Columbia Gas of Pennsylvania, Inc.
2020 General Rate Case
Docket No. R-2020-3018835
Standard Data Request
GASROR No. 01-09
Volume 1 of 3

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, 2018 NiSource Inc. Annual Message to Stockholders.

b. See Attachment B to Exhibit No. 403 for a copy of the December 31, 2018 10K.

c. See GAS-ROR-001, Attachments A through C for the NiSource Inc. June 30, 2019 SEC Form 10Q (Attachment A), March 31, 2019 SEC Form 10Q (Attachment B) and September 30, 2018 SEC Form 10Q (Attachment C).

   See Exhibit No. 402 for a copy of the September 30, 2019 NiSource Inc. 10Q.

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, 2019

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)

DE	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)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value $0.01 per share	NI	New York Stock Exchange
Depositary Shares, each representing a 1/1,000th ownership interest in a share of 6.50% Series B Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock, par value $0.01 per share, liquidation preference $25,000 per share and a 1/1,000th ownership interest in a share of Series B-1 Preferred Stock, par value $0.01 per share, liquidation preference $0.01 per share	NI PR B	New York Stock Exchange

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 every Interactive Data File required to be submitted 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 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.

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: 373,347,237 shares outstanding at July 24, 2019.

NISOURCE INC.
FORM 10-Q QUARTERLY REPORT
FOR THE QUARTER ENDED JUNE 30, 2019

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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	
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 LLC
NiSource ("we," "us" or "our")	NiSource Inc.
Abbreviations and Other	
ACE	Affordable Clean Energy
AFUDC	Allowance for funds used during construction
AMRP	Accelerated Main Replacement Program
AOCI	Accumulated Other Comprehensive Income (Loss)
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
ATM	At-the-market
BTA	Build-transfer agreement
CCRs	Coal Combustion Residuals
CEP	Capital Expenditure Program
CERCLA	Comprehensive Environmental Response Compensation and Liability Act (also known as Superfund)
CPP	Clean Power Plan
DPU	Department of Public Utilities
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
FMCA	Federally Mandated Cost Adjustment
GAAP	Generally Accepted Accounting Principles
GCA	Gas cost adjustment
GCR	Gas cost recovery
GHG	Greenhouse gases
GSEP	Gas System Enhancement Program
GWh	Gigawatt hours
IRP	Infrastructure Replacement Program
IT	Information technology
IURC	Indiana Utility Regulatory Commission
LIBOR	London InterBank Offered Rate
LIFO	Last In, First Out
MGP	Manufactured Gas Plant

DEFINED TERMS

MISO	Midcontinent Independent System Operator
MMDth	Million dekatherms
MW	Megawatts
NTSB	National Transportation Safety Board
NYMEX	New York Mercantile Exchange
OPEB	Other Postretirement Benefits
PHMSA	Pipeline and Hazardous Materials Safety Administration
PPA	Purchase power agreement
PTC	Production tax credit
RCRA	Resource Conservation and Recovery Act
ROU	Right of use
SAVE	Steps to Advance Virginia's Energy Plan
SEC	Securities and Exchange Commission
STRIDE	Strategic Infrastructure Development Enhancement
TCJA	An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018 (commonly known as the Tax Cuts and Jobs Act of 2017)
TDSIC	Transmission, Distribution and Storage System Improvement Charge
WCE	Whiting Clean Energy

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 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, our debt obligations; any changes to the credit rating of our or certain of our subsidiaries; our ability to execute our growth strategy; changes in general economic, capital and commodity market conditions; pension funding obligations; economic regulation and the impact of regulatory rate reviews; our ability to obtain expected financial or regulatory outcomes; our ability to adapt to, and manage costs related to, advances in technology; any changes in our assumptions regarding the financial implications of the Greater Lawrence Incident; potential incidents and other operating risks associated with our business; our ability to obtain sufficient insurance coverage; the outcome of legal and regulatory proceedings, investigations, incidents, claims and litigation; any damage to our reputation, including in connection with the Greater Lawrence Incident; 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; 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; the ability of our subsidiaries to generate cash; uncertainties related to the expected benefits of the separation from Columbia Pipeline Group; our ability to manage new initiatives and organizational changes; the performance of third-party suppliers and service providers; the transition to a replacement for the LIBOR benchmark interest rate; and other matters in the "Risk Factors" section of this report and our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, many of which risks are beyond our control. 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. We undertake no obligation to, and expressly disclaim 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 June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Operating Revenues				
Customer revenues	$ 969.2	$ 982.1	$ 2,803.7	$ 2,699.3
Other revenues	41.2	24.9	76.5	58.5
Total Operating Revenues	1,010.4	1,007.0	2,880.2	2,757.8
Operating Expenses				
Cost of sales (excluding depreciation and amortization)	253.5	313.3	933.8	1,037.7
Operation and maintenance	49.2	365.2	601.6	767.7
Depreciation and amortization	177.9	144.6	353.0	289.3
Loss (Gain) on sale of assets and impairments, net	(0.1)	—	0.1	(0.3)
Other taxes	66.4	65.5	154.0	144.4
Total Operating Expenses	546.9	888.6	2,042.5	2,238.8
Operating Income	463.5	118.4	837.7	519.0
Other Income (Deductions)				
Interest expense, net	(94.1)	(88.7)	(189.7)	(181.8)
Other, net	(0.3)	12.8	(1.0)	44.1
Loss on early extinguishment of long-term debt	—	(12.5)	—	(12.5)
Total Other Deductions, Net	(94.4)	(88.4)	(190.7)	(150.2)
Income before Income Taxes	369.1	30.0	647.0	368.8
Income Taxes	72.2	5.5	131.2	68.2
Net Income	296.9	24.5	515.8	300.6
Preferred dividends	(13.8)	(1.3)	(27.6)	(1.3)
Net Income Available to Common Shareholders	283.1	23.2	488.2	299.3
Earnings Per Share				
Basic Earnings Per Share	$ 0.76	$ 0.07	$ 1.31	$ 0.86
Diluted Earnings Per Share	$ 0.75	$ 0.07	$ 1.30	$ 0.86
Basic Average Common Shares Outstanding	373.9	354.2	373.6	346.2
Diluted Average Common Shares	375.2	355.2	374.9	347.1

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions, net of taxes)	**2019**	2018	**2019**	2018
Net Income	**$ 296.9**	$ 24.5	**$ 515.8**	$ 300.6
Other comprehensive income (loss):				
Net unrealized gain (loss) on available-for-sale securities[1]	**2.1**	(0.7)	**4.9**	(2.4)
Net unrealized gain (loss) on cash flow hedges[2]	**(30.5)**	(1.4)	**(49.8)**	34.0
Unrecognized pension and OPEB benefit[3]	**0.4**	0.2	**1.3**	0.4
Total other comprehensive income (loss)	**(28.0)**	(1.9)	**(43.6)**	32.0
Comprehensive Income	**$ 268.9**	$ 22.6	**$ 472.2**	$ 332.6

[1] Net unrealized gain (loss) on available-for-sale securities, net of $0.6 million tax expense and $0.2 million tax benefit in the second quarter of 2019 and 2018, respectively, and $1.3 million tax expense and $0.6 million tax benefit for the six months ended 2019 and 2018, respectively.
[2] Net unrealized gain (loss) on cash flow hedges, net of $10.0 million and $0.5 million tax benefit in the second quarter of 2019 and 2018, respectively, and $16.5 million tax benefit and $11.2 million tax expense for the six months ended 2019 and 2018, respectively.
[3] Unrecognized pension and OPEB benefit, net of $0.1 million tax expense in the second quarter of 2019 and 2018, and $0.5 million and $0.2 million tax expense for the six months ended 2019 and 2018, 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, 2019		December 31, 2018
ASSETS				
Property, Plant and Equipment				
Utility plant	$	23,576.5	$	22,780.8
Accumulated depreciation and amortization		(7,461.0)		(7,257.9)
Net utility plant		16,115.5		15,522.9
Other property, at cost, less accumulated depreciation		18.3		19.6
Net Property, Plant and Equipment		16,133.8		15,542.5
Investments and Other Assets				
Unconsolidated affiliates		2.3		2.1
Other investments		215.3		204.0
Total Investments and Other Assets		217.6		206.1
Current Assets				
Cash and cash equivalents		23.7		112.8
Restricted cash		8.7		8.3
Accounts receivable (less reserve of $28.1 and $21.1, respectively)		870.2		1,058.5
Gas inventory		179.3		286.8
Materials and supplies, at average cost		111.9		101.0
Electric production fuel, at average cost		27.4		34.7
Exchange gas receivable		41.5		88.4
Regulatory assets		212.2		235.4
Prepayments and other		103.1		129.5
Total Current Assets		1,578.0		2,055.4
Other Assets				
Regulatory assets		1,992.1		2,002.1
Goodwill		1,690.7		1,690.7
Intangible assets, net		215.2		220.7
Deferred charges and other		146.8		86.5
Total Other Assets		4,044.8		4,000.0
Total Assets	$	21,974.2	$	21,804.0

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 Consolidated Balance Sheets (unaudited) (continued)

