaction survey

Rate Design

- ~60% of residential distribution rate fixed
- Low income program fully tracked

Economic Outlook / Customer Growth

- Stable economic environment
- Customer growth potential through rural extension opportunities

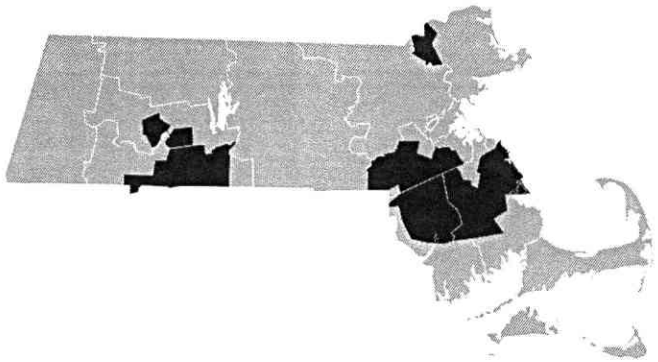
Constructive Legislation

- Senate Bill 560
  - Use of forward test year, timely rate cases, infrastructure investment tracking, rural expansion for natural gas
  - Rate case required within 7 years of original TDSIC filing
  - Rider cannot increase customer rates more than 2% of prior 12 months revenues
- Senate Bill 251
  - Cost recovery of federally mandated requirements

Regulatory Environment and Growth Strategy

- Seven-Year, ~ $824M Infrastructure Modernization Program with semi-annual tracker filings
- Additional modernization opportunities identified over next 20+ years
- Regulatory construct encourages gas system expansion into rural areas

COLUMBIA GAS OF MASSACHUSETTS



ANTICIPATED MODERNIZATION INVESTMENT SUMMARY

Total Investment Opportunities	**~$2.4B**
Annual Program Investment Range	**$70M - $120M**
Regulatory Treatment	**Tracked**
Tracker Filing Period	**Forward – 12 months**
Tracker Filing Date	**October**
Recovery Begins	**May**
Weighted Avg Regulatory Lag	**None**
Authorized Program ROE	**9.55%**

Business Profile

- Largest gas-only LDC in MA (~320K customers)
- ~ 5,000 miles of pipe
- ~ 690 miles of bare steel and cast iron
- ~ $669M rate base

Customer Focus

- Strong customer interest in conversion from oil to natural gas
- Broad based energy efficiency program provides full range of customer programs

Rate Design

- ~30% of residential distribution rate fixed
- Revenue decoupling adjustment provides residential revenue stabilization for changes in customer usage
- Full cost recovery mechanisms for O&M associated with energy efficiency and low income programs, bad debt, pension costs, and environmental remediation

Economic Outlook / Customer Growth

- Stable economic environment
- Customer growth potential through conversion opportunities

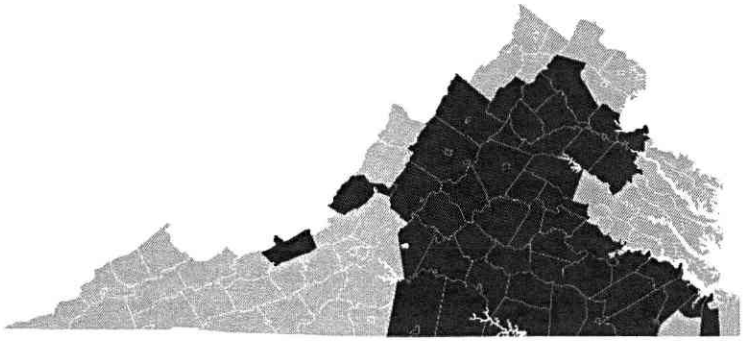
Constructive Legislation

- Acts of 2014 Chapter 149 – An Act Relative to Natural Gas Leaks
  - Tracked recovery of priority pipeline infrastructure replacements based on forward-looking test year
  - Annual Recovery capped at 1.5% of the company's most recent calendar year total firm revenues with deferral of overage for future recovery
  - Also allows LDCs to implement programs to facilitate customer conversion to natural gas
- Acts of 2016 Chapter 188 – An Act to Promote Energy Diversity
  - Identification and repair of environmentally significant Grade 3 leaks
  - Cost recovery through tracker provided for in the Acts of 2014 Chapter 149

Regulatory Environment and Growth Strategy

- Modernization/safety investments recovered through annual (forward-looking) infrastructure tracker filings
- Tracker filings supplemented by periodic rate cases
- Customer growth opportunities through natural gas conversions

COLUMBIA GAS OF VIRGINIA



ANTICIPATED MODERNIZATION INVESTMENT SUMMARY

Total Investment Opportunities	~$2.0B
Annual Program Investment Range	$30M - $40M
Regulatory Treatment	Tracked
Tracker Filing Period	Forward – 12 months
Tracker Filing Date	August
Recovery Begins	January
Weighted Avg Regulatory Lag	None
Authorized Program ROE	9.50%

Business Profile

- Third Largest LDC in VA (~260K customers)
- ~ 5,200 miles of pipe
- ~ 160 miles of bare steel
- ~ $609M rate base

Customer Focus

- Broad residential, commercial and industrial portfolio
- Industry-leading third party damage rate

Rate Design

- ~55% of residential distribution rate fixed
- Revenue normalization adjustments provides full residential distribution revenue recovery
- Energy conservation tracker

Economic Outlook / Customer Growth

- Stable economic environment
- Customer growth opportunities through system expansion
- Initiatives in place to promote customer conversions and growth

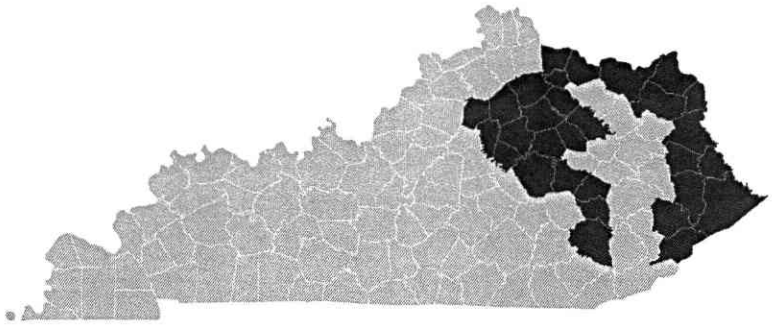
Constructive Legislation

- DIMP Act - Allows deferral of incremental O&M costs related to pipeline safety programs
- SAVE Act - Allows recovery of investment on infrastructure replacement
- CARE Act - Provides for energy efficiency programs and a decoupling adjustment
- NEED Act - Allows deferral of infrastructure expansion costs and recovery of costs associated with upstream natural gas supply infrastructure
- MAIN Act - Provides for recovery of infrastructure expansion program costs

Regulatory Environment and Growth Strategy

- Forward-looking annual modernization/safety infrastructure investment tracker filings
- Tracker filings supplemented by rate case filings with forward test year
- Annual infrastructure cost recovery filings

COLUMBIA GAS OF KENTUCKY



ANTICIPATED MODERNIZATION INVESTMENT SUMMARY

Total Investment Opportunities	**~$800M**
Annual Program Investment Range	**$20M - $45M**
Regulatory Treatment	**Tracked**
Test Year	**Forward – 12 months**
Tracker Filing Date	**October**
Recovery Begins	**January**
Weighted Avg Regulatory Lag	**None**
Authorized Program ROE	**9.50%**

Business Profile

- Second Largest Gas-Only LDC in KY (~135K customers)
- ~ 2,600 miles of pipe
- ~ 400 miles of bare steel and cast iron
- ~ $238M rate base

Customer Focus

- Top tier customer satisfaction levels
- Sustained industry-leading employee safety performance

Rate Design

- ~60% of residential distribution rate fixed
- Weather normalization adjustment for residential and commercial customers stabilizes revenue
- Energy conservation tracker

Economic Outlook / Customer Growth

- Stable economic environment with improving customer growth rates

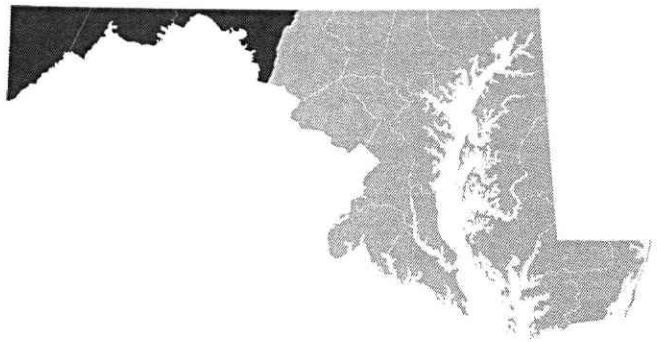
Constructive Legislation

- House Bill 100
  - Governments may create and assess for special energy efficiency project districts
- Accelerated Main Recovery Program - (KRS 278.509)
  - Allows for full recovery of eligible pipeline replacement program costs not recovered in existing rates via a rider that permits the use of a forward-looking test year and is reconciled.
  - There is no stated recovery limit on the tracker

Regulatory Environment and Growth Strategy

- Annual modernization/safety infrastructure investment tracker filings
- Tracker filings supplemented by rate case filings with forward test year

COLUMBIA GAS OF MARYLAND



ANTICIPATED MODERNIZATION INVESTMENT SUMMARY

Total Investment Opportunities	~$250M
Annual Program Investment Range	$10M - $16M
Regulatory Treatment	Tracked
Tracker Filing Period	Forward – 12 Months
Tracker Filing Date	November
Recovery Begins	January
Weighted Avg Regulatory Lag	< 12 Months
Authorized Program ROE	9.70%

Business Profile

- Complementary to PA operations (~33K customers)
- ~ 650 miles of pipe
- ~ 80 miles of bare steel & cast iron
- ~ $93M rate base

Customer Focus

- Sustained industry-leading employee and system safety performance

Rate Design

- Revenue normalization adjustment provides full residential distribution revenue recovery
- Energy efficiency tracker

Economic Outlook / Customer Growth

- Stable economic environment with modest customer growth

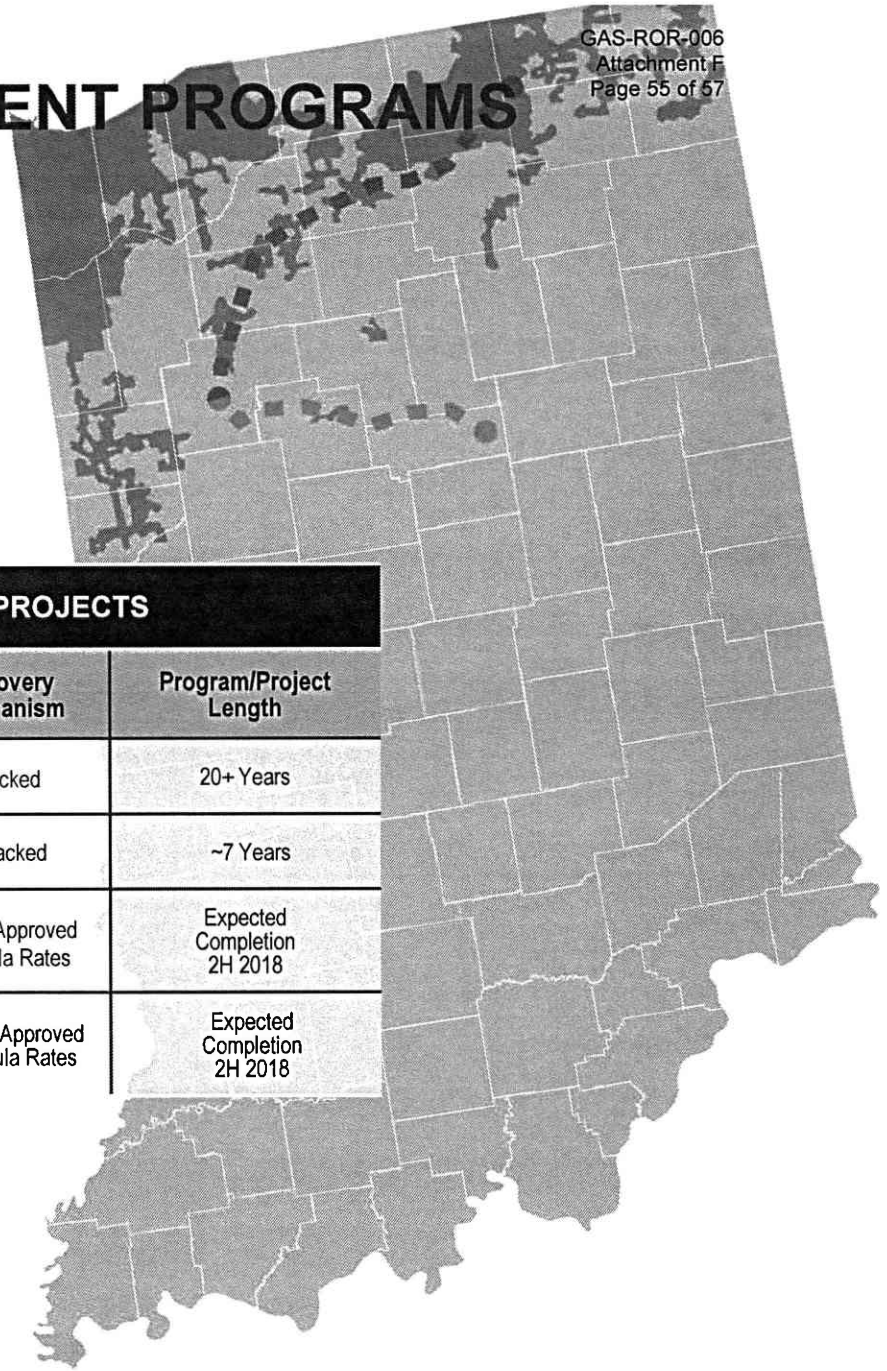
Constructive Legislation

- STRIDE
  - Prospective cost recovery for age and condition investment
  - The surcharge cannot exceed $2 per month on each residential bill