(in millions, except share amounts)	**June 30, 2019**	December 31, 2018
CAPITALIZATION AND LIABILITIES		
Capitalization		
Stockholders' Equity		
Common stock - $0.01 par value, 600,000,000 shares authorized; 373,249,295 and 372,363,656 shares outstanding, respectively	**$ 3.8**	$ 3.8
Preferred stock - $0.01 par value, 20,000,000 shares authorized; 440,000 and 420,000 shares outstanding, respectively	**880.0**	880.0
Treasury stock	**(99.9)**	(99.9)
Additional paid-in capital	**6,417.1**	6,403.5
Retained deficit	**(1,144.0)**	(1,399.3)
Accumulated other comprehensive loss	**(80.8)**	(37.2)
Total Stockholders' Equity	**5,976.2**	5,750.9
Long-term debt, excluding amounts due within one year	**7,109.7**	7,105.4
Total Capitalization	**13,085.9**	12,856.3
Current Liabilities		
Current portion of long-term debt	**10.7**	50.0
Short-term borrowings	**2,081.0**	1,977.2
Accounts payable	**552.2**	883.8
Dividends payable - common stock	**74.6**	—
Dividends payable - preferred stock	**8.2**	—
Customer deposits and credits	**159.1**	238.9
Taxes accrued	**167.3**	222.7
Interest accrued	**90.4**	90.7
Exchange gas payable	**42.3**	85.5
Regulatory liabilities	**150.5**	140.9
Legal and environmental	**21.8**	18.9
Accrued compensation and employee benefits	**134.3**	149.7
Claims accrued	**235.1**	114.7
Other accruals	**86.2**	63.8
Total Current Liabilities	**3,813.7**	4,036.8
Other Liabilities		
Risk management liabilities	**80.7**	46.7
Deferred income taxes	**1,472.9**	1,330.5
Deferred investment tax credits	**10.5**	11.2
Accrued insurance liabilities	**82.9**	84.4
Accrued liability for postretirement and postemployment benefits	**372.1**	389.1
Regulatory liabilities	**2,465.1**	2,519.1
Asset retirement obligations	**367.6**	352.0
Other noncurrent liabilities	**222.8**	177.9
Total Other Liabilities	**5,074.6**	4,910.9
Commitments and Contingencies (Refer to Note 17, "Other Commitments and Contingencies")	**—**	—
Total Capitalization and Liabilities	**$ 21,974.2**	$ 21,804.0

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

ITEM 1. FINANCIAL STATEMENTS (continued)

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

Six Months Ended June 30, *(in millions)*	2019	2018
Operating Activities		
Net Income	$ 515.8	$ 300.6
Adjustments to Reconcile Net Income to Net Cash from Operating Activities:		
Loss on early extinguishment of debt	—	12.5
Depreciation and amortization	353.0	289.3
Deferred income taxes and investment tax credits	126.5	66.3
Other adjustments	13.6	11.3
Changes in Assets and Liabilities:		
Components of working capital	(9.0)	12.4
Regulatory assets/liabilities	(40.9)	141.7
Deferred charges and other noncurrent assets	(68.4)	1.2
Other noncurrent liabilities	35.6	(25.8)
Net Cash Flows from Operating Activities	926.2	809.5
Investing Activities		
Capital expenditures	(843.5)	(832.5)
Cost of removal	(55.7)	(46.1)
Other investing activities	1.2	7.5
Net Cash Flows used for Investing Activities	(898.0)	(871.1)
Financing Activities		
Issuance of long-term debt	—	350.0
Repayments of long-term debt and capital lease obligations	(46.0)	(491.2)
Premiums and other debt related costs	(4.2)	(15.2)
Issuance of short-term debt (maturity > 90 days)	500.0	600.0
Repayment of short-term debt (maturity > 90 days)	(350.0)	—
Change in short-term borrowings, net (maturity ≤ 90 days)	(46.2)	(1,205.7)
Issuance of common stock, net of issuance costs	7.1	607.7
Issuance of preferred stock, net of issuance costs	—	394.4
Acquisition of treasury stock	—	(4.0)
Dividends paid - common stock	(149.1)	(131.7)
Dividends paid - preferred stock	(28.5)	—
Net Cash Flows from (used for) Financing Activities	(116.9)	104.3
Change in cash, cash equivalents and restricted cash	(88.7)	42.7
Cash, cash equivalents and restricted cash at beginning of period	121.1	38.4
Cash, Cash Equivalents and Restricted Cash at End of Period	$ 32.4	$ 81.1

Supplemental Disclosures of Cash Flow Information

Six Months Ended June 30, *(in millions)*	2019	2018
Non-cash transactions:		
Capital expenditures included in current liabilities	$ 169.3	$ 191.9
Dividends declared but not paid	82.7	70.8
Reclassification of other property to regulatory assets	—	245.3
Assets recorded for asset retirement obligations	$ 12.8	$ 64.7

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 Equity (unaudited)

(in millions)	Common Stock	Preferred Stock[1]	Treasury Stock	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Total
Balance as of April 1, 2019	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,406.5**	**$ (1,358.0)**	**$ (52.8)**	**$ 5,779.6**
Comprehensive Income:							
Net Income	—	—	—	—	296.9	—	296.9
Other comprehensive loss, net of tax	—	—	—	—	—	(28.0)	(28.0)
Dividends:							
Common stock ($0.20 per share)	—	—	—	—	(74.7)	—	(74.7)
Preferred stock (See Note 5)	—	—	—	—	(8.2)	—	(8.2)
Stock issuances:							
Employee stock purchase plan	—	—	—	1.4	—	—	1.4
Long-term incentive plan	—	—	—	4.8	—	—	4.8
401(k) and profit sharing	—	—	—	4.4	—	—	4.4
Balance as of June 30, 2019	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,417.1**	**$ (1,144.0)**	**$ (80.8)**	**$ 5,976.2**

[1]Series A and Series B shares have an aggregate liquidation preference of $400M and $500M, respectively. See Note 5, "Equity" for additional information.

(in millions)	Common Stock	Preferred Stock[1]	Treasury Stock	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Total
Balance as of January 1, 2019	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,403.5**	**$ (1,399.3)**	**$ (37.2)**	**$ 5,750.9**
Comprehensive Income:							
Net Income	—	—	—	—	515.8	—	515.8
Other comprehensive loss, net of tax	—	—	—	—	—	(43.6)	(43.6)
Dividends:							
Common stock ($0.60 per share)	—	—	—	—	(223.8)	—	(223.8)
Preferred stock (See Note 5)	—	—	—	—	(36.7)	—	(36.7)
Stock issuances:							
Employee stock purchase plan	—	—	—	2.7	—	—	2.7
Long-term incentive plan	—	—	—	2.1	—	—	2.1
401(k) and profit sharing	—	—	—	8.8	—	—	8.8
Balance as of June 30, 2019	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,417.1**	**$ (1,144.0)**	**$ (80.8)**	**$ 5,976.2**

[1]Series A and Series B shares have an aggregate liquidation preference of $400M and $500M, respectively. See Note 5, "Equity" for additional information.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statements of Consolidated Equity (unaudited) (continued)

(in millions)	Common Stock	Preferred Stock	Treasury Stock	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Total
Balance as of April 1, 2018	**$ 3.4**	**$ —**	**$ (99.5)**	**$ 5,540.5**	**$ (919.2)**	**$ (19.0)**	**$ 4,506.2**
Comprehensive Income:							
Net Income	—	—	—	—	24.5	—	24.5
Other comprehensive loss, net of tax	—	—	—	—	— —	(1.9)	(1.9)
Common stock dividends ($0.195 per share)	—	—	—	—	(70.8)	—	(70.8)
Treasury stock acquired	—	—	(0.4)	—	—	—	(0.4)
Stock issuances:							
Common stock - private placement	0.3	—	—	599.3	—	—	599.6
Preferred stock	—	394.4	—	—	—	—	394.4
Employee stock purchase plan	—	—	—	1.5	—	—	1.5
Long-term incentive plan	—	—	—	4.2	—	—	4.2
401(k) and profit sharing	—	—	—	5.7	—	—	5.7
Balance as of June 30, 2018	**$ 3.7**	**$ 394.4**	**$ (99.9)**	**$ 6,151.2**	**$ (965.5)**	**$ (20.9)**	**$ 5,463.0**

(in millions)	Common Stock	Preferred Stock	Treasury Stock	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Total
Balance as of January 1, 2018	**$ 3.4**	**$ —**	**$ (95.9)**	**$ 5,529.1**	**$ (1,073.1)**	**$ (43.4)**	**$ 4,320.1**
Comprehensive Income:							
Net Income	—	—	—	—	300.6	—	300.6
Other comprehensive income, net of tax	—	—	—	—	—	32.0	32.0
Common stock dividends ($0.585 per share)	—	—	—	—	(202.5)	—	(202.5)
Treasury stock acquired	—	—	(4.0)	—	—	—	(4.0)
Cumulative effect of change in accounting principle	—	—	—	—	9.5	(9.5)	—
Stock issuances:							
Common stock - private placement	0.3	—	—	599.3	—	—	599.6
Preferred stock	—	394.4	—	—	—	—	394.4
Employee stock purchase plan	—	—	—	2.7	—	—	2.7
Long-term incentive plan	—	—	—	8.2	—	—	8.2
401(k) and profit sharing	—	—	—	11.9	—	—	11.9
Balance as of June 30, 2018	**$ 3.7**	**$ 394.4**	**$ (99.9)**	**$ 6,151.2**	**$ (965.5)**	**$ (20.9)**	**$ 5,463.0**

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statements of Consolidated Equity (unaudited) (continued)

Shares *(in thousands)*	Preferred	Common		
	Shares	Shares	Treasury	Outstanding
Balance as of April 1, 2019	**440**	**376,966**	**(3,963)**	**373,003**
Issued:				
Employee stock purchase plan	—	52	—	52
Long-term incentive plan	—	38	—	38
401(k) and profit sharing	—	156	—	156
Balance as of June 30, 2019	**440**	**377,212**	**(3,963)**	**373,249**

Shares *(in thousands)*	Preferred	Common		
	Shares	Shares	Treasury	Outstanding
Balance as of January 1, 2019	**420**	**376,326**	**(3,963)**	**372,363**
Issued:				
Preferred stock	20	—	—	—
Employee stock purchase plan	—	102	—	102
Long-term incentive plan	—	464	—	464
401(k) and profit sharing	—	320	—	320
Balance as of June 30, 2019	**440**	**377,212**	**(3,963)**	**373,249**

Shares *(in thousands)*	Preferred	Common		
	Shares	Shares	Treasury	Outstanding
Balance as of April 1, 2018	**—**	**341,544**	**(3,946)**	**337,598**
Treasury Stock acquired	—	—	(17)	(17)
Issued:				
Common stock private placement	—	24,964	—	24,964
Preferred stock	400	—	—	—
Employee stock purchase plan	—	64	—	64
Long-term incentive plan	—	74	—	74
401(k) and profit sharing	—	232	—	232
Balance as of June 30, 2018	**400**	**366,878**	**(3,963)**	**362,915**

Shares *(in thousands)*	Preferred	Common		
	Shares	Shares	Treasury	Outstanding
Balance as of January 1, 2018	**—**	**340,813**	**(3,797)**	**337,016**
Treasury Stock acquired	—	—	(166)	(166)
Issued:				
Common stock private placement	—	24,964	—	24,964
Preferred stock	400	—	—	—
Employee stock purchase plan	—	111	—	111
Long-term incentive plan	—	494	—	494
401(k) and profit sharing	—	496	—	496
Balance as of June 30, 2018	**400**	**366,878**	**(3,963)**	**362,915**

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

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

1. Basis of Accounting Presentation

Our accompanying Condensed Consolidated Financial Statements (unaudited) 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 our accounts and that of our majority-owned or controlled subsidiaries.

The accompanying financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018. 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 we believe 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

We are currently evaluating the impact of certain ASUs on our 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 2019-04, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*	The pronouncement clarifies and improves certain areas of guidance related to the recently issued standards on credit losses, hedging, and recognition and measurement. Topics 1, 2, and 5 of this update amends ASU 2016-13 as it relates to accrued interest, transfers between investment classifications, expected recoveries and reinsurance recoverables. Topic 3 improves guidance related to fair value hedges. Topic 4 of this update relates to codification improvements to ASU 2016-01.	Annual periods beginning after December 15, 2019, including interim periods therein. Early adoption is permitted.	We maintain investments in U.S. Treasury, corporate and mortgage-backed debt securities, which are pledged as collateral for trust accounts related to our wholly-owned insurance company. These debt securities are classified as available for sale ("AFS"). Upon adoption of ASU 2019-04 and 2018-14, we expect to revise our impairment model for AFS debt securities by implementing an allowance approach instead of an 'other than temporary' impairment model. We have recorded balances for trade receivables that also fall within the scope of the standard. We are currently assessing our process of recording reserves for uncollectible receivables to evaluate whether significant changes to our policy will be necessary to comply with the current expected credit loss model. ASC 326 also defines additional presentation and disclosure requirements. We are currently reviewing the impact of these requirements on our disclosures related to credit in our Notes to Condensed Consolidated Financial Statements (unaudited). We are unable to reasonably estimate the quantitative impact of adoption on our Condensed Consolidated Financial Statements (unaudited). We expect to adopt this ASU on its effective date.
ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326)*	The pronouncement 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. It will also require entities to record allowances for available-for-sale securities rather than impair the carrying amount of the securities. Subsequent improvements to the estimated credit losses of available-for-sale securities will be recognized immediately in earnings instead of over time as they are under historic guidance.		

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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 2018-14, *Compensation —Retirement Benefits— Defined Benefit Plans— General (Subtopic 715-20): Disclosure Framework-- Changes to the Disclosure Requirements for Defined Benefit Plans*	The pronouncement modifies the disclosure requirements for defined benefit pension or other postretirement benefit plans. The guidance removes disclosures that are no longer considered cost beneficial, clarifies the specific requirements of disclosures and adds disclosure requirements identified as relevant. The modifications affect annual period disclosures and must be applied on a retrospective basis to all periods presented.	Annual periods ending after December 15, 2020. Early adoption is permitted.	We are currently evaluating the effects of this pronouncement on our Notes to Condensed Consolidated Financial Statements (unaudited). We expect to adopt this ASU on its effective date.

Recently Adopted Accounting Pronouncements

Standard	Adoption
ASU 2019-01, *Leases (Topic 842): Codification Improvements*	See Note 16, "Leases," for our discussion of the effects of implementing these standards.
ASU 2018-11, *Leases (Topic 842): Targeted Improvements*	
ASU 2018-01, *Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842*	
ASU 2016-02, *Leases (Topic 842)*	

3. Revenue Recognition

Revenue Disaggregation and Reconciliation. We disaggregate revenue from contracts with customers based upon reportable segment as well as by customer class. As our revenues are primarily earned over a period of time and we do not earn a material amount of revenues at a point in time, revenues are not disaggregated as such below. 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 tables below reconcile revenue disaggregation by customer class to segment revenue as well as to revenues reflected on the Condensed Statements of Consolidated Income (unaudited) for the three and six months ended June 30, 2019 and June 30, 2018:

Three Months Ended June 30, 2019 *(in millions)*	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Customer Revenues(1)				
Residential	$ 375.0	$ 105.9	$ —	$ 480.9
Commercial	121.8	115.1	—	236.9
Industrial	52.9	155.8	—	208.7
Off-system	23.4	—	—	23.4
Miscellaneous	12.4	6.7	0.2	19.3
Total Customer Revenues	$ 585.5	$ 383.5	$ 0.2	$ 969.2
Other Revenues	18.3	22.9	—	41.2
Total Operating Revenues	$ 603.8	$ 406.4	$ 0.2	$ 1,010.4

(1) Customer revenue amounts exclude intersegment revenues. See Note 20, "Business Segment Information," for discussion of intersegment revenues.

Three Months Ended June 30, 2018 *(in millions)*	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Customer Revenues(1)				
Residential	$ 389.7	$ 113.1	$ —	$ 502.8
Commercial	127.0	116.6	—	243.6
Industrial	47.7	152.0	—	199.7
Off-system	20.9	—	—	20.9
Miscellaneous	10.2	4.7	0.2	15.1
Total Customer Revenues	$ 595.5	$ 386.4	$ 0.2	$ 982.1
Other Revenues	6.4	18.5	—	24.9
Total Operating Revenues	$ 601.9	$ 404.9	$ 0.2	$ 1,007.0

(1) Customer revenue amounts exclude intersegment revenues. See Note 20, "Business Segment Information," for discussion of intersegment revenues.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

Six Months Ended June 30, 2019 *(in millions)*	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Customer Revenues[1]				
Residential	$ 1,350.3	$ 224.7	$ —	$ 1,575.0
Commercial	452.3	234.4	—	686.7
Industrial	135.8	319.1	—	454.9
Off-system	43.5	—	—	43.5
Miscellaneous	29.6	13.6	0.4	43.6
Total Customer Revenues	$ 2,011.5	$ 791.8	$ 0.4	$ 2,803.7
Other Revenues	31.1	45.4	—	76.5
Total Operating Revenues	$ 2,042.6	$ 837.2	$ 0.4	$ 2,880.2

[1] Customer revenue amounts exclude intersegment revenues. See Note 20, "Business Segment Information," for discussion of intersegment revenues.

Six Months Ended June 30, 2018 *(in millions)*	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Customer Revenues[1]				
Residential	$ 1,283.3	$ 227.6	$ —	$ 1,510.9
Commercial	435.3	233.5	—	668.8
Industrial	122.3	314.5	—	436.8
Off-system	43.2	—	—	43.2
Miscellaneous	27.0	12.2	0.4	39.6
Total Customer Revenues	$ 1,911.1	$ 787.8	$ 0.4	$ 2,699.3
Other Revenues	18.1	40.4	—	58.5
Total Operating Revenues	$ 1,929.2	$ 828.2	$ 0.4	$ 2,757.8

[1] Customer revenue amounts exclude intersegment revenues. See Note 20, "Business Segment Information," for discussion of intersegment revenues.

Customer Accounts Receivable. Accounts receivable on our Condensed Consolidated Balance Sheets (unaudited) includes both billed and unbilled amounts, as well as certain amounts that are not related to customer revenues. Unbilled amounts of accounts receivable relate to a portion of a customer's consumption of gas or electricity from the date of the last cycle billing through the last day of the month (balance sheet date). Factors taken into consideration when estimating unbilled revenue include historical usage, customer rates and weather. The opening and closing balances of customer receivables for the six months ended June 30, 2019 are presented in the table below. We had no significant contract assets or liabilities during the period. Additionally, we have not incurred any significant costs to obtain or fulfill contracts.