Regulatory Environment and Growth Strategy

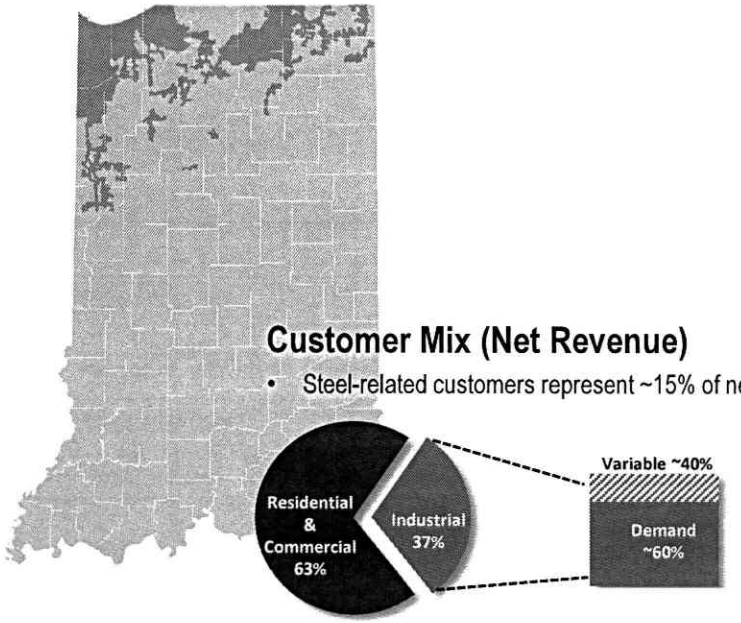
- Forward-looking annual Infrastructure Replacement and Improvement Surcharge (IRIS) recovers age and condition investment
- IRIS filings supplemented by periodic rate cases
- Opportunity to update other costs between rate cases

ELECTRIC SEGMENT INVESTMENT PROGRAMS



INFRASTRUCTURE INVESTMENT PROGRAMS / PROJECTS				
Program / Project	Identified Investments	Estimated Annual Investment	Recovery Mechanism	Program/Project Length
Infrastructure Modernization	~$4.2B	~$135M - $235M	Tracked	20+ Years
Environmental Compliance	~$0.4B	~$10M - $90M	Tracked	~7 Years
Transmission Project I (Reynolds-Topeka)	~$350M - $400M	~$50M - $120M	FERC Approved Formula Rates	Expected Completion 2H 2018
Transmission Project II – Partnership (Greentown-Reynolds)	~$350M - $400M (NI: ~$175M-$200M)	~$25M - $50M	FERC Approved Formula Rates	Expected Completion 2H 2018

INDIANA ELECTRIC (NIPSCO)



Customer Mix (Net Revenue)

- Steel-related customers represent ~15% of net revenues

ANTICIPATED MODERNIZATION INVESTMENT SUMMARY

Total Investment Opportunities	**~$10B**
Annual Program Investment Range	**$135M - $235M**
Regulatory Treatment	**Modernization and Environmental Projects Tracked**
Authorized ROE	**9.975%**

Business Profile

- Third largest electric utility in Indiana (~470K customers)
- Fully integrated electric utility
- 3,300 MW of environmentally compliant generation
- ~10,000 distribution line miles
- ~3,000 transmission line miles
- ~ $3.4B rate base

Customer Focus

- Fewest customer complaints in Indiana
- Top quartile reliability performance
- Continued rise in J.D. Power customer satisfaction survey

Rate Design

- 100% fuel costs pass-through
- Industrial customers ~60% demand charge weighted

Economic Outlook / Customer Growth

- Stable economic environment
- Customer growth potential through rural extension opportunities

Constructive Legislation

- Senate Bill 560
  - Use of forward test year, timely rate cases, infrastructure investment tracking, rural expansion for natural gas
  - Rate case required within seven years of original TDSIC filing
  - Rider cannot increase customer rates more than 2% of prior 12 months revenues
- Senate Bill 251
  - Cost recovery of federally mandated requirements through FMCA

Regulatory Environment and Growth Strategy

- Seven-Year, ~ $1.25B transmission and distribution infrastructure modernization program with semi-annual tracker filings
- Potential for additional environmental, modernization, and transmission opportunities to be identified over the next 20+ years

RECONCILIATION OF NET OPERATING EARNINGS TO GAAP

Reconciliation of Consolidated Net Operating Earnings (Non-GAAP) to
Income from Continuing Operations *(unaudited)*

(in millions, except per share amounts)	Twelve Months Ended December 31, 2016	2015	2014
Net Operating Earnings (Non-GAAP)	**$ 351.2**	$ 298.8	$ 256.4
Items Excluded from Operating Earnings:			
Net Revenues:			
Weather - compared to normal	**(12.4)**	(15.6)	14.3
Operating Expenses:			
Plant retirement costs[1]	**(22.1)**	—	—
Environmental costs[2]	**—**	(10.7)	—
Transaction costs[3]	**(2.5)**	(4.3)	—
Gain (loss) on sale of assets and impairments, net	**1.0**	(1.6)	(3.0)
Total items excluded from operating earnings	**(36.0)**	(32.2)	11.3
Other Income (Deductions):			
Loss on early extinguishment of long-term debt	**—**	(97.2)	—
Income Taxes:			
Income taxes - discrete items	**—**	(17.8)	(7.4)
Tax effect of above items	**12.9**	47.0	(4.1)
Total items excluded from net operating earnings	**(23.1)**	(100.2)	(0.2)
GAAP Income from Continuing Operations	**$ 328.1**	$ 198.6	$ 256.2
Basic Average Common Shares Outstanding	**321.8**	317.7	315.1
Non-GAAP Basic Net Operating Earnings Per Share	**$ 1.09**	$ 0.94	$ 0.81
Items excluded from net operating earnings (after-tax)	**(0.07)**	(0.31)	—
GAAP Basic Earnings Per Share from Continuing Operations	**$ 1.02**	$ 0.63	$ 0.81

(1) Represents costs incurred associated with the planned retirement of Units 7 and 8 at Bailly Generating Station. Includes costs for contract termination, employee severance and write downs of materials and supplies inventory balances.

(2) Represents costs incurred for liability adjustments at identified Superfund sites.

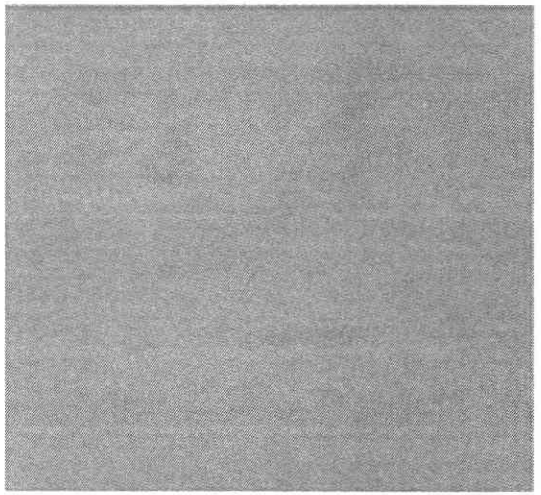
(3) Represents costs incurred associated with the Separation of CPG

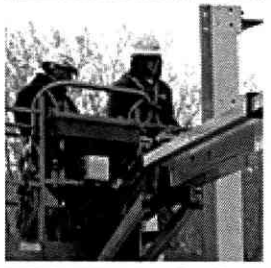
Supplemental Slides
First Quarter 2017 Earnings

May 3, 2017

NiSource®















Forward-Looking Statements

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of federal securities laws. Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. Examples of forward-looking statements in this presentations include statements and expectations regarding NiSource's business, performance, growth, investment opportunities, and planned, identified, infrastructure or utility investments. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially. Factors that could cause actual results to differ materially from the projections, forecasts, estimates, plans, expectations and strategy discussed in this presentation include, among other things, NiSource's debt obligations; any changes in NiSource's credit rating; NiSource's ability to execute its growth strategy; changes in general economic, capital and commodity market conditions; pension funding obligations; economic regulation and the impact of regulatory rate reviews; NiSource's ability to obtain expected financial or regulatory outcomes; any damage to NiSource's reputation; compliance with environmental laws and the costs of associated liabilities; fluctuations in demand from residential and commercial customers; economic conditions of certain industries; the success of NIPSCO's electric generation strategy; the price of energy commodities and related transportation costs; the reliability of customers and suppliers to fulfill their payment and contractual obligations; potential impairments of goodwill or definite-lived intangible assets; changes in taxation and accounting principles; potential incidents and other operating risks associated with our business; the impact of an aging infrastructure; the impact of climate change; potential cyber-attacks; construction risks and natural gas costs and supply risks; extreme weather conditions; the attraction and retention of a qualified work force; advances in technology; the ability of NiSource's subsidiaries to generate cash; uncertainties related to the expected benefits of the separation of Columbia Pipeline Group, Inc., and other matters set forth in Item 1A, "Risk Factors" section of NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and in other filings with the Securities and Exchange Commission. NiSource expressly disclaims any duty to update, supplement or amend any of its forward-looking statements contained in this presentation, whether as a result of new information, subsequent events or otherwise, except as required by applicable law.

Regulation G Disclosure Statement

This presentation includes financial results and guidance for NiSource with respect to net operating earnings and operating earnings, which are non-GAAP financial measures as defined by the SEC's Regulation G. The company includes such measures because management believes they permit investors to view the company's performance using the same tools that management uses and to better evaluate the company's ongoing business performance. With respect to such guidance, it should be noted that there will likely be differences between such measures and GAAP equivalents due to various factors, including, but not limited to, fluctuations in weather, the impact of asset sales and impairments, and other items included in GAAP results. NiSource is not able to estimate the impact of such factors on GAAP earnings and, as such, is not providing earnings guidance on a GAAP basis.

Key Takeaways – First Quarter 2017

- **Strong Q1 performance**
  - Net operating earnings per share (NOEPS) of $0.71 versus $0.62 in 2016*
  - On plan to complete $1.6 to $1.7 billion of utility infrastructure investments this year
  - NiSource now expects to deliver NOEPS* in upper half of 2017 guidance range of $1.12 to $1.18
  - Financial results reflect continued execution of core utility investment strategy

- **Long-term earnings, dividend growth and capital investment forecasts reaffirmed**
  - NOEPS*, dividend expected to grow 5 to 7% annually through 2020
  - Annual capital investments expected to be $1.6 to $1.8 billion, 2018-2020
  - NiSource on track to execute on more than $30 billion of identified long-term investment opportunities

- **Continued execution of investment, regulatory plans across all states**
  - Base rate case settlement approved in Virginia; case filed in Maryland
  - Gas infrastructure tracker approvals in Ohio, Massachusetts; update pending in Indiana
  - Long-term gas infrastructure program update pending in Ohio

Updated 2017 Earnings Guidance: Upper Half of $1.12 to $1.18 Per Share*

* Net Operating Earnings Per Share (non-GAAP); For a reconciliation of Q1 2017 non-GAAP earnings to GAAP, see Schedule 1 of NiSource's May 3, 2017 Earnings Release

First Quarter 2017 Financial Highlights

Non-GAAP*	2017	2016	Change
Net Operating Earnings ($M)	$230.6	$197.7	$32.9
Net Operating Earnings Per Share*	$0.71	$0.62	$0.09
Operating Earnings ($M)	$447.0	$399.3	$47.7

GAAP	2017	2016	Change
Net Income ($M)	$211.3	$186.6	$24.7
Earnings Per Share	$0.65	$0.58	$0.07
Operating Income ($M)	$416.5	$381.4	$35.1

Strong 1Q 2017 Results

* Net Operating Earnings (non-GAAP); For a reconciliation of non-GAAP earnings to GAAP, see Schedule 1 of NiSource's May 3, 2017 Earnings Release and the supplemental segment and financial information accompanying this presentation available on the investor section of www.nisource.com.

NiSource Debt and Credit Profile

- **Current debt level: ~$7.9B as of March 31, 2017**
  - ~$6.4B of long-term debt
    - Weighted average maturity ~13 years
    - Weighted average interest rate of 5.41%
- **Solid liquidity position**
  - ~$2.3B of committed facilities in place as of March 31, 2017
    - ~$1.9B 5-year revolving credit facility
    - ~$0.4B* accounts receivable securitization facilities
  - ~$789M in net available liquidity as of March 31, 2017**
- **Interest Rate Hedging Position**
  - ~$1.5B of issuances hedged at March 31, 2017
    - ~50% of anticipated debt issuances in 2017 & 2018
- **Committed to investment-grade credit ratings**
  - S&P BBB+ | Moody's Baa2 | Fitch BBB

Solid Financial Foundation to Support Long-Term Infrastructure Investment Opportunities

* Committed capacity on accounts receivable securitization facilities changes with seasonality
** Consisting of cash and available capacity under credit facilities

Gas Distribution Operations – First Quarter 2017

- Operating Earnings* $363.8M in 2017 vs. $330.2M in 2016
- Significant progress on regulatory initiatives across all states
- Ongoing infrastructure enhancements on track, and designed to improve system safety, reliability, environmental performance and customer service

Key Milestones:

Highlight	Key Components	Status
Columbia Gas of Virginia Base Rate Case	• Supports ongoing safety and reliability initiatives • Lowers required contributions by new customers, supporting new business • Requested $37.0M annual revenue increase; Settlement includes $28.5M annual revenue increase	• Filed Apr. 29, 2016 • New rates effective Sep. 28, 2016 • Settlement approved Mar. 17, 2017
Columbia Gas of Maryland Base Rate Case	• Supports continued expedited replacement of aging infrastructure and adoption of pipeline safety upgrades • Requested $6.0M annual revenue increase	• Filed Apr. 14, 2017 • Order expected by YE 2017
Columbia Gas of Ohio Infrastructure Replacement Program (IRP) Extension	• Well-established program covers accelerated replacement of priority mainline pipe and targeted customer service lines • Five-year extension through Dec. 31, 2022 (Current program authorized through Dec. 31, 2017)	• Filed Feb. 27, 2017 • Order expected by YE 2017
Columbia Gas of Ohio IRP Annual Rider Update	• Supports continued infrastructure replacement investments • Authorizes cost recovery on $235 million of 2016 investments	• Filed Feb. 27, 2017 • Order received Apr. 26, 2017 • New rates effective May 1, 2017
Columbia Gas of Massachusetts Gas System Enhancement Plan (GSEP)	• Priority pipe replacement program • Cost recovery for 2017 investments began May 1, 2017	• Filed Oct. 31, 2016 • Order received on Apr. 28, 2017 • New rates effective May 1, 2017
NIPSCO Gas System Modernization Program	• Investment focused on system modernization to improve service and reliability, and customer growth • TDSIC 6 semi-annual tracker update covering $60.6M in 2H 2016 investments	• Filed Feb. 28, 2017 • Order expected in June 2017 • New rates effective Jul. 1, 2017

~$20B in Identified Long-Term Infrastructure Investment Opportunities

* Operating Earnings (non-GAAP); For a reconciliation of non-GAAP earnings to GAAP, see NiSource's May 3, 2017 supplemental segment and financial information accompanying this presentation and available on the investor section of www.nisource.com.