(in millions)	Customer Accounts Receivable, Billed (less reserve)	Customer Accounts Receivable, Unbilled (less reserve)
Balance as of December 31, 2018	$ 540.5	$ 349.1
Balance as of June 30, 2019	396.2	179.9
Increase (Decrease)	$ (144.3)	$ (169.2)

Utility revenues are billed to customers monthly on a cycle basis. We generally expect that substantially all customer accounts receivable will be collected within the month following customer billing, as this revenue consists primarily of monthly, tariff-based billings for service and usage. We maintain common utility credit risk mitigation practices, including requiring deposits and actively pursuing collection of past due amounts. In addition, our regulated operations utilize certain regulatory mechanisms that facilitate recovery of bad debt costs within tariff-based rates, which provides further evidence of collectibility. It is probable that substantially all of the consideration to which we are entitled from customers will be collected upon satisfaction of performance obligations.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

4. Earnings Per Share

Basic EPS is computed by dividing net income attributable to common shareholders 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 and forward agreements when the impact would be dilutive (See Note 5 "Equity"). The computation of diluted average common shares is as follows:

	Three Months Ended June 30,		Six months ended June 30,	
(in thousands)	**2019**	2018	**2019**	2018
Denominator				
Basic average common shares outstanding	**373,898**	354,229	**373,628**	346,165
Dilutive potential common shares:				
Shares contingently issuable under employee stock plans	**800**	861	**930**	789
Shares restricted under employee stock plans	**136**	71	**135**	167
Forward Agreements	**398**	—	**252**	—
Diluted Average Common Shares	**375,232**	355,161	**374,945**	347,121

5. Equity

Common Stock. As of June 30, 2019, we had 600,000,000 shares of common stock authorized for issuance, of which 373,249,295 shares were outstanding.

ATM Program and Forward Sale Agreement. On November 1, 2018, we entered into five separate equity distribution agreements, pursuant to which we may sell, from time to time, up to an aggregate value of $500.0 million of our common stock. The program expires on December 31, 2020.

On December 6, 2018, under the ATM program, we executed a forward agreement, which allows us to issue a fixed number of shares at a price to be settled in the future. From December 6, 2018 to December 10, 2018, 4,708,098 shares were borrowed from third parties and sold by the dealer at a weighted average price of $26.55 per share. We may settle this agreement in shares, cash, or net shares by December 6, 2019. Had we settled all the shares under the forward agreement at June 30, 2019, we would have received approximately $123.8 million, based on a net price of $26.30 per share.

As of June 30, 2019, the ATM program (including impacts of the forward sale agreement discussed above) had $309.4 million of equity available for issuance. We did not have any activity under the ATM program for the three and six months ended June 30, 2019.

Preferred Stock. As of June 30, 2019, we had 20,000,000 shares of preferred stock authorized for issuance, of which 440,000 shares of preferred stock were outstanding. The following table displays preferred dividends declared for the period by outstanding series of shares:

			Three Months Ended June 30, 2019	Six Months Ended June 30, 2019	June 30, 2019	December 31, 2018
(in millions except shares and per share amounts)	Liquidation Preference Per Share	Shares	Dividends Declared Per Share		Outstanding	
5.650% Series A	$ 1,000.00	400,000	$ —	$ 28.25	$ 393.9	$ 393.9
6.500% Series B	$ 25,000.00	20,000	$ 406.25	$ 1,268.40	$ 486.1	$ 486.1

In addition, 20,000 shares of Series B–1 Preferred Stock, par value $0.01 per share, were issued as a distribution with respect to the Series B Preferred Stock in order to enhance the voting rights of the Series B Preferred Stock to comply with the New York Stock Exchange's minimum voting rights policy. Holders of Series B–1 Preferred Stock are not entitled to receive dividend payments and have no conversion rights. The Series B–1 Preferred Stock is paired with the Series B Preferred Stock and may not be transferred, redeemed or repurchased except in connection with the simultaneous transfer, redemption or repurchase of the underlying Series B Preferred Stock.

6. Gas in Storage

We use both the LIFO inventory methodology and the weighted-average cost methodology 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, we expect interim variances in LIFO layers to be replenished by year end. We had a temporary LIFO liquidation debit of $12.3 million and zero as of June 30, 2019 and December 31, 2018, respectively, for certain gas distribution companies recorded within "Prepayments and other," on the Condensed Consolidated Balance Sheets (unaudited).

7. Regulatory Matters

Cost Recovery and Trackers

Comparability of our 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 generally result in a corresponding increase in operating revenues and therefore have essentially no impact on total operating income results.

Certain costs of our operating companies are significant, recurring in nature and generally outside the control of the operating 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 operating 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, bad debt recovery mechanisms, electric energy efficiency programs, MISO non-fuel costs and revenues, resource capacity charges, federally-mandated costs and environmental-related costs.

A portion of the Gas Distribution revenue is related to the recovery of gas costs, the review and recovery of which occurs through standard regulatory proceedings. All states in our 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. Our distribution companies have historically been found prudent in the procurement of gas supplies to serve customers.

A portion of the Electric Operations 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.

Infrastructure Replacement and Federally-Mandated Compliance Programs

All of our operating utility companies have completed rate proceedings involving infrastructure replacement or enhancement, and have embarked upon initiatives to replace significant portions of their operating systems that are nearing the end of their useful lives. Each company's approach to cost recovery is unique, given the different laws, regulations and precedent that exist in each jurisdiction.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

The following table describes the most recent vintage of our regulatory programs to recover infrastructure replacement and other federally-mandated compliance investments currently in rates and those pending commission approval:

(in millions)

Company	Program	Incremental Revenue	Incremental Capital Investment	Investment Period	Filed	Status	Rates Effective
Columbia of Ohio	IRP - 2019[1]	18.2	199.6	1/18-12/18	February 28, 2019	Approved April 24, 2019	May 2019
Columbia of Ohio	CEP - 2018[1]	74.5	659.9	1/11-12/17	December 1, 2017	Approved November 28, 2018	December 2018
Columbia of Ohio	CEP - 2019	16.1	122.1	1/18-12/18	February 28, 2019	Order Expected August 2019	September 2019
NIPSCO - Gas	TDSIC 9[1][2]	(10.6)	54.4	1/18-6/18	August 28, 2018	Approved December 27, 2018	January 2019
NIPSCO - Gas	TDSIC 10[3]	1.6	12.4	7/18-4/19	June 25, 2019	Order Expected Q4 2019	November 2019
NIPSCO - Gas	FMCA 1[4]	9.9	1.5	11/17-9/18	November 30, 2018	Approved March 27, 2019	April 2019
NIPSCO - Gas	FMCA 2[4]	(3.5)	1.8	10/18-3/19	May 29, 2019	Order Expected Q3 2019	October 2019
Columbia of Massachusetts	GSEP - 2019	10.7	64.0	1/19-12/19	October 31, 2018	Approved April 30, 2019	May 2019
Columbia of Virginia	SAVE - 2019	2.4	36.0	1/19-12/19	August 17, 2018	Approved October 26, 2018	January 2019
Columbia of Kentucky	AMRP - 2019	3.6	30.1	1/19-12/19	October 15, 2018	Approved December 5, 2018	January 2019
Columbia of Maryland	STRIDE - 2019	1.2	15.9	1/19-12/19	November 1, 2018	Approved December 12, 2018	January 2019
NIPSCO - Electric	TDSIC - 5[1]	15.9	58.8	6/18-11/18	January 29, 2019	Approved June 12, 2019	June 2019
NIPSCO - Electric	FMCA - 10[4]	2.2	45.7	4/18-8/18	October 18, 2018	Approved January 29, 2019	February 2019
NIPSCO - Electric	FMCA - 11[4]	0.9	22.4	9/18-2/19	April 17, 2019	Approved July 29, 2019	August 2019

[1]Incremental revenue is net of amounts due back to customers as a result of the TCJA.
[2]Incremental revenue is net of $5.2 million of adjustments in the TDSIC-9 settlement.
[3]Incremental capital and revenue are net of amounts included in the step 2 base rate implementation.
[4]Incremental revenue is inclusive of tracker eligible operations and maintenance expense.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

Rate Case Actions

The following table describes current rate case actions as applicable in each of our jurisdictions net of tracker impacts:

(in millions)

Company		Requested Incremental Revenue		Approved or Settled Incremental Revenue	Filed	Status	Rates Effective
NIPSCO - Gas[1]	$	138.1	$	107.3	September 27, 2017	Approved September 19, 2018	October 2018
Columbia of Virginia[2]	$	14.2	$	1.3	August 28, 2018	Approved June 12, 2019	February 2019
NIPSCO - Electric[3]	$	21.4	$	(45.0)	October 31, 2018	Partial settlement filed April 26, 2019, Order expected Q4 2019	First quarter of 2020
Columbia of Maryland	$	2.5		In Process	May 22, 2019	Order Expected Q4 2019	January 2020

[1]Rates will be implemented in three steps, with implementation of step 1 rates effective October 1, 2018. Step 2 rates were effective on March 1, 2019, and step 3 rates will be effective on January 1, 2020. The IURC's order also dismissed NIPSCO from phase 2 of the IURC's TCJA investigation.
[2]Rates as originally filed were implemented in February 2019 on an interim basis, subject to refund. The final approved rates, which replaced interim rates, were implemented in July 2019.
[3]An order on the partial settlement agreement, including the resolution of outstanding TCJA impacts to rates is currently pending before the IURC. The as-filed request and partial settlement agreement also includes $83.6 million and $85.3 million, respectively, of reductions to the fuel component of base rates related to a proposed change in service structure.

Additional Regulatory Matters

Columbia of Massachusetts. On December 21, 2018, the Massachusetts DPU issued an order approving the pass back of approximately $95.8 million in excess deferred taxes associated with the TCJA with new rates effective on February 1, 2019.

NIPSCO Electric. On March 29, 2018, WCE, which is currently owned by BP p.l.c ("BP") and BP Products North America, which operates the BP Refinery, filed a petition at the IURC asking that the combined operations of WCE and BP be treated as a single premise, and the WCE generation be dedicated primarily to BP Refinery operations beginning in May 2019 as WCE has self-certified as a qualifying facility at FERC. BP Refinery planned to continue to purchase electric service from NIPSCO at a reduced demand level beginning in May 2019; however, a settlement agreement was filed on November 2, 2018 agreeing that BP and WCE would not move forward with construction of a private transmission line to serve BP until conclusion of NIPSCO's pending electric rate case. The IURC approved the settlement agreement as filed on February 20, 2019.

8. Risk Management Activities

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

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

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

(in millions)		**June 30, 2019**		December 31, 2018
Risk Management Assets - Current[1]				
Interest rate risk programs	$	—	$	—
Commodity price risk programs		0.8		1.1
Total	$	0.8	$	1.1
Risk Management Assets - Noncurrent[2]				
Interest rate risk programs	$	—	$	18.5
Commodity price risk programs		6.0		4.4
Total	$	6.0	$	22.9
Risk Management Liabilities - Current[3]				
Interest rate risk programs	$	14.8	$	—
Commodity price risk programs		10.0		5.0
Total	$	24.8	$	5.0
Risk Management Liabilities - Noncurrent				
Interest rate risk programs	$	42.3	$	9.5
Commodity price risk programs		38.4		37.2
Total	$	80.7	$	46.7

[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
We, along with our utility customers, are exposed to variability in cash flows associated with natural gas purchases and volatility in natural gas prices. We purchase natural gas for sale and delivery to our 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 our utility subsidiaries offer programs whereby variability in the market price of gas is assumed by the respective utility. The objective of our commodity price risk programs is to mitigate the gas cost variability, for us or on behalf of our 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 20 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
As of June 30, 2019, we have forward-starting interest rate swaps with an aggregate notional value totaling $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 2024. These interest rate swaps are designated as cash flow hedges. The gains and losses related to these swaps are recorded to AOCI and are recognized in "Interest expense, net" 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 "Other, net" in the Condensed Statements of Consolidated Income (unaudited).

There were no amounts excluded from effectiveness testing for derivatives in cash flow hedging relationships at June 30, 2019 and December 31, 2018.

Our derivative instruments measured at fair value as of June 30, 2019 and December 31, 2018 do not contain any credit-risk-related contingent features.

ITEM 1. FINANCIAL STATEMENTS (continued)

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

9. 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 our Condensed Consolidated Balance Sheets (unaudited) on a recurring basis and their level within the fair value hierarchy as of June 30, 2019 and December 31, 2018:

Recurring Fair Value Measurements June 30, 2019 *(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, 2019
Assets				
Risk management assets	$ —	$ 6.8	$ —	$ 6.8
Available-for-sale securities	—	143.7	—	143.7
Total	**$ —**	**$ 150.5**	**$ —**	**$ 150.5**
Liabilities				
Risk management liabilities	$ —	$ 105.5	$ —	$ 105.5
Total	**$ —**	**$ 105.5**	**$ —**	**$ 105.5**

Recurring Fair Value Measurements December 31, 2018 *(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, 2018
Assets				
Risk management assets	$ —	$ 24.0	$ —	$ 24.0
Available-for-sale securities	—	138.3	—	138.3
Total	**$ —**	**$ 162.3**	**$ —**	**$ 162.3**
Liabilities				
Risk management liabilities	$ —	$ 51.7	$ —	$ 51.7
Total	**$ —**	**$ 51.7**	**$ —**	**$ 51.7**

Risk management assets and liabilities include interest rate swaps, exchange-traded NYMEX futures and NYMEX options and non-exchange-based forward purchase contracts. When utilized, 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. We use 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, 2019 and December 31, 2018, 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 our financial instruments.

We have entered into forward-starting interest rate swaps to hedge the interest rate risk on coupon payments of forecasted issuances of long-term debt. These derivatives are designated as cash flow hedges. Credit risk is considered in the fair value calculation of each agreement. As they are based on observable data and valuations of similar instruments, the hedges are categorized within

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

Level 2 of the fair value hierarchy. There was no exchange of premium at the initial date of the swaps, and we can settle the contracts at any time. For additional information, see Note 8, "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. We value 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 8, "Risk Management Activities."

Available-for-sale securities are investments pledged as collateral for trust accounts related to our wholly-owned insurance company. Available-for-sale securities are included within "Other investments" in the Condensed Consolidated Balance Sheets (unaudited). We value 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. The amortized cost, gross unrealized gains and losses and fair value of available-for-sale securities at June 30, 2019 and December 31, 2018 were:

June 30, 2019 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities				
U.S. Treasury debt securities	$ 26.7	$ 0.2	$ —	$ 26.9
Corporate/Other debt securities	113.8	3.3	(0.3)	116.8
Total	**$ 140.5**	**$ 3.5**	**$ (0.3)**	**$ 143.7**

December 31, 2018 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities				
U.S. Treasury debt securities	$ 23.6	$ 0.1	$ (0.1)	$ 23.6
Corporate/Other debt securities	117.7	0.4	(3.4)	114.7
Total	**$ 141.3**	**$ 0.5**	**$ (3.5)**	**$ 138.3**

Realized gains and losses on available-for-sale securities were immaterial for the three and six months ended June 30, 2019 and 2018.

The cost of maturities sold is based upon specific identification. At June 30, 2019, approximately $11.5 million of U.S. Treasury debt securities and approximately $4.2 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, 2019 and 2018.

Non-recurring Fair Value Measurements. There were no significant non-recurring fair value measurements recorded during the three and six months ended June 30, 2019.

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. Our 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 and six months ended June 30, 2019, there was no change in the method or significant assumptions used to estimate the fair value of long-term debt.

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 June 30, 2019**	**Estimated Fair Value as of June 30, 2019**	Carrying Amount as of Dec. 31, 2018	Estimated Fair Value as of Dec. 31, 2018
Long-term debt (including current portion)	$ **7,120.4**	$ **7,809.2**	$ 7,155.4	$ 7,228.3

10. 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 2019 and May 2020 and may be further extended if mutually agreed to by the parties thereto.

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, 2019, the maximum amount of debt that could be recognized related to our accounts receivable programs is $320.0 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, 2019 and December 31, 2018:

(in millions)	**June 30, 2019**	December 31, 2018
Gross Receivables	$ **468.1**	$ 694.4
Less: Receivables not transferred	**148.1**	295.2
Net receivables transferred	$ **320.0**	$ 399.2
Short-term debt due to asset securitization	$ **320.0**	$ 399.2

For the six months ended June 30, 2019 and 2018, $79.2 million and $336.7 million, respectively, 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 $0.7 million for the three months ended June 30, 2019 and 2018, respectively and $1.4 million and $1.5 million for the six months ended June 30, 2019 and 2018, respectively. We remain responsible for collecting on the receivables securitized, and the receivables cannot be transferred to another party.

11. Goodwill

The following presents our goodwill balance allocated by segment as of June 30, 2019:

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

For our annual goodwill impairment analysis most recently performed as of May 1, 2019, we completed a qualitative "step 0" analysis for all reporting units other than our Columbia of Massachusetts reporting unit. In the step 0 analysis, we assessed various assumptions, events and circumstances that would have affected the estimated fair value of the applicable reporting units as compared to their baseline May 1, 2016 "step 1" fair value measurement. The results of this assessment indicated that it was not more likely than not that the fair values of these reporting units were less than their respective carrying values, accordingly, no "step 1" analysis was required.

The results of our Columbia of Massachusetts reporting unit were negatively impacted by the Greater Lawrence Incident (see Note 17, "Other Commitments and Contingencies"). As a result, we completed a quantitative "step 1" analysis for the May 1, 2019 goodwill analysis for this reporting unit. As of June 30, 2019, goodwill at Columbia of Massachusetts totaled $204.8 million. The

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

step 1 analysis performed indicated that the fair value of the Columbia of Massachusetts reporting unit substantially exceeds its carrying value. As a result, no impairment charge was recorded as of the May 1, 2019 test date. This analysis incorporated the latest available cash flow projections reflecting the estimated ongoing impacts of the Greater Lawrence Incident on Columbia of Massachusetts' operations. We also incorporated other significant inputs to our fair value calculation (e.g. discount rate, market multiples) to reflect current market conditions. We will continue to monitor the impacts of the incident for events that could trigger a new impairment analysis including, but not limited to, unfavorable regulatory outcomes and NTSB investigation results.

12. Income Taxes

Our interim effective tax rates reflect the estimated annual effective tax rates for 2019 and 2018, adjusted for tax expense associated with certain discrete items. The effective tax rates for the three months ended June 30, 2019 and 2018 were 19.6% and 18.3%, respectively. The effective tax rates for the six months ended June 30, 2019 and 2018 were 20.3% and 18.5%, respectively. These effective tax rates differ from the federal statutory tax rate of 21% primarily due to the effects of tax credits, state income taxes, the amortization of excess deferred federal income tax liabilities, as specified in the TCJA and in utility ratemaking proceedings, and other permanent book-to-tax differences.

The increase in the three and six month effective tax rates of 1.3% and 1.8%, respectively, in 2019 versus the same period in 2018 is primarily due to the relative impact of permanent differences on higher estimated pre-tax income in 2019 compared to 2018.

There were no material changes recorded in 2019 to our uncertain tax positions as of December 31, 2018, however it is reasonably possible the total amount of our unrecognized tax benefits related to state tax positions will significantly change within the next 12 months. We cannot reasonably estimate the range of this potential change at this time.