Electric Operations – First Quarter 2017

- Operating Earnings* $84.4M in 2017 vs. $72.2M in 2016
- Seven-year ~$1.25B electric system modernization program in progress; cost recovery began in Q1 2017
- Two electric transmission projects on schedule, with line and tower construction underway
- Environmental upgrades proposed for units at Michigan City, R.M. Schahfer stations

Key Milestones:

Highlight	Key Components	Status
Environmental Upgrades	• Address requirements under U.S. EPA's Effluence Limitation Guidelines (ELG) and Coal Combustion Residuals (CCR) rules • ~$400M proposed for Michigan City Unit 12, R.M. Schahfer Units 14 and 15 to be recovered through Federally Mandated Cost Adjustment Mechanism (FMCA)	• Filed Nov. 1, 2016 • Order expected by YE 2017
Electric System Modernization Program	• Focused on electric transmission and distribution investments designed to improve system reliability and safety • TDSIC 1 semi-annual tracker update covering $45.5M in cumulative investments through April 30, 2016	• Filed Jun. 30, 2016 • Order received Jan. 25, 2017 • New rates effective February 2017

Electric Transmission System Enhancement Projects	• Reynolds to Topeka Project
	  • 100-mile, 345-kV transmission project
	  • ~$350M-$400M investment
	• Greentown to Reynolds (*Joint Project)*
	  • 65-mile, 765-kV transmission project
	  • ~$350M-$400M investment (NIPSCO portion ~$175M-$200M)
		• Substation, line and tower construction underway
		• Both projects expected to be in service by 2H 2018

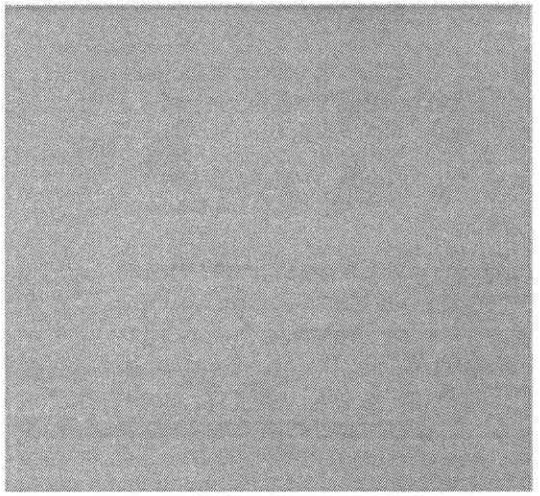
Integrated Resource Plan (IRP)	• Charts NIPSCO's plans for meeting customers' long-term electricity needs • Goal is to provide affordable, clean energy while maintaining flexibility for future technology and market changes • Calls for retiring 50% of coal-fired generation fleet by end of 2023, including Bailly Units 7 and 8, and R.M. Schahfer Units 17 and 18	• Submitted Nov. 1, 2016 • MISO approved Bailly Units 7 and 8 closure by mid-2018 • Awaiting final review

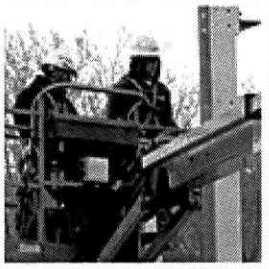
~$10B in Identified Long-Term Infrastructure Investment Opportunities

* Operating Earnings (non-GAAP); For a reconciliation of non-GAAP earnings to GAAP, see NiSource's May 3, 2017 supplemental segment and financial information accompanying this presentation and available on the investor section of www.nisource.com.

Appendix:
First Quarter 2017 Earnings









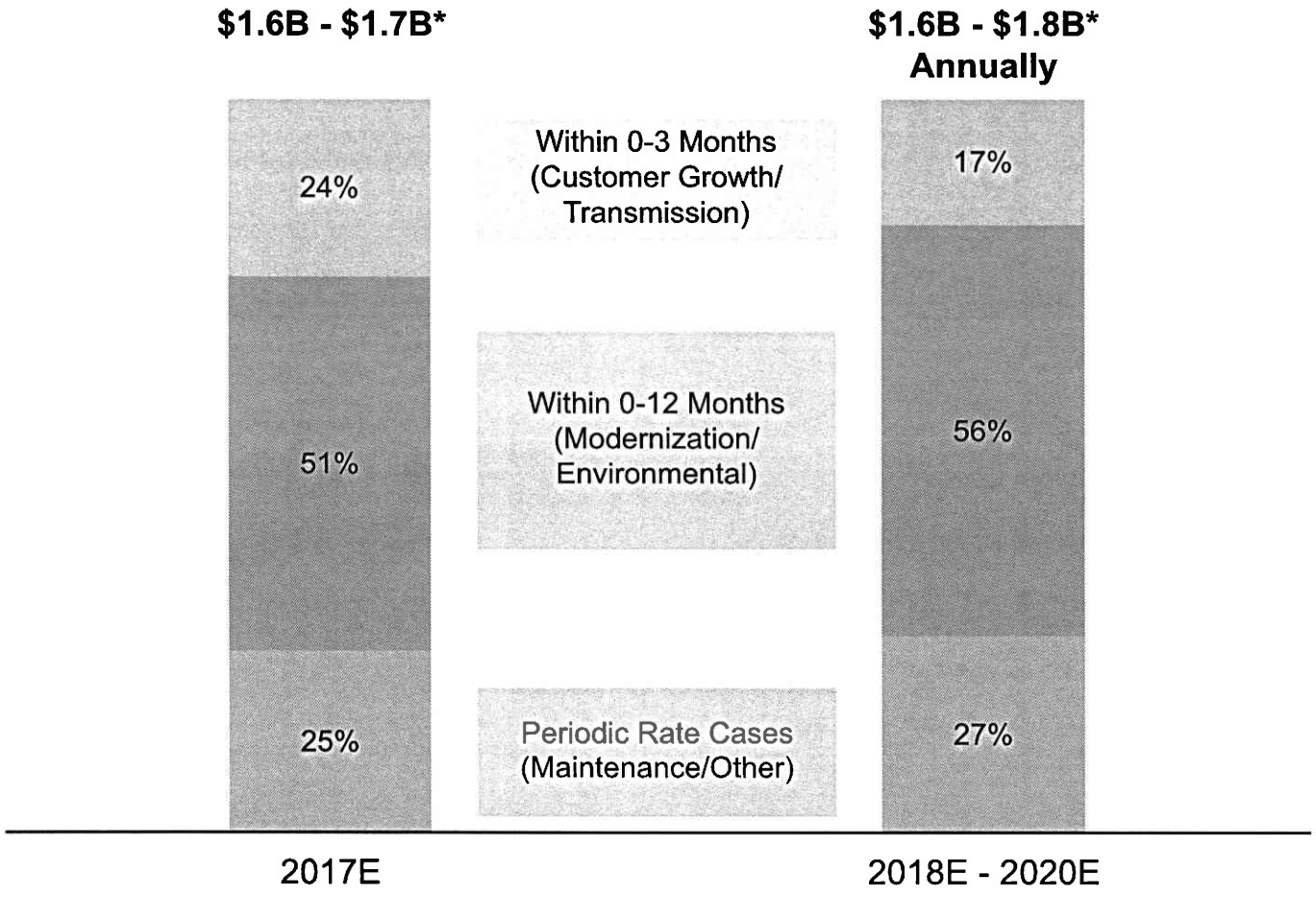




NiSource®

Capital Expenditures*

Investments Deliver Customer Value, Enhance System Safety and Reliability



~75% of Capital Investments Begin Earning in Less Than 12 months

*Includes Corporate (2017 = $15M, 2018E = $13M, 2019E = $14M, 2020E = $14M)

Current Liquidity and Debt Detail ($M)

Current Liquidity

	Actual 3/31/17	Maturity
Revolving Credit Facility – NFC	$ 1,850	Nov. 28, 2021
Accounts Receivable Program*	439	
Less:		
Drawn on Credit Facility – NFC	—	
Commercial Paper	1,075	
Accounts Receivable Program Utilized	439	
L/C's Outstanding Under Credit Facility	15	
Add:		
Cash & Equivalents	28	
Net Available Liquidity	**$ 789**	

Debt Detail

	Balance	Wtd. Avg. Rate**	Wtd. Avg. Maturity
Long-Term Debt	$ 6,274	5.4%	13
Commercial Paper	1,075	1.37%	38 days
A/R Program Borrowings	439	1.32%	Approx. 1 mo.
Capital Leases, Def Cost & Other	126	N/A	N/A
Total Debt	**$ 7,914**		

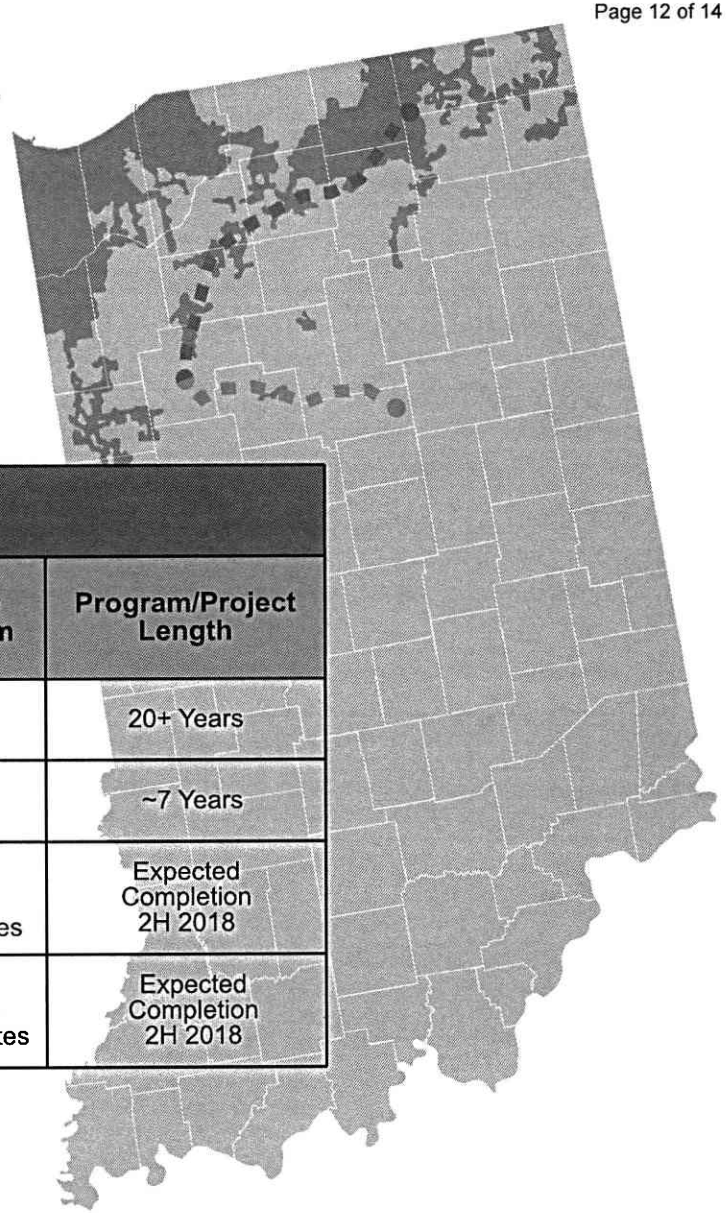
* Represents the lesser of seasonal limit or maximum borrowings supportable by underlying receivables
** Represents coupon or current incremental borrowing rate; does not factor in fees and/or amortization of deferred charges
N/A = Not Applicable

Natural Gas Distribution Infrastructure Programs

Company	Base Case Authorized ROE	Year-End 2016 Rate Base	Total Identified Investments	Modernization Program Investments	Estimated Annual Modernization Program	Recovery Mechanism
Columbia Gas of OH	Not Specified	$2.1B	~$4.1B	~$3.4B	$205M - $260M	Tracked
Columbia Gas of PA	Not Specified	$1.3B	~$3.0B	~$1.8B	$200M - $250M	Rate Case (Forward Test Year)
NIPSCO Gas	9.90%	$915M	~$4.5B	~$3.9B	$135M - $170M	Tracked
Columbia Gas of MA	9.55%	$669M	~$1.4B	~$700M	$70M - $120M	Tracked
Columbia Gas of VA	Not Specified	$609M	~$550M	~$300M	$30M - $40M	Tracked
Columbia Gas of KY	Not Specified	$238M	~$750M	~$400M	$20M - $45M	Tracked
Columbia Gas of MD	9.70%	$93M	~$200M	~$100M	$10M - $16M	Tracked

Robust Long-Term Investment Programs Deliver Value on $6.0B Rate Base

Electric Operations Investment Programs



Infrastructure Investment Programs/Projects				
Program/Project	**Identified Investments**	**Estimated Annual Investment**	**Recovery Mechanism**	**Program/Project Length**
Infrastructure Modernization	~$4.2B	~$135M - $235M	Tracked	20+ Years
Environmental Compliance	~$0.4B	~$10M - $90M	Tracked	~7 Years
Transmission Project I (Reynolds-Topeka)	~$350M - $400M	~$50M - $120M	FERC Approved Formula Rates	Expected Completion 2H 2018
Transmission Project II – Partnership (Greentown-Reynolds)	~$350M - $400M (NI: ~$175M-$200M)	~$25M - $50M	FERC Approved Formula Rates	Expected Completion 2H 2018

High-Value Investments with an Authorized ROE of 9.975% on $3.4B Rate Base*

* As of Year-End 2016

Regulatory Update

2017 Rate Case and Program/Project Activity		
Company/Filing	**Summary**	**Timeline***
Pending Approval		
Columbia Gas of Maryland - Base Rate Case	Requested Increase: $6.0M	Filed: 4/14/2017 Order Expected: YE 2017
Columbia Gas of Ohio - Infrastructure Replacement Program	5 Year Plan Extension Filing	Filed: 2/27/2017 Order Expected: YE 2017
NIPSCO Electric Environmental Upgrades	~$400M in Environmental Compliance Investments	Filed: 11/1/2017 Order Expected: YE 2017
Complete		
Columbia Gas of Virginia – Base Rate Case	Requested Increase: $37.0M Settled Increase: $28.5M	Filed: 4/29/2016 Effective: 9/28/2016 Settlement Approved: 3/17/2017

Continued Regulatory Execution Drives Growth and Stakeholder Enhancements

Infrastructure Investment Details

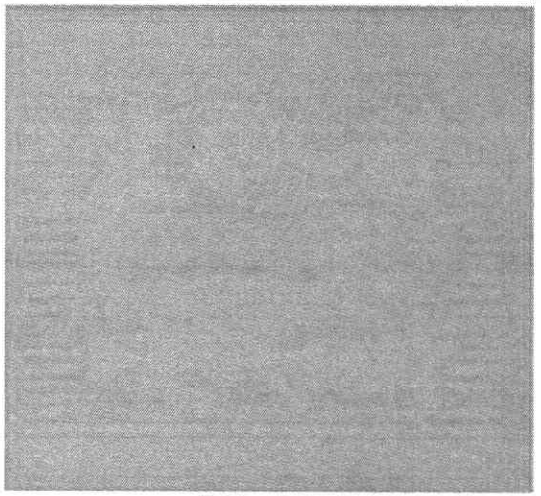
Company	Recovery Mechanism	Incremental Infrastructure Investments		Recovery	
		Investment Period	Investment Amount	Filing Date	Effective Date
Columbia Gas of Ohio	Infrastructure Replacement Program (IRP)	FY 2015	~$185M	Feb 2016	May 2016
		FY 2016	~$236M	Feb 2017	May 2017
Columbia Gas of Pennsylvania*	Base Rate Case with Fully Forecasted Test Year	FY 2016	~$147M	Mar 2015	Dec 2015
		FY 2017	~$204M	Mar 2016	Dec 2016
Columbia Gas of Virginia	Steps to Advance Virginia's Energy Plan (SAVE)	FY 2016	~$30M	Aug 2015	Jan 2016
		FY 2017	~$37M	Aug 2016	Dec 2016
Columbia Gas of Massachusetts	Gas System Enhancement Plan (GSEP)	FY 2016	~$59M	Oct 2015	May 2016
		FY 2017	~$69M	Oct 2016	May 2017
Columbia Gas of Kentucky	Accelerated Main Replacement Program (AMRP)	FY 2016	~$16M	Oct 2015	Jan 2016
		FY 2017	~$17M**	May 2016	Jan 2017
Columbia Gas of Maryland	Strategic Infrastructure Development and Enhancement (STRIDE)	FY 2016	~$9M	Nov 2015	Jan 2016
		FY 2017	~$15M	Nov 2016	Jan 2017
NIPSCO – Gas	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 5: Jan 2016 – Jun 2016	~$67M	Aug 2016	Jan 2017
		TDSIC 6: Jul 2016 – Dec 2016	~$61M	Feb 2017	Pending - Jun 2017
NIPSCO – Electric	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 1: Jan 2016 – Apr 2016	~$46M	Jun 2016	Feb 2017
		TDSIC 2: May 2016 – Apr 2017	TBD	Expected - Jul 2017	Expected - Oct 2017

* Pennsylvania also allows for a tracking mechanism for infrastructure investments – Distribution System Improvement Charge (DSIC)
** 2017 Investment for KY included in base rate case filing

Supplemental Slides
Second Quarter 2017 Earnings

August 2, 2017













NiSource®

Forward-Looking Statements

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of federal securities laws. Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. Examples of forward-looking statements in this presentations include statements and expectations regarding NiSource's business, performance, growth, commitments, investment opportunities, and planned, identified, infrastructure or utility investments. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially. Factors that could cause actual results to differ materially from the projections, forecasts, estimates, plans, expectations and strategy discussed in this presentation include, among other things, NiSource's debt obligations; any changes in NiSource's credit rating; NiSource's ability to execute its growth strategy; changes in general economic, capital and commodity market conditions; pension funding obligations; economic regulation and the impact of regulatory rate reviews; NiSource's ability to obtain expected financial or regulatory outcomes; any damage to NiSource's reputation; compliance with environmental laws and the costs of associated liabilities; fluctuations in demand from residential and commercial customers; economic conditions of certain industries; the success of NIPSCO's electric generation strategy; the price of energy commodities and related transportation costs; the reliability of customers and suppliers to fulfill their payment and contractual obligations; potential impairments of goodwill or definite-lived intangible assets; changes in taxation and accounting principles; potential incidents and other operating risks associated with our business; the impact of an aging infrastructure; the impact of climate change; potential cyber-attacks; construction risks and natural gas costs and supply risks; extreme weather conditions; the attraction and retention of a qualified work force; advances in technology; the ability of NiSource's subsidiaries to generate cash; tax liabilities associated with the separation of Columbia Pipeline Group, Inc., and other matters set forth in Item 1A, "Risk Factors" section of NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and in other filings with the Securities and Exchange Commission. NiSource expressly disclaims any duty to update, supplement or amend any of its forward-looking statements contained in this presentation, whether as a result of new information, subsequent events or otherwise, except as required by applicable law.

Regulation G Disclosure Statement

This presentation includes financial results and guidance for NiSource with respect to net operating earnings, which is a non-GAAP financial measure as defined by the SEC's Regulation G. The company includes this measure because management believes it permits investors to view the company's performance using the same tools that management uses and to better evaluate the company's ongoing business performance. With respect to such guidance, it should be noted that there will likely be a difference between this measure and its GAAP equivalent due to various factors, including, but not limited to, fluctuations in weather, the impact of asset sales and impairments, and other items included in GAAP results. NiSource is not able to estimate the impact of such factors on GAAP earnings and, as such, is not providing earnings guidance on a GAAP basis.

Key Takeaways – Second Quarter 2017

- **Execution on investments and refinancing drive guidance range increase**
  - Net operating earnings per share (NOEPS) of $0.10 versus $0.08 in 2016*
  - Successful refinancing activity will result in significant near-term interest expense savings
  - NiSource now expects to deliver 2017 NOEPS* in range of $1.17 to $1.20, compared with original guidance of $1.12 to $1.18
  - On track for 2017 capital investments of $1.6 to $1.7 billion

- **Continued execution of investment, regulatory plans across all states**
  - Gas infrastructure tracker updates approved in Indiana, Massachusetts and Ohio
  - Electric infrastructure tracker update filed in Indiana
  - Settlements reached in Maryland base rate case and CCR environmental upgrades (CPCN) filing, subject to regulatory approval
  - Long-term gas infrastructure program extension pending in Ohio
  - Two major electric transmission projects on schedule in Indiana, with 2H 2018 in-service dates

- **Long-term earnings, dividend growth and capital investment forecasts reaffirmed**
  - NOEPS*, dividend expected to grow 5 to 7% annually, based off updated 2017 guidance, through 2020
  - Annual capital investments expected to be $1.6 to $1.8 billion, 2018-2020
  - NiSource on track to execute on more than $30 billion of identified long-term investment opportunities

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Increased 2017 Earnings Guidance to $1.17 to $1.20 Per Share*

* Net Operating Earnings Per Share (non-GAAP); For a reconciliation of Q2 2017 non-GAAP earnings to GAAP, see Schedule 1 of NiSource's Aug. 2, 2017 Earnings Release

Second Quarter 2017 Financial Highlights

Non-GAAP*	2017	2016	Change
Net Operating Earnings ($M)	$33.3	$26.6	$6.7
Net Operating Earnings Per Share	$0.10	$0.08	$0.02

GAAP	2017	2016	Change
Income (Loss) from Continuing Operations ($M)	($44.3)	$29.0	($73.3)
Earnings (Loss) Per Share - Continuing Operations	($0.14)	$0.09	($0.23)

Strong 2Q 2017 Results

*Net Operating Earnings (non-GAAP). For a reconciliation of non-GAAP earnings to GAAP, see Schedule 1 of NiSource's Aug. 2, 2017 Earnings Release and the supplemental segment and financial information accompanying this presentation available on the investor section of www.nisource.com.

NiSource Debt and Credit Profile

- **Current debt level: ~$8.2B as of June 30, 2017**
  - ~$7.3B of long-term debt
    - Weighted average maturity ~16 years
    - Weighted average interest rate of 4.9%
- **Solid liquidity position**
  - ~$2.1B of committed facilities in place as of June 30, 2017
    - ~$1.9B 5-year revolving credit facility
    - ~$0.3B* accounts receivable securitization facilities
  - ~$1.3B in net available liquidity as of June 30, 2017**
- **Interest rate hedging position**
  - ~$750M of anticipated 2018 debt issuances hedged as of June 30, 2017
- **Committed to investment-grade credit ratings**
  - S&P BBB+ | Moody's Baa2 | Fitch BBB

Solid Financial Foundation to Support Long-Term Infrastructure Investment Opportunities

* Committed capacity on accounts receivable securitization facilities changes with seasonality
** Consisting of cash and available capacity under credit facilities

Gas Distribution Operations – Second Quarter 2017

- Operating Earnings* $55.7M in 2017 vs. $73.3M in 2016
- Significant progress on regulatory initiatives across all states
- Ongoing infrastructure enhancements on track, and designed to improve system safety, reliability, environmental performance and customer service

Key Milestones:

Highlight	Key Components	Status
Columbia Gas of Maryland Base Rate Case	• Supports continued expedited replacement of aging infrastructure and adoption of pipeline safety upgrades • Requested $5.0M annual revenue increase; Settlement includes $2.4M annual revenue increase	• Filed Apr. 14, 2017 • Settlement Filed Jul. 28, 2017 • New Rates Effective 4Q 2017
Columbia Gas of Ohio Infrastructure Replacement Program (IRP) Extension	• Well-established program covers replacement of priority mainline pipe and targeted customer service lines • Five-year extension through Dec. 31, 2022 (Current program authorized through Dec. 31, 2017)	• Filed Feb. 27, 2017 • Order expected by YE 2017
Columbia Gas of Ohio IRP Annual Rider Update	• Supports continued infrastructure replacement investments • Authorizes cost recovery on $236 million of 2016 investments	• Filed Feb. 27, 2017 • Order received Apr. 26, 2017 • New rates effective May 1, 2017
Columbia Gas of Massachusetts Gas System Enhancement Plan (GSEP)	• Priority pipe replacement program • Cost recovery for $69M of 2017 investments began May 1, 2017	• Filed Oct. 31, 2016 • Order received Apr. 28, 2017 • New rates effective May 1, 2017
NIPSCO Gas System Modernization Program	• Investment focused on system modernization to improve service and reliability, and customer growth • TDSIC 6 semi-annual tracker update covering $61M in 2H 2016 investments	• Filed Feb. 28, 2017 • Order received Jun. 28, 2017 • New rates effective Jul. 1, 2017

~$20B in Identified Long-Term Infrastructure Investment Opportunities

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Electric Operations – Second Quarter 2017

- Operating Earnings* $84.3M in 2017 vs. $64.0M in 2016
- Seven-year ~$1.25B electric system modernization program in progress
- Two electric transmission projects on schedule, with line and tower construction underway
- Environmental upgrades proposed for units at Michigan City, R.M. Schahfer stations

Key Milestones:

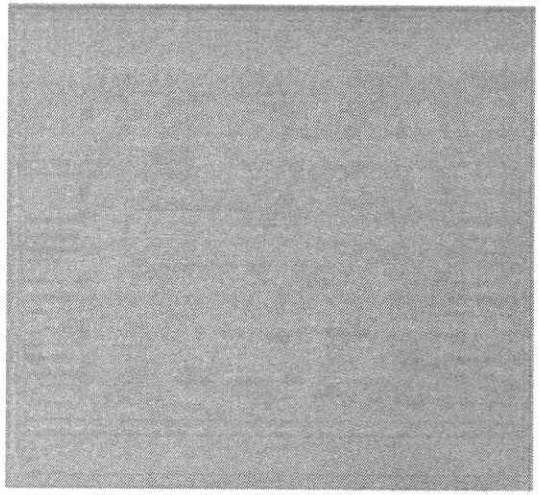
Highlight	Key Components	Status
Environmental Upgrades	• Address requirements under U.S. EPA's Effluent Limitation Guidelines (ELG) and Coal Combustion Residuals (CCR) rules • Costs to be recovered through Federally Mandated Cost Adjustment (FMCA) Mechanism • Settlement covers CCR-related investments of ~$193M; ELG-related investments moved to later proceeding	• Filed Nov. 1, 2016 • CCR settlement filed Jun. 9, 2017 • CCR order expected by YE 2017
Electric System Modernization Program	• Focused on electric transmission and distribution investments designed to improve system reliability and safety • TDSIC 2 semi-annual tracker update covering $133.6M in investments from May 2016 through April 2017	• Filed Jun. 30, 2017 • Order expected by Q4 2017
Electric Transmission System Enhancement Projects	• Reynolds to Topeka Project ◦ 100-mile, 345-kV transmission project ◦ ~$350M-$400M investment • Greentown to Reynolds (Joint Project) ◦ 65-mile, 765-kV transmission project ◦ ~$350M-$400M investment (NIPSCO portion ~$175M-$200M)	• Substation, line and tower construction underway • Both projects expected to be in service by 2H 2018
Integrated Resource Plan (IRP)	• Charts NIPSCO's plans for meeting customers' long-term electricity needs • Goal is to provide affordable, clean energy while maintaining flexibility for future technology and market changes • Calls for retiring 50% of coal-fired generation fleet by end of 2023, including Bailly Units 7 and 8, and R.M. Schahfer Units 17 and 18	• Submitted Nov. 1, 2016 • MISO approved Bailly Units 7 and 8 closure by mid-2018 • Awaiting final review by IURC staff

~$10B in Identified Long-Term Infrastructure Investment Opportunities

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Appendix:
Second Quarter 2017 Earnings

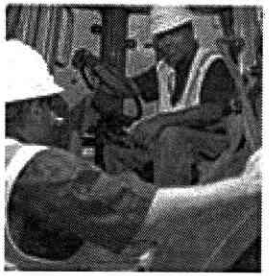








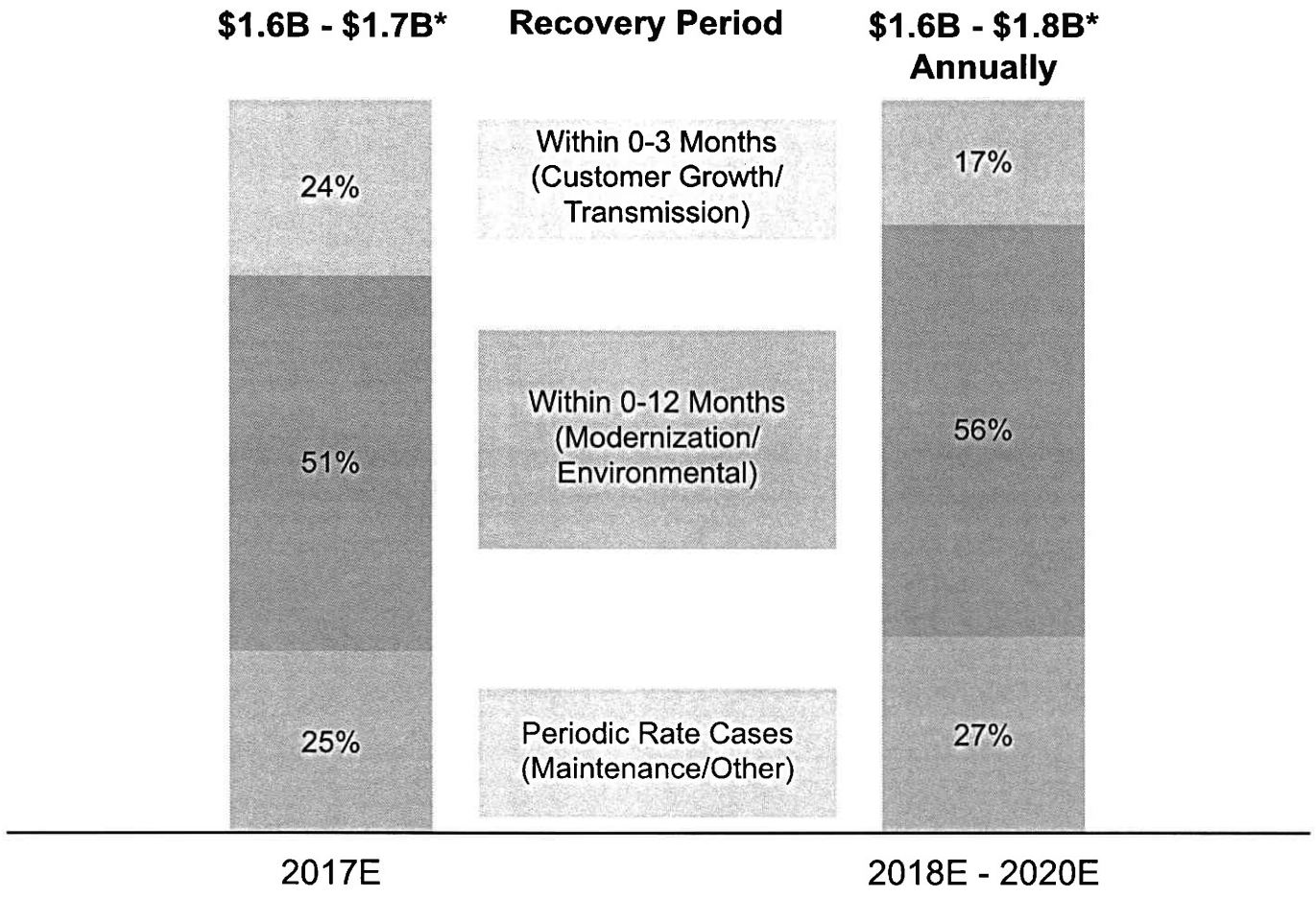




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Current Liquidity and Debt Detail ($M)