13. Pension and Other Postretirement Benefits

We provide defined contribution plans and noncontributory defined benefit retirement plans that cover certain of our employees. Benefits under the defined benefit retirement plans reflect the employees' compensation, years of service and age at retirement. Additionally, we provide 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 us. 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, 2019, we contributed $1.3 million to our pension plans and $11.7 million to our other postretirement benefit plans.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

The following table provides the components of the plans' actuarially determined net periodic benefit cost for the three and six months ended June 30, 2019 and 2018:

	Pension Benefits		Other Postretirement Benefits	
Three Months Ended June 30, *(in millions)*	**2019**	2018	**2019**	2018
Components of Net Periodic Benefit Cost[(1)]				
Service cost	**$ 7.3**	$ 7.9	**$ 1.3**	$ 1.3
Interest cost	**18.2**	16.6	**4.8**	4.4
Expected return on assets	**(27.2)**	(36.2)	**(3.3)**	(3.7)
Amortization of prior service credit	**—**	(0.1)	**(0.8)**	(1.0)
Recognized actuarial loss	**11.4**	10.2	**0.5**	0.9
Settlement loss	**—**	3.5	**—**	—
Total Net Periodic Benefit Cost	**$ 9.7**	$ 1.9	**$ 2.5**	$ 1.9

[(1)]The service cost component, and all non-service cost components, of net periodic benefit cost are presented in "Operation and maintenance" and "Other, net", respectively, on the Condensed Statements of Consolidated Income (unaudited).

	Pension Benefits		Other Postretirement Benefits	
Six Months Ended June 30, *(in millions)*	**2019**	2018	**2019**	2018
Components of Net Periodic Benefit Cost[(1)]				
Service cost	**$ 14.6**	$ 15.8	**$ 2.6**	$ 2.6
Interest cost	**36.4**	33.2	**9.6**	8.8
Expected return on assets	**(54.4)**	(72.5)	**(6.6)**	(7.4)
Amortization of prior service credit	**—**	(0.2)	**(1.6)**	(2.0)
Recognized actuarial loss	**22.8**	20.4	**1.0**	1.8
Settlement loss	**—**	3.5	**—**	—
Total Net Periodic Benefit Cost	**$ 19.4**	$ 0.2	**$ 5.0**	$ 3.8

[(1)]The service cost component, and all non-service cost components, of net periodic benefit cost are presented in "Operation and maintenance" and "Other, net", respectively, on the Condensed Statements of Consolidated Income (unaudited).

14. Long-Term Debt

On April 1, 2019, NIPSCO repaid $41.0 million of 5.85% pollution control bonds at maturity.

15. Short-Term Borrowings

We generate short-term borrowings from our revolving credit facility, commercial paper program, accounts receivable transfer programs and term loan borrowings. Each of these borrowing sources is described further below.

We maintain a revolving credit facility to fund ongoing working capital requirements, including the provision of liquidity support for our commercial paper program, provide for issuance of letters of credit and also for general corporate purposes. Our revolving credit facility has a program limit of $1.85 billion and is comprised of a syndicate of banks led by Barclays. On February 20, 2019, we extended the termination date of our revolving credit facility to February 20, 2024. At June 30, 2019 and December 31, 2018, we had no outstanding borrowings under this facility.

Our 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. We had $911.0 million and $978.0 million of commercial paper outstanding as of June 30, 2019 and December 31, 2018, respectively.

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). We had $320.0 million in transfers as of June 30, 2019 and $399.2 million as of December 31, 2018. Refer to Note 10, "Transfers of Financial Assets," for additional information.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

On April 17, 2019, we amended our existing term loan agreement with a syndicate of banks, with MUFG Bank Ltd. as the Administrative Agent, Sole Lead Arranger and Sole Bookrunner. The amendment increased the amount of our term loan from $600.0 million to $850.0 million and extended the maturity date to April 16, 2020. Interest charged on borrowings depends on the variable rate structure we elect at the time of each borrowing. The available variable rate structures from which we may choose are defined in the term loan agreement. Under the agreement, we borrowed $850.0 million on April 17, 2019 with an interest rate of LIBOR plus 60 basis points.

Short-term borrowings were as follows:

(in millions)		June 30, 2019		December 31, 2018
Commercial paper weighted-average interest rate of 2.81% and 2.96% at June 30, 2019 and December 31, 2018, respectively	$	**911.0**	$	978.0
Accounts receivable securitization facility borrowings		**320.0**		399.2
Term loan weighted-average interest rate of 3.01% and 3.07% at June 30, 2019 and December 31, 2018, respectively		**850.0**		600.0
Total Short-Term Borrowings	$	**2,081.0**	$	1,977.2

Other than for the term loan and certain commercial paper borrowings, 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) as their maturities are less than 90 days.

16. Leases

ASC 842 Adoption. In February 2016, the FASB issued ASU 2016-02, Leases (ASC 842). ASU 2016-02 introduces a lessee model that brings most leases onto 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. In 2018, the FASB issued ASU 2018-01, Leases (ASC 842): Land Easement Practical Expedient for Transition to ASC 842, which allows us to not evaluate existing land easements under ASC 842, and ASU 2018-11, Leases (ASC 842): Targeted Improvements, which allows calendar year entities to initially apply ASC 842 prospectively from January 1, 2019.

We adopted the provisions of ASC 842 beginning on January 1, 2019, using the transition method provided in ASU 2018-11, which was applied to all existing leases at that date. As such, results for reporting periods beginning after January 1, 2019 will be presented under ASC 842, while prior period amounts will continue to be reported in accordance with ASC 840. We elected a number of practical expedients, including the "practical expedient package" described in ASC 842-10-65-1 and the provisions of ASU 2018-01, which allows us to not evaluate existing land easements under ASC 842. Further, ASC 842 provides lessees the option of electing an accounting policy, by class of underlying asset, in which the lessee may choose not to separate nonlease components from lease components. We elected this practical expedient for our leases of fleet vehicles, IT assets and railcars. We elected to use a practical expedient that allows the use of hindsight in determining lease terms when evaluating leases that existed at the implementation date. We also elected the short-term lease recognition exemption, allowing us to not recognize ROU assets or lease liabilities for all leases that qualify.

Adoption of the new standard resulted in the recording of additional lease liabilities and corresponding ROU assets of $57.0 million on our Condensed Consolidated Balance Sheets (unaudited) as of January 1, 2019. The standard had no material impact on our Condensed Statements of Consolidated Income (unaudited) or our Condensed Statements of Consolidated Cash Flows (unaudited).

Lease Descriptions. We are the lessee for substantially all of our leasing activity, which includes operating and finance leases for corporate and field offices, railcars, fleet vehicles and certain IT assets. Our corporate and field office leases have remaining lease terms between 1 and 25 years with options to renew the leases for up to 25 years. We lease railcars to transport coal to and from our electric generation facilities in Indiana. Our railcars are specifically identified in the lease agreements and have lease terms between 1 and 3 years with options to renew for 1 year. Our fleet vehicles include trucks, trailers and equipment that have been customized specifically for use in the utility industry. We lease fleet vehicles on 1 year terms, after which we have the option to extend on a month-to-month basis or terminate with written notice. ROU assets and liabilities on our Condensed Consolidated

Balance Sheets (unaudited) do not include obligations for possible fleet vehicle lease renewals beyond the initial lease term. While we have the ability to renew these leases beyond the initial term, we are not reasonably certain to do so.

We lease the majority of our IT assets under 4 year lease terms. Ownership of leased IT assets is transferred to us at the end of the lease term. We have not provided material residual value guarantees for our leases, nor do our leases contain material restrictions or covenants. Lease contracts containing renewal and termination options are mostly exercisable at our sole discretion. Certain of our real estate and railcar leases include renewal periods in the measurement of the lease obligation if we have deemed the renewals reasonably certain to be exercised.

With respect to service contracts involving the use of assets, if we have the right to direct the use of the asset and obtain substantially all economic benefits from the use of an asset, we account for the service contract as a lease. Unless specifically provided to us by the lessor, we utilize NiSource's collateralized incremental borrowing rate commensurate to the lease term as the discount rate for all of our leases.

Lease costs for the three and six months ended June 30, 2019 are presented in the table below. These costs include both amounts recognized in expense and amounts capitalized as part of the cost of another asset. Income statement presentation for these costs (when ultimately recognized on the income statement) is also included:

(in millions)	Income Statement Classification	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
Finance lease cost			
Amortization of right-of-use assets	Depreciation and amortization	$ 3.9	$ 7.7
Interest on lease liabilities	Interest expense, net	2.5	5.4
Total finance lease cost		6.4	13.1
Operating lease cost	Operation and maintenance	3.3	7.0
Short-term lease cost	Operation and maintenance	0.1	0.8
Total lease cost		$ 9.8	$ 20.9

Our right-of-use assets and liabilities are presented in the following lines on the Condensed Consolidated Balance Sheets (unaudited):

(in millions)	Balance Sheet Classification	June 30, 2019
Assets		
Finance leases	Net Property, Plant and Equipment	$ 177.1
Operating leases	Deferred charges and other	59.0
Total leased assets		236.1
Liabilities		
Current		
Finance leases	Current portion of long-term debt	10.7
Operating leases	Other accruals	9.4
Noncurrent		
Finance leases	Long-term debt, excluding amounts due within one year	186.9
Operating leases	Other noncurrent liabilities	49.3
Total lease liabilities		$ 256.3

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

Other pertinent information related to leases was as follows:

Six Months Ended June 30, *(in millions)*		2019
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows used for finance leases	$	5.4
Operating cash flows used for operating leases		7.2
Financing cash flows used for finance leases		4.8
Right-of-use assets obtained in exchange for lease obligations		
Finance leases		7.3
Operating leases	$	0.9

	June 30, 2019
Weighted-average remaining lease term (years)	
Finance leases	15.6
Operating leases	10.1
Weighted-average discount rate	
Finance leases	6.0%
Operating leases	4.4%

Maturities of our lease liabilities presented on a rolling 12-month basis were as follows:

As of June 30, 2019, *(in millions)*	Total	Finance Leases	Operating Leases
Year 1	$ 36.7	$ 24.4	$ 12.3
Year 2	33.7	24.5	9.2
Year 3	32.8	24.5	8.3
Year 4	29.8	22.3	7.5
Year 5	27.4	20.3	7.1
Thereafter	250.9	216.6	34.3
Total lease payments	411.3	332.6	78.7
Less: Imputed interest	(123.4)	(108.7)	(14.7)
Less: Leases not yet commenced[1]	(31.6)	(26.3)	(5.3)
Total	256.3	197.6	58.7
Reported as of June 30, 2019			
Short-term lease liabilities	20.1	10.7	9.4
Long-term lease liabilities	236.2	186.9	49.3
Total lease liabilities	$ 256.3	$ 197.6	$ 58.7

[1] Expected payments include obligations for leases not yet commenced of approximately $31.6 million for interconnection facilities and corporate and field offices. The facilities will have lease terms between 8 years and 20 years, with estimated commencements in the second half of 2019 and in the third quarter of 2020.