Current Liquidity

	Actual 6/30/17	Maturity
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Less:		
Drawn on Credit Facility – NFC	—	
Commercial Paper	603	
Accounts Receivable Program Utilized	298	
L/C's Outstanding Under Credit Facility	13	
Add:		
Cash & Equivalents	18	
Net Available Liquidity	**$ 1,252**	

Debt Detail

	Balance	Wtd. Avg. Rate**	Wtd. Avg. Maturity
Long-Term Debt	$ 7,235	4.9%	16
Commercial Paper	603	1.51%	21 days
A/R Program Borrowings	298	1.54%	Approx. 1 mo.
Capital Leases, Def Cost & Other	103	N/A	N/A
Total Debt	**$ 8,239**		

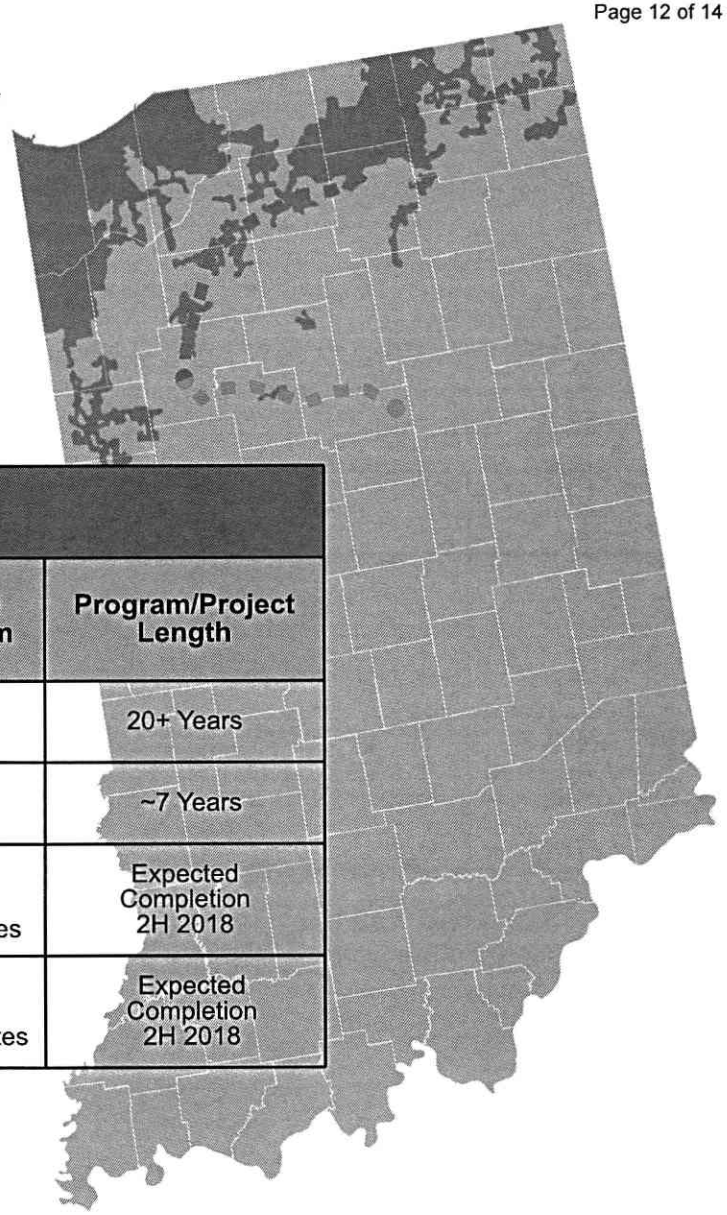
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Robust Long-Term Investment Programs Deliver Value on $6.0B Rate Base

Electric Operations Investment Programs



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Transmission Project II – Partnership (Greentown-Reynolds)	~$350M - $400M (NI: ~$175M-$200M)	~$25M - $50M	FERC Approved Formula Rates	Expected Completion 2H 2018

High-Value Investments with Authorized ROE of 9.975% on $3.4B Rate Base*

* As of Year-End 2016

Regulatory Update

2017 Rate Case and Program/Project Activity		
Company/Filing	**Summary**	**Timeline**
Pending Approval		
Columbia Gas of Maryland - Base Rate Case	Requested Increase: $5.0M Settled Increase: $2.4M	Filed: 4/14/2017 Settlement Filed: 7/28/2017 New Rates Effective: 4Q 2017
Columbia Gas of Ohio - Infrastructure Replacement Program	5-Year Plan Extension Filing	Filed: 2/27/2017 Order Expected: YE 2017
NIPSCO Electric Environmental Upgrades	Environmental Compliance Investments (CCR + ELG)	Filed: 11/1/2016 CCR Settlement Filed: 6/9/2017 CCR order Expected: YE 2017
Complete		
Columbia Gas of Virginia – Base Rate Case	Requested Increase: $37.0M Settled Increase: $28.5M	Filed: 4/29/2016 Effective: 9/28/2016 Settlement Approved: 3/17/2017

Continued Regulatory Execution Drives Growth and Stakeholder Enhancements

Infrastructure Investment Details

Company	Recovery Mechanism	Incremental Infrastructure Investments		Recovery	
		Investment Period	Investment Amount	Filing Date	Effective Date
Columbia Gas of Ohio	Infrastructure Replacement Program (IRP)	FY 2015	~$185M	Feb 2016	May 2016
		FY 2016	~$236M	Feb 2017	May 2017
Columbia Gas of Pennsylvania*	Base Rate Case with Fully Forecasted Test Year	FY 2016	~$147M	Mar 2015	Dec 2015
		FY 2017	~$204M	Mar 2016	Dec 2016
Columbia Gas of Virginia	Steps to Advance Virginia's Energy Plan (SAVE)	FY 2016	~$30M	Aug 2015	Jan 2016
		FY 2017	~$37M	Aug 2016	Dec 2016
Columbia Gas of Massachusetts	Gas System Enhancement Plan (GSEP)	FY 2016	~$59M	Oct 2015	May 2016
		FY 2017	~$69M	Oct 2016	May 2017
Columbia Gas of Kentucky	Accelerated Main Replacement Program (AMRP)	FY 2016	~$16M	Oct 2015	Jan 2016
		FY 2017	~$17M**	May 2016	Jan 2017
Columbia Gas of Maryland	Strategic Infrastructure Development and Enhancement (STRIDE)	FY 2016	~$9M	Nov 2015	Jan 2016
		FY 2017	~$15M	Nov 2016	Jan 2017
NIPSCO – Gas	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 5: Jan 2016 – Jun 2016	~$67M	Aug 2016	Jan 2017
		TDSIC 6: Jul 2016 – Dec 2016	~$61M	Feb 2017	Jul 2017
NIPSCO – Electric	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 1: Jan 2016 – Apr 2016	~$46M	Jun 2016	Feb 2017
		TDSIC 2: May 2016 – Apr 2017	~$134M	Jun 2017	Expected - Oct 2017

* Pennsylvania also allows for a tracking mechanism for infrastructure investments – Distribution System Improvement Charge (DSIC)
** 2017 Investment for KY included in base rate case filing



NISOURCE

WEST COAST ROAD SHOW
OCTOBER 2017









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Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of federal securities laws. Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. Examples of forward-looking statements in this presentations include statements and expectations regarding NiSource's business, performance, growth, commitments, investment opportunities, and planned, identified, infrastructure or utility investments. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially. Factors that could cause actual results to differ materially from the projections, forecasts, estimates, plans, expectations and strategy discussed in this presentation include, among other things, NiSource's debt obligations; any changes in NiSource's credit rating; NiSource's ability to execute its growth strategy; changes in general economic, capital and commodity market conditions; pension funding obligations; economic regulation and the impact of regulatory rate reviews; NiSource's ability to obtain expected financial or regulatory outcomes; any damage to NiSource's reputation; compliance with environmental laws and the costs of associated liabilities; fluctuations in demand from residential and commercial customers; economic conditions of certain industries; the success of NIPSCO's electric generation strategy; the price of energy commodities and related transportation costs; the reliability of customers and suppliers to fulfill their payment and contractual obligations; potential impairments of goodwill or definite-lived intangible assets; changes in taxation and accounting principles; potential incidents and other operating risks associated with our business; the impact of an aging infrastructure; the impact of climate change; potential cyber-attacks; construction risks and natural gas costs and supply risks; extreme weather conditions; the attraction and retention of a qualified work force; advances in technology; the ability of NiSource's subsidiaries to generate cash; tax liabilities associated with the separation of Columbia Pipeline Group, Inc., and other matters set forth in Item 1A, "Risk Factors" section of NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and in other filings with the Securities and Exchange Commission. NiSource expressly disclaims any duty to update, supplement or amend any of its forward-looking statements contained in this presentation, whether as a result of new information, subsequent events or otherwise, except as required by applicable law.

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2017 KEY HIGHLIGHTS

NiSource 2Q 2017 Recap *

- Solid first half financial results and execution of a successful refinancing effort
- 2017 non-GAAP net operating earnings guidance increased to $1.17 to $1.20 per share
- Increased 2017 guidance serves as the new baseline for our 5 to 7% annual long-term growth rate forecast for net operating earnings and dividends
- On track for 2017 capital investment forecast of $1.6 to $1.7 billion
- Continued execution of investment, regulatory plans across all states
  - Gas infrastructure tracker updates approved in Indiana, Massachusetts and Ohio
  - Electric infrastructure tracker update filed in Indiana
  - Settlement reached in Coal Combustion Residual (CCR) environmental upgrades, subject to regulatory approval
  - Base rate case settlement approved in Virginia
  - Two major electric transmission projects on schedule in Indiana, with 2H 2018 in-service dates

Updates Since 2Q Earnings Call

- Columbia Gas of Ohio filed a settlement agreement for a five year extension of its Infrastructure Replacement Program
- Base rate case settlement approved in Maryland
- 30-year debt offering of $750M at 3.95%
- NIPSCO gas base rate case filed

Continued Infrastructure Investment Execution

PREMIER REGULATED UTILITY BUSINESS

Operating in Diverse Footprint with Constructive Stakeholder Relationships

NiSource®

NATURAL GAS

- COLUMBIA GAS OF KENTUCKY
- COLUMBIA GAS OF MARYLAND
- COLUMBIA GAS OF MASSACHUSETTS
- COLUMBIA GAS OF OHIO
- COLUMBIA GAS OF PENNSYLVANIA
- COLUMBIA GAS OF VIRGINIA
- NIPSCO GAS

ELECTRIC

- NIPSCO ELECTRIC

SIGNIFICANT SCALE ACROSS SEVEN STATES

~3.5M Gas Customers

~500K Electric Customers

NI LISTED NYSE

COMPELLING ANNUAL 8%-10% TOTAL SHAREHOLDER RETURN PROPOSITION*

Delivering on Commitments to Customers, Communities, Employees and Investors

* Estimated total shareholder return at a constant P/E ratio

NISOURCE STRATEGIC FRAMEWORK

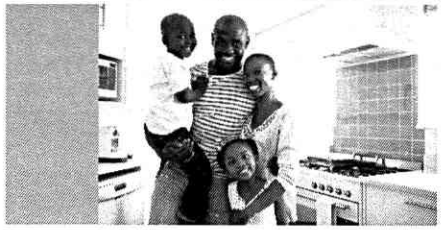
Aspiration	**Premier Regulated Utility Company**
Strategic Direction	**Delivering on Our Commitments** • Industry-leading safety and performance • Top-tier customer satisfaction • Investments that systematically and efficiently deliver service integrity • Dependable, predictable and timely service and emergency response • Growing our customer base by expanding into unserved areas • Recognized among the best places to work in our communities • Sustained year-to-year 5%-7% net operating earnings per share and dividend growth through 2020*
Value Proposition	**Compelling Annual Total Shareholder Return of 8%-10%**** • ~$30B of identified 100% regulated utility infrastructure investments • Scale across seven states • Transparent earnings and cash flow drivers • Constructive regulatory environments and mechanisms • Commitment to investment grade credit

Solid Long-Term Investment Proposition

BALANCED STRATEGY DRIVES BENEFITS

To All Stakeholders

CUSTOMERS



- Safe, Reliable System
- Customer-Focused Service and Response
- Enhanced Customer Value and Growth
- Energy Efficiency and Assistance Programs to Help Ensure Affordability

COMMUNITIES



- Public Safety, Community Support and Involvement
- Social and Environmental Responsibility
- Economic Development

EMPLOYEES



- Safe, Inclusive Place to Work
- Talent Development and Training Focus
- Team Aligned with NiSource Commitments

INVESTORS



- Sustainable Long-Term Regulated Utility Investment
- Transparent, Commitment-Driven Management
- Constructive Regulatory Environments
- Geographic Diversity

Commitments Provide Sustainable Value to All Stakeholders

KEY INVESTMENT CONSIDERATIONS

Driving Sustainable Growth

STRONG UNDERLYING BUSINESS

- **100% Regulated Gas and Electric Utility Business**
  - Balanced Business Mix of 66% Gas and 34% Electric
  - Stable Revenue Stream with ~65% Non-Volume Sensitive
- **Significant Scale with ~4M Customers Across Seven States**
- **~$30B of Identified Infrastructure Investments**
  - Equals Over ~4x Current Market Cap
  - Over 90% of Investments in Regulated Pipes and Wires through 2020

EXECUTION

- **Focused Business Strategy**
  - Infrastructure Modernization
  - Customer Growth
  - Generation Strategy
  - Performance Transformation
- **Management with Proven Track Record of Execution**
- **Planned Capital Investment of $1.6B-$1.8B Annually through 2020**
- **Timely Investment Recovery through Established Mechanisms**
- **Focused Regulatory Leadership in Constructive Stakeholder Environments**

FINANCIAL OUTCOME

- **Expected Annual Net Operating EPS and Dividend Growth of 5%-7% through 2020***
- **Targeted Dividend Payout of 60%-70%**
- **Commitment to a Healthy Balance Sheet with Growing Cash Flow**
- **Maintain Investment-Grade Credit**

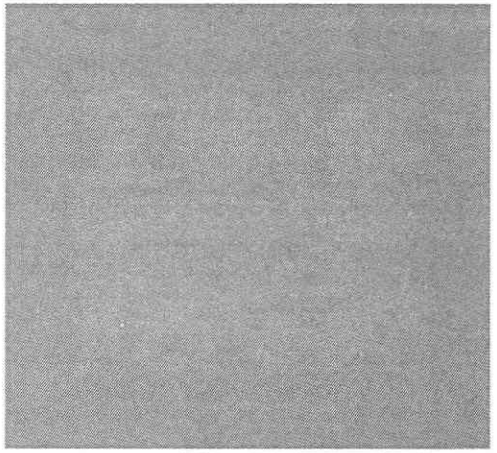
Compelling Annual 8%-10% Total Shareholder Return Proposition**

* Net Operating Earnings from Continuing Operations (Non-GAAP); See Regulation G statement on slide 2; Dividends subject to Board approval
** Estimated total shareholder return at a constant P/E ratio

NATURAL GAS SEGMENT

NiSource®













CONSTRUCTIVE REGULATORY ENVIRONMENT

Timely Investment Recovery

20-YEAR INVESTMENT OPPORTUNITY

$20B+
NATURAL GAS SYSTEM IDENTIFIED INVESTMENTS

$5.0B - $6.0B
CUSTOMER GROWTH

$10B+
MODERNIZATION

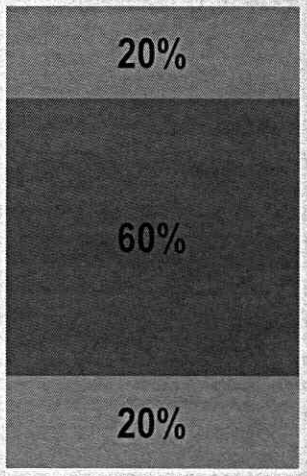
~$6.0B
MAINTENANCE

ESTABLISHED RECOVERY MECHANISMS IN ALL STATES

- Indiana (NIPSCO Gas): Transmission, Distribution and Storage System Improvement Charge (TDSIC)
- Kentucky: Accelerated Main Replacement Program (AMRP)
- Maryland: Strategic Infrastructure Development and Enhancement (STRIDE)
- Massachusetts: Gas System Enhancement Plan (GSEP)
- Ohio: Infrastructure Replacement Program (IRP)
- Pennsylvania: Distribution System Improvement Charge (DSIC) or Base Rate Case with Fully Forecasted Test Year
- Virginia: Steps to Advance Virginia's Energy Plan (SAVE)

EARNING ON EXPECTED 2017-2020 ANNUAL CAPITAL INVESTMENTS

$1.1B - $1.3B

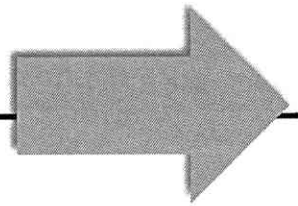


Mechanisms Support Continued Capital Investment

GAS CUSTOMER GROWTH PROGRAM

Pathway to Sustainable Annual 1% Net Growth by 2020

	2014	2015	2016	2017E	2018E	2019E	2020E
Net Customer Additions	19,700	15,900	30,300				35,000
Net Customer Growth	0.59%	0.47%	0.89%				1.00%
Capital	~$175M	~$160M	~$175M		~$200M-$230M		~$260M



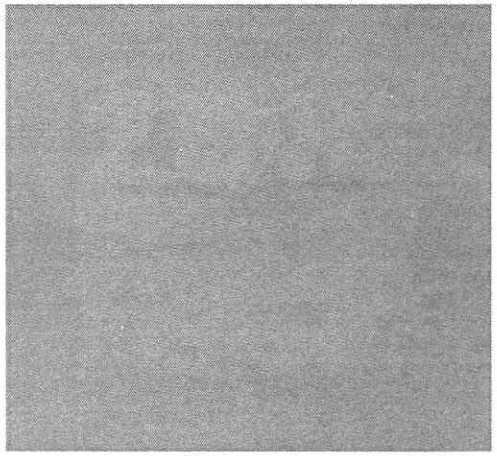
1/2
FUTURE CUSTOMER ADDITIONS FROM NEW CONSTRUCTION

1/2
FUTURE CUSTOMER ADDITIONS FROM CONVERSIONS

Natural Gas Growth Program Expected to Contribute Positive Earnings in All Years of Plan

ELECTRIC SEGMENT













NiSource®

CONSTRUCTIVE REGULATORY ENVIRONMENT

Timely Investment Recovery

20-YEAR INVESTMENT OPPORTUNITY

$10B+
ELECTRIC SYSTEM IDENTIFIED INVESTMENTS

~$0.9B
CUSTOMER GROWTH

~$4.2B
MODERNIZATION

~$3.6B
MAINTENANCE

~$0.4B
TRANSMISSION

~$0.4B
ENVIRONMENTAL

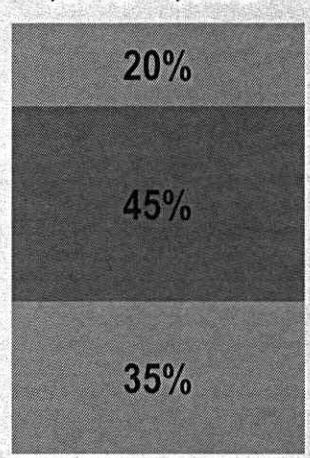
~$0.8B
NEW GENERATION

PREDICTABLE AND TIMELY INVESTMENT RECOVERY

- **Transmission, Distribution and Storage System Improvement Charge (TDSIC)**
  - ~$1.25B, seven-year infrastructure modernization plan (2016-2022)
- **Federally Mandated Cost Adjustment (FMCA) Mechanism**
  - $400M Environmental Compliance filing made in Nov. 2016 for Coal Combustion Residuals Rule (CCR) and Effluent Limitation Guidelines (ELG)
- **Federal Energy Regulatory Commission (FERC) Formula Rates**
  - Two MISO projects under construction

EARNING ON EXPECTED 2017-2020 ANNUAL CAPITAL INVESTMENTS

$0.4B - $0.6B



- Within 0 - 3 Months (Customer Growth / Transmission)
- Within 0 - 12 Months (Modernization/ Environmental)
- Periodic Rate Case (Maintenance)

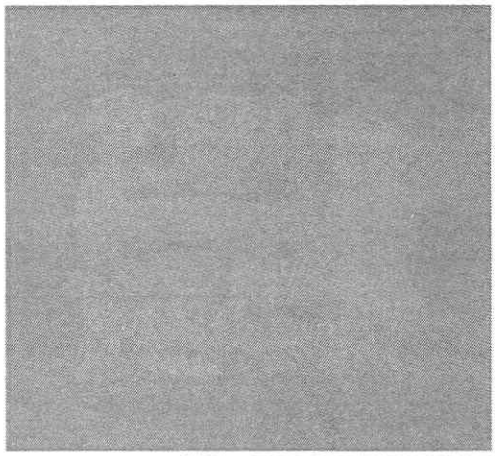
Framework Supports Long-Term Investments

FINANCIAL PROFILE

DONALD BROWN
Executive Vice President and
Chief Financial Officer

NiSource®





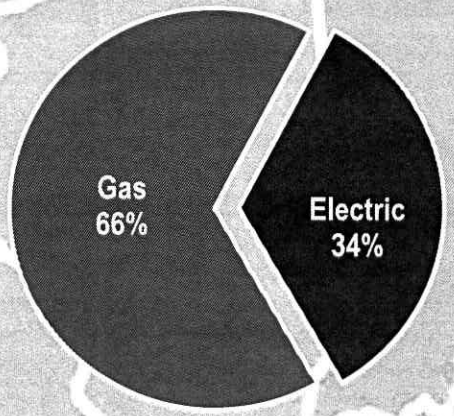


PREMIER REGULATED UTILITY BUSINESS

Stable 100% Regulated Revenue Stream

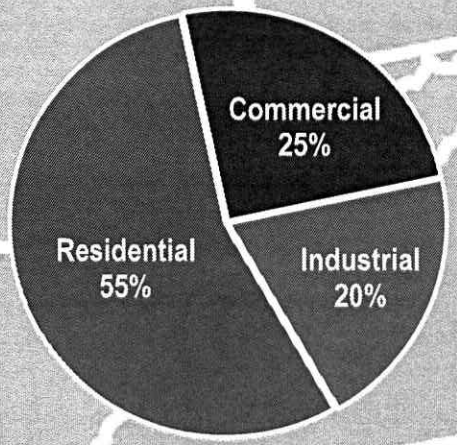
BALANCED BUSINESS MIX

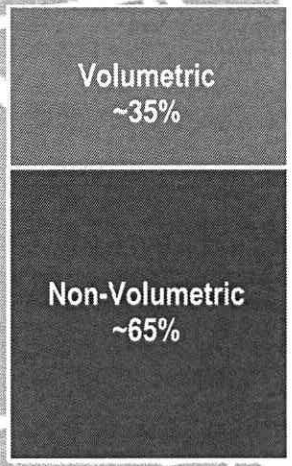
Operating Earnings*



STABLE REVENUE PROFILE

Total Revenue**



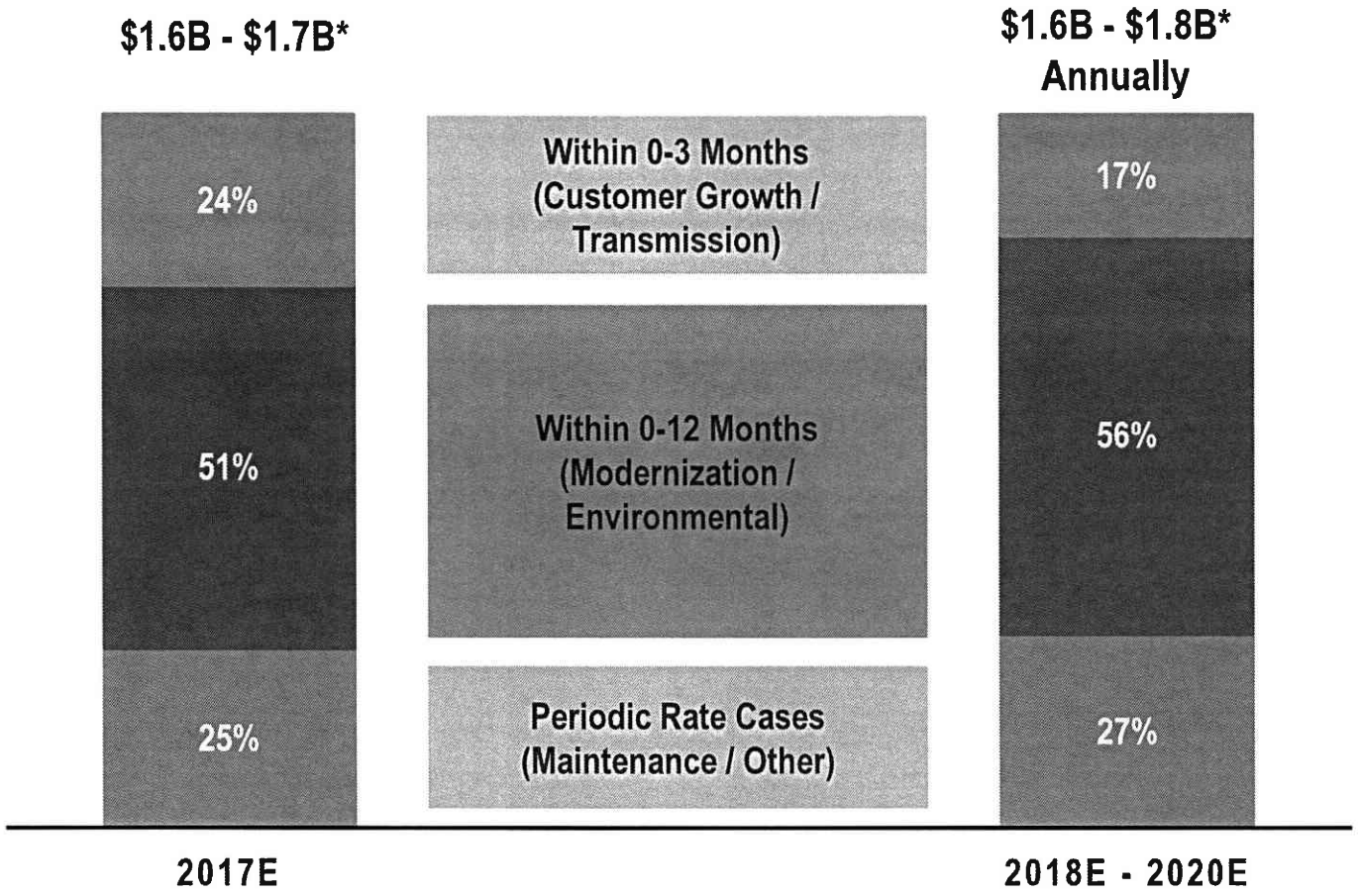


Delivering on Commitments to Customers, Communities, Employees and Investors

* 2016 Operating Earnings (Non-GAAP)
** As of Dec. 31, 2016

CAPITAL EXPENDITURES

Regulatory Programs Support Timely Earning on Investments



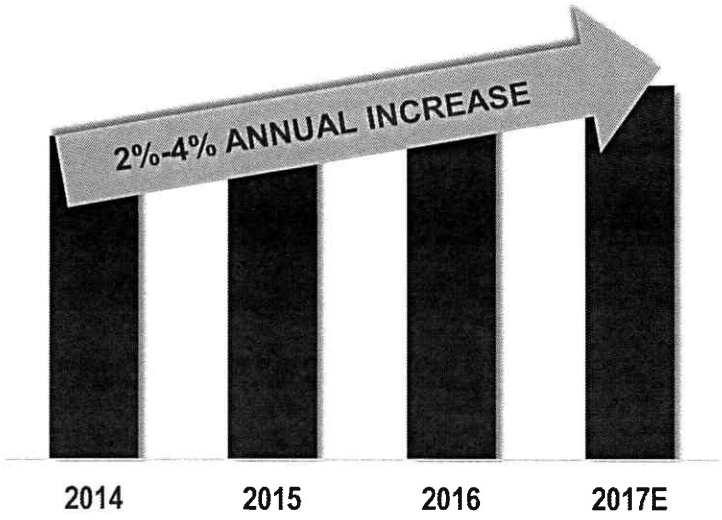
~75% of Capital Investments Begin Earning in Less Than 12 months