Disclosures Related to Periods Prior to Adoption of ASC 842.

As of December 31, 2018, total contractual obligations for capital and operating leases were as follows:

As of December 31, 2018, *(in millions)*	Total	Capital Leases[1]	Operating Leases[2]
2019	$ 34.0	$ 23.0	$ 11.0
2020	29.8	22.5	7.3
2021	28.7	22.6	6.1
2022	26.3	22.1	4.2
2023	22.6	19.8	2.8
Thereafter	226.9	212.4	14.5
Total lease payments	$ 368.3	$ 322.4	$ 45.9

[1]Capital lease payments shown above are inclusive of interest totaling $114.6 million.

[2]Operating lease balances do not include obligations for possible fleet vehicle lease renewals beyond the initial lease term. While we have the ability to renew these leases beyond the initial term, we are not reasonably certain to do so. Expected payments are $26.7 million in 2019, $22.4 million in 2020, $16.6 million in 2021, $12.3 million in 2022, $9.3 million in 2023 and $8.8 million thereafter.

17. Other Commitments and Contingencies

A. Guarantees and Indemnities. We and certain of our subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries as a part of normal business. 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, 2019 and December 31, 2018, we had issued stand-by letters of credit of $10.2 million.

B. Legal Proceedings. On September 13, 2018, a series of fires and explosions occurred in Lawrence, Andover and North Andover, Massachusetts related to the delivery of natural gas by Columbia of Massachusetts (the "Greater Lawrence Incident"). The Greater Lawrence Incident resulted in one fatality and a number of injuries, damaged multiple homes and businesses, and caused the temporary evacuation of significant portions of each municipality. The Massachusetts Governor's Office declared a state of emergency, authorizing the Massachusetts DPU to order another utility company to coordinate the restoration of utility services in Lawrence, Andover and North Andover. The incident resulted in the interruption of gas service for approximately 7,500 gas meters, the majority of which serve residences and approximately 700 of which serve businesses, and the interruption of other utility service more broadly in the area. Columbia of Massachusetts has replaced the cast iron and bare steel gas pipeline system in the affected area and restored service to nearly all of the gas meters. See " - D. Other Matters - Greater Lawrence Pipeline Replacement" below for more information.

We are subject to inquiries by federal and state government authorities and regulatory agencies regarding the Greater Lawrence Incident. The NTSB, the U.S Attorney's office and the SEC have pending investigations related to the Greater Lawrence Incident, as described below. We are also subject to inquiries from the Massachusetts DPU and the Massachusetts Attorney General's Office. We are cooperating with all inquiries and investigations. The outcomes and impacts of the current investigations and any future investigations that may be commenced related to such inquiries are uncertain at this time.

NTSB Investigation. As noted above, the NTSB is investigating the Greater Lawrence Incident. The parties to the investigation include the PHMSA, the Massachusetts DPU, Columbia of Massachusetts, and the Massachusetts State Police. We are cooperating with the NTSB and have provided information to assist in its ongoing investigation into relevant facts related to the event, the probable cause, and its development of safety recommendations.

According to the preliminary public report that the NTSB issued on October 11, 2018, an over-pressurization of a low-pressure gas distribution system occurred that was related to work being done on behalf of Columbia of Massachusetts on a pipeline replacement project in Lawrence. According to the report, sensing lines detected a drop in pressure in a portion of mainline that was being abandoned, causing a regulator to open up and increase pressure in the system to a level that exceeded the maximum allowable operating pressure of the distribution system.

On November 14, 2018, the NTSB issued an urgent safety recommendation report regarding natural gas distribution system project development and review. In its report, the NTSB identified certain factors that it believes contributed to the Greater Lawrence Incident and made safety recommendations. The NTSB recommended that the Commonwealth of Massachusetts eliminate the professional engineer licensure exemption for public utility work and require a professional engineer's seal on public utility engineering drawings, which is now law in Massachusetts. The NTSB also made recommendations to us related to engineering plan and constructability review processes, records and documentation, management of change processes, and control procedures during modifications to gas mains. We are in the process of implementing these recommendations. The NTSB investigation is ongoing. While the NTSB investigation is pending, we are prohibited from disclosing information related to the investigation without approval from the NTSB.

Since the Greater Lawrence Incident, we have identified, and moved ahead with, additional steps to enhance system safety and reliability and to safeguard against over-pressurization. Some of these measures have already been completed and others are in process. These Company-wide safety measures will include enhanced measures as called for in the NTSB's recommendations. We have committed to a program to install over-pressurization protection devices on all of our low-pressure systems, which is described in " - D. Other Matters."

Massachusetts Regulatory and Legislative Matters. Under Massachusetts law, the DPU is authorized to investigate potential violations of pipeline safety regulations and to assess a civil penalty of up to $209,000 for a violation of federal pipeline safety regulations. A separate violation occurs for each day of violation up to $2.1 million for a related series of violations. The Massachusetts DPU also is authorized to investigate potential violations of the Columbia of Massachusetts emergency response plan and to assess penalties of up to $250,000 per violation per day, or up to $20 million per related series of violations. Further, as a result of the declaration of emergency by the Governor, the DPU is authorized to investigate potential violations of the DPU's operational directives during the restoration efforts and assess penalties of up to $1 million per violation. Pursuant to these authorities, the DPU has conducted an initial investigation in connection with the Greater Lawrence Incident. Columbia of Massachusetts is subject to further investigation by the DPU or a potential compliance action, the timing and outcome of which are uncertain at this time.

The Massachusetts DPU has retained an independent evaluator to conduct a statewide examination of the safety of the natural gas distribution system and the operational and maintenance functions of natural gas companies in the Commonwealth of Massachusetts. Through authority granted by the Massachusetts Governor under the state of emergency, the Chair of the Massachusetts DPU will direct all natural gas distribution companies operating in the Commonwealth to fund the statewide examination. The statewide examination is underway and we have responded to the evaluator's information requests. The Phase I report, which was issued on May 15, 2019, included a program level assessment and evaluation of natural gas distribution companies. The Phase I report's conclusions were statewide and contained no specific conclusions about Columbia of Massachusetts. The evaluation has now entered Phase II, which is focused on field assessments of each individual gas company and is expected to conclude later this year.

On November 30, 2018, Columbia of Massachusetts entered into a consent order with the Massachusetts DPU in connection with a notice of probable violation issued in March 2018, stemming from a 2016 report. The Division found that Columbia of Massachusetts violated certain pipeline safety regulations related to pressure limiting and regulating stations in Taunton, Massachusetts. As part of the consent order, Columbia of Massachusetts was fined $75,000 and entered into a compliance agreement under which it agreed to take several actions related to its pressure regulator stations within various timeframes, including the adoption of a Pipeline Safety Management System ("SMS"), the American Petroleum Institute's (API) Recommended Practice 1173. Columbia of Massachusetts is complying with the order.

On December 17, 2018, the Massachusetts DPU issued an order requiring Columbia of Massachusetts to enter into an agreement with a Massachusetts-based engineering firm to monitor Columbia of Massachusetts' remaining restoration and recovery work in Lawrence, Andover and North Andover, Massachusetts. The order requires Columbia of Massachusetts to take measures to ensure that adequate heat and hot water and gas appliances are provided to all affected properties, repave all affected streets, roadways, sidewalks and other areas in accordance with applicable DPU standards and precedents, consult with the affected communities and discuss plans for restoring affected hard or soft surfaces, and replace all gas boilers and furnaces and other gas-fired equipment at affected residences. Under the order, all restoration work beginning in 2019 is required to be completed no later than October 31, 2019, unless an earlier or later date is agreed to with any of the affected communities. We have agreed to complete the gas appliance replacement work by September 15, 2019. We have also reached an agreement with the affected communities with regard to the timing and scope of hard and soft surface repairs, which is discussed in "Private Actions" below. On June 11, 2019, the Massachusetts DPU issued an order requiring Columbia of Massachusetts to comply with the terms of the agreement reached with the affected communities for the restoration of hard and soft surfaces. Also, under both the December 17, 2018 and June 11, 2019 orders, Columbia of Massachusetts is required to maintain quantitative measures, which must be verified by officials of the affected communities, to track its progress in completing all of the remaining work. Estimates for the cost of this work are included in the estimated ranges of loss noted below, which is discussed in "- D. Other Matters - Greater Lawrence Incident Restoration" and " - Greater Lawrence Pipeline Replacement" below. Our failure to adhere to any of the requirements in the order may result in penalties of up to $1 million per violation.