* Includes Corporate (2017 = $15M, 2018 = $13M, 2019 = $14M, 2020 = $14M)

TRANSFORMATION TO ENHANCE VALUE FOR CUSTOMERS

Focused on Long-Term Affordability

BUILDING A PLATFORM FOR EXECUTION



Annual Total O&M Expense

PROJECTED ANNUAL O&M INCREASES FLATTEN BEYOND 2017

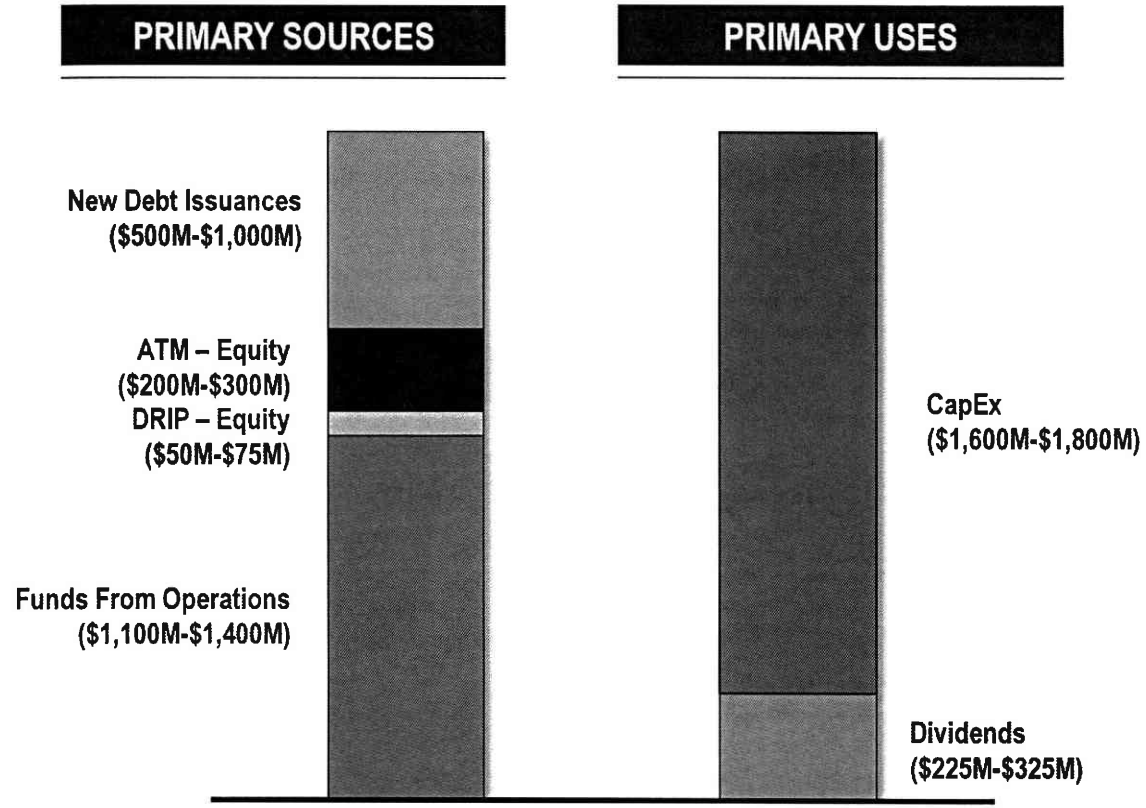
- Optimizing Processes, Investments, and Technology across the Footprint
- Logical Next Step Following Separation to Further Enhance Utility Operations
- Builds Sustainability of Safety and Reliability Investments by Reducing Customer Rate Inflation

~$100M-$150M of Estimated Transformation Investments through 2020 to Drive Sustainability

PRIMARY SOURCES AND USES OF CASH

Predictable Financing for Programmatic Investments

Illustrative – Annual Sources and Uses Through 2020



Balanced and Predictable Capital Financing Plan (2017 – 2020)

- **Debt**
  - $750M of 2018 issuances hedged as of June 30, 2017
- **Equity**
  - New ATM (At The Market) Program
  - Continuation of the DRIP (Dividend Reinvestment Program)

Annual 5%-7% Net Operating EPS and Dividend Growth Guidance through 2020 Inclusive of all Funding Needs*

* Net Operating Earnings from Continuing Operations (Non-GAAP); See Regulation G statement on slide 2; Dividends subject to Board approval

DEBT AND CREDIT PROFILE

Supports Sustainable Investments

Current Debt Level: ~$8.2B as of June 30, 2017

- ~$7.3B of long-term debt
  - Weighted average maturity ~16 years
  - Weighted average rate of 4.9%

Solid Liquidity Position

- ~$2.1B of committed facilities in place
  - ~$1.9B 5-year revolving credit facility
  - ~$0.3B* accounts receivable securitization facilities
- ~$1.3B in net available liquidity as of June 30, 2017**

Interest Rate Hedging Position

- ~$750M of anticipated 2018 debt issuances hedged as of June 30, 2017

Committed to Investment-Grade Credit

- S&P BBB+ | Moody's Baa2 | Fitch BBB

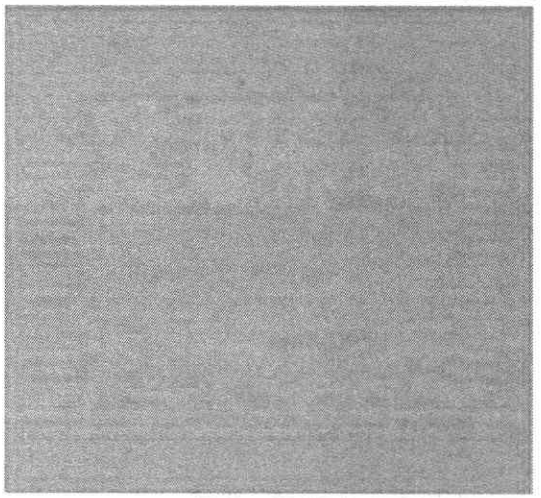
Solid Financial Foundation to Support Long-Term Infrastructure Investment Opportunities

* Committed capacity on accounts receivable securitization facilities changes with seasonality
** Consisting of cash and available capacity under credit facilities

Supplemental Slides
Third Quarter 2017 Earnings

November 1, 2017







NiSource®

Forward-Looking Statements

Forward-Looking Statements

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Key Takeaways – Third Quarter 2017

- **Disciplined execution of core utility investment strategy; 2018 guidance initiated**
  - Net operating earnings per share (NOEPS)* of $0.07 versus $0.06 in 2016
  - NiSource continues to expect to deliver 2017 NOEPS* in range of $1.17 to $1.20 and 2017 capital investments of $1.6 to $1.7 billion
  - 2018 guidance initiated at NOEPS* of $1.26 to $1.32 and 2018 capital investments of $1.7 to $1.8 billion

- **Regulatory initiatives advancing in all states**
  - Gas base rate case filed in Indiana; seeks first base rate increase in more than 25 years
  - Maryland rate case settlement approved; new rates in effect
  - Settlement pending in Ohio long-term gas infrastructure replacement program filing
  - Gas infrastructure tracker updates filed in Indiana, Kentucky, Maryland, Massachusetts and Virginia
  - CCR environmental upgrades (CPCN) settlement pending in Indiana
  - Electric infrastructure tracker update approved in Indiana

- **Long-term earnings, dividend growth and capital investment forecasts reaffirmed**
  - NOEPS* and dividends expected to grow 5 to 7% annually through 2020
  - Annual capital investments expected to be $1.6 to $1.8 billion, 2019-2020
  - NiSource on track to execute on more than $30 billion of identified long-term investment opportunities

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2018 Earnings Guidance Initiated at $1.26 to $1.32 Per Share (NOEPS)*

* Net Operating Earnings Per Share (non-GAAP); For a reconciliation of Q3 2017 non-GAAP earnings to GAAP, see Schedule 1 of NiSource's Nov. 1, 2017 Earnings Release

Third Quarter 2017 Financial Highlights

Non-GAAP*	2017	2016	Change
Net Operating Earnings ($M)	$23.3	$19.3	$4.0
Net Operating Earnings Per Share	$0.07	$0.06	$0.01

GAAP	2017	2016	Change
Income from Continuing Operations ($M)	$14.0	$23.7	($9.7)
Earnings Per Share - Continuing Operations	$0.04	$0.07	($0.03)

3Q 2017 Results in Line with Expectations

*Net Operating Earnings (non-GAAP). For a reconciliation of non-GAAP earnings to GAAP, see Schedule 1 of NiSource's Nov. 1, 2017 Earnings Release and the supplemental segment and financial information accompanying this presentation available on the investor section of www.nisource.com.

NiSource Debt and Credit Profile

- **Current debt level: ~$8.7B as of September 30, 2017**
  - ~$7.7B of long-term debt
    - Weighted average maturity ~18 years
    - Weighted average interest rate of 4.8%
- **Solid liquidity position**
  - ~$2.1B of committed facilities in place as of September 30, 2017
    - ~$1.9B 5-year revolving credit facility
    - ~$0.3B* accounts receivable securitization facilities
  - ~$1.3B in net available liquidity as of September 30, 2017**
- **Interest rate hedging position**
  - ~$750M of anticipated 2018 and ~$250M of anticipated 2019 debt issuances hedged as of September 30, 2017
- **Committed to investment-grade credit ratings**
  - S&P BBB+ | Moody's Baa2 | Fitch BBB

Solid Financial Foundation to Support Long-Term Infrastructure Investment Opportunities

* Committed capacity on accounts receivable securitization facilities changes with seasonality
** Consisting of cash and available capacity under credit facilities

Gas Distribution Operations – Third Quarter 2017

- Operating Earnings (Loss)* ($17.1M) in 2017 vs. $5.1M in 2016
- Significant progress on regulatory initiatives across all states
- Ongoing infrastructure modernization on track and designed to further improve system safety, reliability, environmental performance and customer value
- New customer growth ahead of plan, in line with long-term expectations
- Improving customer satisfaction across all states

Key Milestones:

Highlight	Key Components	Status
NIPSCO Gas Base Rate Case	• Seeks first base rate increase in more than 25 years • Supports continued investments in system upgrades, technology improvements, other measures to enhance system safety and reliability • Inclusive of various tracker programs, seeks annual revenue increase of $143.5M	• Filed Sept. 27, 2017 • Order expected in 2H18
Columbia Gas of Ohio Infrastructure Replacement Program (IRP) Extension	• Well-established program covers replacement of priority mainline pipe and targeted customer service lines • Five-year extension through Dec. 31, 2022 (Current program authorized through Dec. 31, 2017)	• Filed Feb. 27, 2017 • Settlement filed Aug. 18, 2017 • Order expected by YE 2017
Columbia Gas of Maryland Base Rate Case	• Supports continued expedited replacement of aging infrastructure and adoption of pipeline safety upgrades • Settlement includes $2.4M annual revenue increase	• Filed Apr. 14, 2017 • Settlement approved Sept. 19, 2017 • New rates effective Oct. 27, 2017
NIPSCO Gas System Modernization Program	• Investment focused on system modernization to improve service and reliability, and customer growth • TDSIC 7 semi-annual tracker update covering $58M in 1H 2017 investments	• Filed Aug. 31, 2017 • Order expected by YE 2017

~$20B in Identified Long-Term Infrastructure Investment Opportunities

* Operating Earnings (non-GAAP); For a reconciliation of non-GAAP earnings to GAAP, see NiSource's Nov. 1, 2017 supplemental segment and financial information accompanying this presentation and available on the investor section of www.nisource.com.

Electric Operations – Third Quarter 2017

- Operating Earnings* $129.0M in 2017 vs. $104.6M in 2016
- Seven-year ~$1.25B electric system modernization program in progress
- Electric transmission projects on schedule, with line and tower construction continuing
- Environmental upgrades proposed for units at Michigan City, R.M. Schahfer generating stations

Key Milestones:

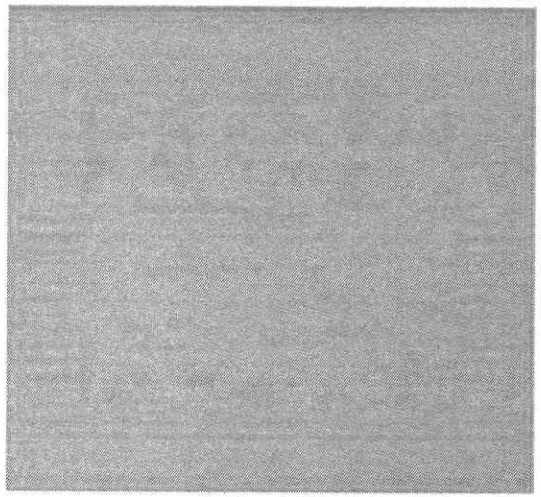
Highlight	Key Components	Status
Environmental Upgrades	• Address requirements under U.S. EPA's Effluent Limitation Guidelines (ELG) and Coal Combustion Residuals (CCR) rules • Costs to be recovered through Federally Mandated Cost Adjustment (FMCA) mechanism • Settlement covers CCR-related investments of ~$193M; ELG-related investments moved to later proceeding	• Filed Nov. 1, 2016 • CCR settlement filed Jun. 9, 2017 • CCR order expected by YE 2017
Electric System Modernization Program	• Focused on electric transmission and distribution investments designed to improve system reliability and safety • TDSIC 2 semi-annual tracker update covering ~$133M in investments from May 2016 through April 2017	• Filed Jun. 30, 2017 • Order received Oct. 31, 2017
Electric Transmission System Enhancement Projects	• Reynolds to Topeka Project ◦ 100-mile, 345-kV transmission project ◦ ~$350M-$400M investment • Greentown to Reynolds (Joint Project) ◦ 65-mile, 765-kV transmission project ◦ ~$350M-$400M investment (NIPSCO portion ~$175M-$200M)	• Substation, line and tower construction continues • Both projects expected to be in service by mid 2018

~$10B in Identified Long-Term Infrastructure Investment Opportunities

* Operating Earnings (non-GAAP); For a reconciliation of non-GAAP earnings to GAAP, see NiSource's Nov. 1, 2017 supplemental segment and financial information accompanying this presentation and available on the investor section of www.nisource.com.

Appendix:
Third Quarter 2017 Earnings









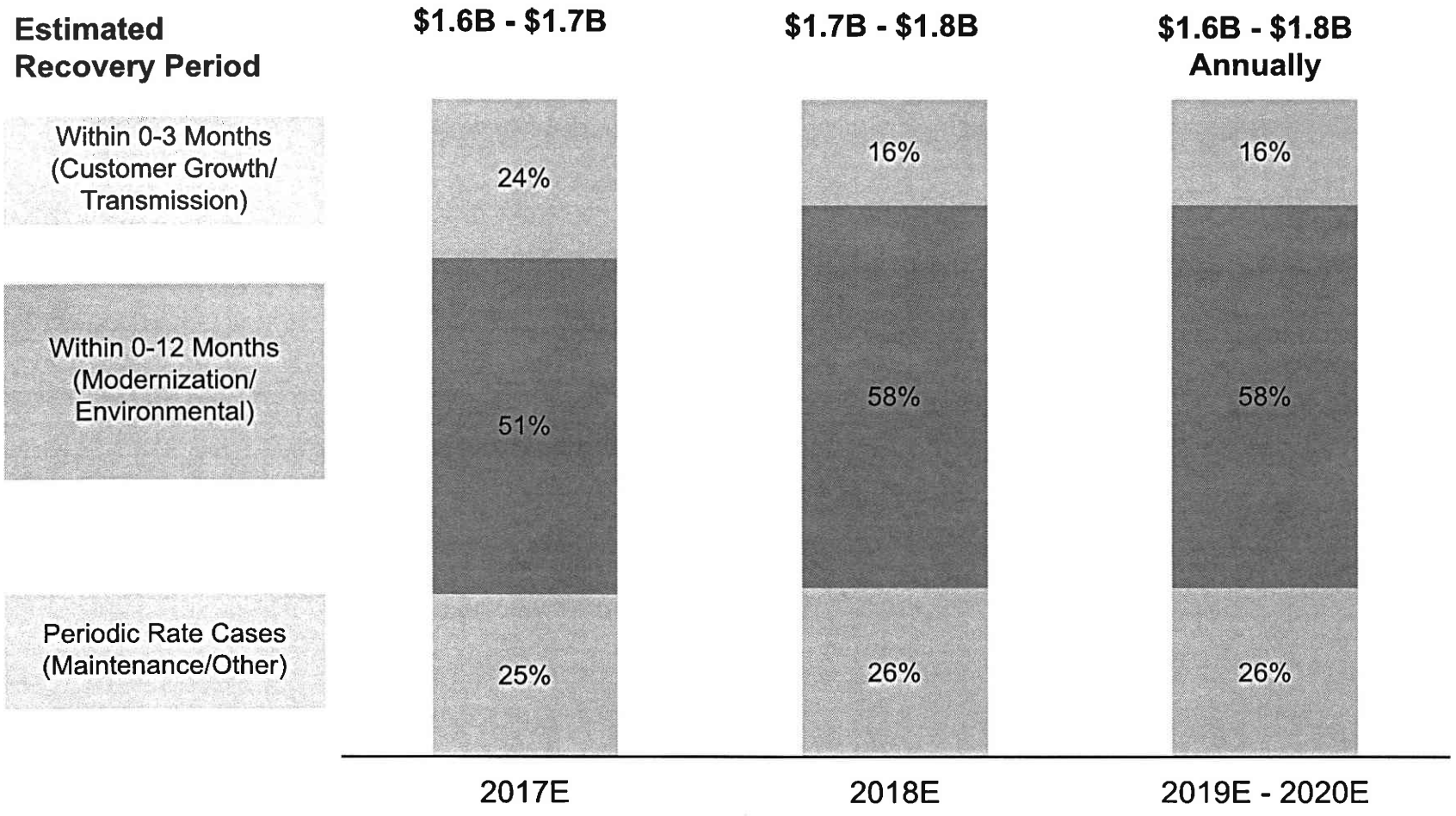




NiSource®

Capital Expenditures

Investments Deliver Customer Value, Enhance System Safety and Reliability



~75% of Capital Investments Begin Earning in Less Than 12 months

Current Liquidity and Debt Detail ($M)

Current Liquidity

	Actual 9/30/17	Maturity
Revolving Credit Facility – NFC	$ 1,850	Nov. 28, 2021
Accounts Receivable Program*	262	
Less:		
Drawn on Credit Facility – NFC	—	
Commercial Paper	581	
Accounts Receivable Program Utilized	262	
L/C's Outstanding Under Credit Facility	13	
Add:		
Cash & Equivalents	19	
Net Available Liquidity	**$ 1,275**	

Debt Detail

	Balance	Wtd. Avg. Rate**	Wtd. Avg. Maturity
Long-Term Debt	$ 7,715	4.8%	18 years
Commercial Paper	581	1.50%	21 days
A/R Program Borrowings	262	1.59%	Approx. 1 mo.
Capital Leases, Def Cost & Other	94	N/A	N/A
Total Debt	**$ 8,652**		

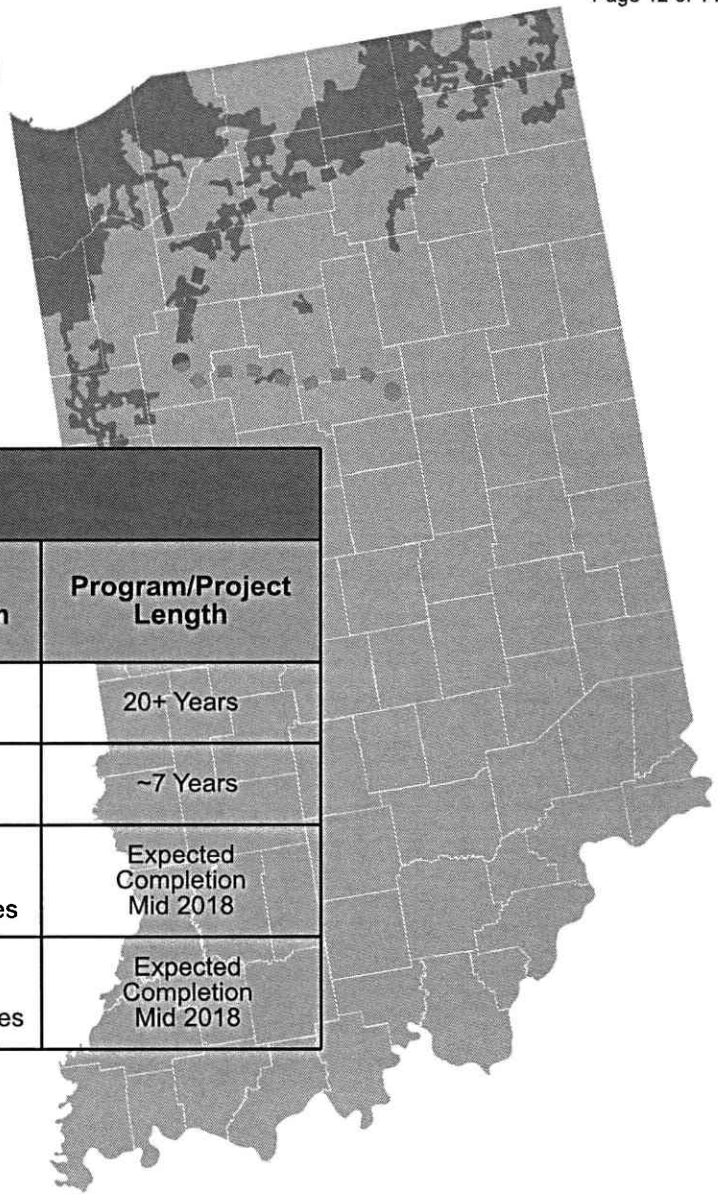
* Represents the lesser of seasonal limit or maximum borrowings supportable by underlying receivables
** Represents coupon or current incremental borrowing rate; does not factor in fees and/or amortization of deferred charges
N/A = Not Applicable

Natural Gas Distribution Infrastructure Programs

Company	Base Case Authorized ROE	Year-End 2016 Rate Base	Total Identified Investments	Modernization Program Investments	Estimated Annual Modernization Program	Recovery Mechanism
Columbia Gas of OH	Not Specified	$2.1B	~$4.1B	~$3.4B	$205M - $260M	Tracked
Columbia Gas of PA	Not Specified	$1.3B	~$3.0B	~$1.8B	$200M - $250M	Rate Case (Forward Test Year)
NIPSCO Gas	9.90%	$915M	~$4.5B	~$3.9B	$135M - $170M	Tracked
Columbia Gas of MA	9.55%	$669M	~$1.4B	~$700M	$70M - $120M	Tracked
Columbia Gas of VA	Not Specified	$609M	~$550M	~$300M	$30M - $40M	Tracked
Columbia Gas of KY	Not Specified	$238M	~$750M	~$400M	$20M - $45M	Tracked
Columbia Gas of MD	9.70%	$93M	~$200M	~$100M	$16M - $21M	Tracked

Robust Long-Term Investment Programs Deliver Value on $6.0B Rate Base

Electric Operations Investment Programs



Infrastructure Investment Programs/Projects				
Program/Project	**Identified Investments**	**Estimated Annual Investment**	**Recovery Mechanism**	**Program/Project Length**
Infrastructure Modernization	~$4.2B	~$135M - $235M	Tracked	20+ Years
Environmental Compliance	~$0.4B	~$10M - $90M	Tracked	~7 Years
Transmission Project I (Reynolds-Topeka)	~$350M - $400M	~$50M - $120M	FERC Approved Formula Rates	Expected Completion Mid 2018
Transmission Project II – Partnership (Greentown-Reynolds)	~$350M - $400M (NI: ~$175M-$200M)	~$25M - $50M	FERC Approved Formula Rates	Expected Completion Mid 2018

High-Value Investments with $3.4B Rate Base*

* As of Year-End 2016

Regulatory Update

2017 Rate Case and Program/Project Activity		
Company/Filing	**Summary**	**Timeline**
Pending Approval		
Columbia Gas of Ohio - Infrastructure Replacement Program	5-Year Plan Extension Filing	Filed: 2/27/2017 Settlement Filed: 8/18/2017 Order Expected: YE 2017
NIPSCO Electric Environmental Upgrades	Environmental Compliance Investments (CCR)	Filed: 11/1/2016 CCR Settlement Filed: 6/9/2017 CCR Order Expected: YE 2017
NIPSCO Gas - Base Rate Case	Requested Increase: $143.5M	Filed: 9/27/2017 Order Expected: 2H 2018
Complete		
Columbia Gas of Virginia – Base Rate Case	Requested Increase: $37.0M Settled Increase: $28.5M	Filed: 4/29/2016 Effective: 9/28/2016 Settlement Approved: 3/17/2017
Columbia Gas of Maryland - Base Rate Case	Requested Increase: $5.0M Settled Increase: $2.4M	Filed: 4/14/2017 Settlement Approved: 9/19/2017 Effective: 10/27/2017

Continued Regulatory Execution Drives Growth and Customer Value

Infrastructure Investment Details

Company	Recovery Mechanism	Incremental Infrastructure Investments		Recovery	
		Investment Period	Investment Amount	Filing Date	Effective Date
Columbia Gas of Ohio	Infrastructure Replacement Program (IRP)	FY 2015	~$185M	Feb 2016	May 2016
		FY 2016	~$236M	Feb 2017	May 2017
Columbia Gas of Pennsylvania*	Base Rate Case with Fully Forecasted Test Year	FY 2016	~$147M	Mar 2015	Dec 2015
		FY 2017	~$204M	Mar 2016	Dec 2016
Columbia Gas of Virginia	Steps to Advance Virginia's Energy Plan (SAVE)	FY 2017	~$37M	Aug 2016	Dec 2016
		FY 2018	~$35M	Aug 2017	Expected - Dec 2017
Columbia Gas of Massachusetts	Gas System Enhancement Plan (GSEP)	FY 2017	~$69M	Oct 2016	May 2017
		FY 2018	~$80M	Oct 2017	Expected - May 2018
Columbia Gas of Kentucky	Accelerated Main Replacement Program (AMRP)	FY 2017	~$17M**	May 2016	Jan 2017
		FY 2018	~$24M	Oct 2017	Expected - Jan 2018
Columbia Gas of Maryland	Strategic Infrastructure Development and Enhancement (STRIDE)	FY 2017	~$15M	Nov 2016	Jan 2017
		FY 2018	~$21M	Oct 2017	Expected - Jan 2018
NIPSCO – Gas	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 6: Jul 2016 – Dec 2016	~$61M	Feb 2017	Jul 2017
		TDSIC 7: Jan 2017 – Jun 2017	~$58M	Aug 2017	Expected - 1H18
NIPSCO – Electric	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 1: Jan 2016 – Apr 2016	~$45M	Jun 2016	Feb 2017
		TDSIC 2: May 2016 – Apr 2017	~$133M	Jun 2017	Nov 2017

* Pennsylvania also allows for a tracking mechanism for infrastructure investments – Distribution System Improvement Charge (DSIC)
** 2017 Investment for KY included in base rate case filing

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-007:

Please provide a listing of all securities issuances for the Company and, if applicable, its parent projected for the next two years. The response should identify for each projected issuance the date, dollar amount, type of security, and effective cost rate.

Response:

Columbia Gas of Pennsylvania, Inc.:

The Company plans on issuing the debt below to meet business needs.

Issue Date		Principal		Coupon		Maturity
June 2018		$80M		4.55%		30 Year
March 2019		$80M		4.85%		30 Year

Note: The coupons are based upon the Bloomberg average analyst forecasts on February 6, 2018 from the Bloomberg Financial System plus NiSource's BBB+ credit spread.

NiSource Gas Distribution Group, Inc. ("NGD"):

NGD does not issue securities.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-008:

Please identify all of the Company's and, if applicable, its parent's publicly underwritten common stock issuances written in the last five years. Identify which such issuances were related to mergers or acquisitions, and which were undertaken to fund facility investments in utility plant and equipment.

Response: Columbia Gas of Pennsylvania, Inc.

Columbia Gas of Pennsylvania, Inc. (Company) is a wholly owned subsidiary of NiSource Gas Distribution Group, Inc., which is a wholly owned subsidiary of NiSource Inc. (Parent). All equity of the Company is held by the Parent and is not publicly traded.

Response: NiSource Inc.

NiSource Inc. has not issued any shares of its common stock over the last five years (2013-2017) through an underwritten public offering.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-009:

Please identify any plan by the Company to refinance high cost long-term debt or preferred stock.

Response:

There are no plans to refinance existing long term debt; debt will be refinanced in normal course at maturity. The company does not have preferred stock.