In December 2018, the President of Columbia of Massachusetts testified before a joint state legislative committee on telecommunications, utilities and energy with other industry officials about gas system safety in Massachusetts and regulatory oversight. Increased scrutiny related to these matters, including additional legislative oversight hearings and new legislative proposals, is expected to continue during the current two-year legislative session.

On December 31, 2018, the Massachusetts Governor signed into law legislation requiring a certified professional engineer to review and approve gas pipeline work that could pose a "material risk" to public safety, consistent with the NTSB's recommendation. The Massachusetts DPU has issued interim guidelines and the existing moratorium has been lifted. The DPU issued an Order Opening Inquiry (Notice of Inquiry) on March 18, 2019, and Columbia of Massachusetts has submitted comments.

U.S. Department of Justice Investigation. The Company and Columbia of Massachusetts are subject to a criminal investigation related to the Greater Lawrence Incident that is being conducted under the supervision of the U.S. Attorney's Office for the District of Massachusetts. The initial grand jury subpoenas were served on the Company and Columbia of Massachusetts on September 24, 2018. The Company and Columbia of Massachusetts are cooperating with the investigation. We are unable to estimate the amount (or range of amounts) of reasonably possible losses associated with any civil or criminal penalties that could be imposed on the Company or Columbia of Massachusetts.

U.S. Congressional Hearing. In November 2018, executives of the Company and Columbia of Massachusetts testified at a U.S. Senate hearing regarding the Greater Lawrence Incident and natural gas pipeline safety. Increased scrutiny related to these matters, including additional federal congressional hearings and new legislative proposals, is expected to continue through 2019.

SEC Investigation. On February 11, 2019, the SEC notified the Company that it is conducting an investigation of the Company related to disclosures made prior to the Greater Lawrence Incident. We are cooperating with the investigation.

Private Actions. Various lawsuits, including several purported class action lawsuits, have been filed by various affected residents or businesses in Massachusetts state courts against the Company and/or Columbia of Massachusetts in connection with the Greater Lawrence Incident. A special judge has been appointed to hear all pending and future cases and the class actions will be consolidated into one class action. On January 14, 2019, the special judge granted the parties' joint motion to stay all cases until April 30, 2019 to allow mediation, and the parties subsequently agreed to extend the stay until July 25, 2019. The class action lawsuits allege varying causes of action, including those for strict liability for ultra-hazardous activity, negligence, private nuisance, public nuisance, premises liability, trespass, breach of warranty, breach of contract, failure to warn, unjust enrichment, consumer protection act claims, negligent, reckless and intentional infliction of emotional distress and gross negligence, and seek actual compensatory damages, plus treble damages, and punitive damages.

On July 26, 2019, the Company, Columbia of Massachusetts and NiSource Corporate Services Company, a subsidiary of the Company, entered into a term sheet with the class action plaintiffs under which they agreed to settle the class action claims in connection with the Greater Lawrence Incident. Columbia of Massachusetts agreed to pay $143 million into a settlement fund to compensate the settlement class and the settlement class agreed to release Columbia of Massachusetts and affiliates from all claims arising out of or related to the Greater Lawrence Incident. The following claims are not covered under the proposed settlement because they are not part of the consolidated class action: (1) physical bodily injury and wrongful death; (2) insurance subrogation, whether equitable, contractual or otherwise; and (3) claims arising out of appliances that are subject to the Massachusetts DPU orders. Emotional distress and similar claims are covered under the proposed settlement unless they are secondary to a physical bodily injury. The settlement class is defined under the term sheet as all persons and businesses in the three municipalities of Lawrence, Andover and North Andover, Massachusetts, subject to certain limited exceptions. The proposed settlement is subject to negotiation and execution of a final settlement agreement, and preliminary and final court approvals.

Many residents and business owners have submitted individual damage claims to Columbia of Massachusetts. We also have received notice from three parties indicating an intent to assert wrongful death claims. In Massachusetts, punitive damages are available in a wrongful death action upon proof of gross negligence or willful or reckless conduct causing the death. In addition, the Commonwealth of Massachusetts is seeking reimbursement from Columbia of Massachusetts for its expenses incurred in connection with the Greater Lawrence Incident. The outcomes and impacts of such private actions are uncertain at this time except as set forth below.

We are discussing potential settlements with plaintiffs asserting certain bodily injury and wrongful death claims. On April 25, 2019, we entered into a settlement agreement with certain of these plaintiffs involving bodily injury claims, subject to certain

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

conditions, including court approval. On July 3, 2019, we entered into a settlement with one of the parties that indicated an intent to assert a wrongful death claim.

On May 7, 2019, Columbia of Massachusetts and the municipalities of Lawrence, Andover and North Andover jointly announced that they reached a settlement for expenses incurred by the municipalities in connection with the Greater Lawrence Incident, and for compensating the municipalities to repave affected streets, roadways and sidewalks.

Financial Impact. We estimate that total costs related to third-party claims resulting from the incident will range from $994 million to $1,020 million, depending on the final outcome of ongoing reviews and the number, nature, and value of third-party claims. These costs include, but are not limited to, personal injury and property damage claims, damage to infrastructure, and mutual aid payments to other utilities assisting with the restoration effort. These costs related to third-party claims do not include costs of certain third-party claims that we are not able to estimate, nor do they include non-claims related expenses resulting from the incident and the estimated capital cost of the pipeline replacement, which are set forth in " - D. Other Matters - Greater Lawrence Incident Restoration" and "- Greater Lawrence Incident Pipeline Replacement," respectively, below.

The process for estimating costs associated with third-party claims relating to the Greater Lawrence Incident requires management to exercise significant judgment based on a number of assumptions and subjective factors. As more information becomes known, including additional information resulting from the NTSB investigation and private actions, management's estimates and assumptions regarding the financial impact of the Greater Lawrence Incident may change. The increase in estimated total costs related to third-party claims from those disclosed in our Form 10-K for the year ended December 31, 2018 resulted primarily from receiving additional information regarding legal claims and the required scope of the restoration work inside the affected homes.

It is not possible at this time to reasonably estimate the total amount of any expenses associated with government investigations and fines, penalties or settlements with certain governmental authorities, including the Massachusetts DPU and other regulators, that we may incur in connection with the Greater Lawrence Incident. Therefore, the foregoing amounts do not include estimates of the total amount that we may incur for any such fines, penalties or settlements.

The aggregate amount of third-party liability insurance coverage available for losses arising from the Greater Lawrence Incident is $800 million. Total expenses related to the incident have exceeded the total amount of insurance coverage available under our policies. While a substantial amount of expenses related to the Greater Lawrence Incident has already been recovered from insurance carriers, a few insurers providing liability insurance to the Company or Columbia of Massachusetts continue to review our claim under the terms and conditions of the respective insurance policies. We are not able to estimate the amount of expenses that will not be covered by insurance, but these amounts are material to our financial statements. Certain types of damages, expenses or claimed costs, such as fines or penalties, may be excluded under the policies.

Refer to "- D. Other Matters - Greater Lawrence Incident Restoration," below for a summary of third-party claims-related expense activity and associated insurance recoveries recorded since the Greater Lawrence Incident.

In addition, we are party to certain other 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 related to the Greater Lawrence Incident or otherwise would not have a material adverse effect on our results of operations, financial position or liquidity. If one or more of such matters were decided against us, the effects could be material to our results of operations in the period in which we would be required to record or adjust the related liability and could also be material to our cash flows in the periods that we would be required to pay such liability.

C. Environmental Matters. Our operations are subject to environmental statutes and regulations related to air quality, water quality, hazardous waste and solid waste. We believe that we are in substantial compliance with the environmental regulations currently applicable to our 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 of our companies.

As of June 30, 2019 and December 31, 2018, we had recorded a liability of $108.5 million and $101.2 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". We

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

recognize 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 and the method of remediation. These expenditures are not currently estimable at some sites. We periodically adjust our 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 October 31, 2018. See section D, "Other Matters NIPSCO 2018 Integrated Resource Plan," below for additional information.

Air
Future legislative and regulatory programs 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. We carefully monitor all GHG reduction proposals and regulations.

CPP and ACE Rules. On July 8, 2019, the EPA published the final ACE rule and repealed the CPP. The ACE rule establishes emission guidelines for states to use when developing plans to limit carbon dioxide at coal-fired electric generating units based on heat rate improvement measures. The coal-fired units at NIPSCO's R.M. Schahfer Generating Station and Michigan City Generating Station are potentially affected sources, and compliance requirements for these units which NIPSCO plans to retire by 2023 and 2028, respectively, will be determined by future Indiana rulemaking. The ACE rule notes that states have "broad flexibility in setting standards of performance for designated facilities" and that a state may set a "business as usual" standard for sources that have a remaining useful life "so short that imposing any costs on the electric generating unit is unreasonable." State plans are due by 2022, and the EPA will have six months to determine completeness and then one additional year to determine whether to approve the submitted plan. States have the discretion to determine the compliance period for each source. As a result, NIPSCO will continue to monitor this matter and cannot estimate its impact at this time.

Waste
CERCLA. Our subsidiaries are potentially responsible parties at waste disposal sites under the CERCLA (commonly known as Superfund) and similar state laws. Under CERCLA, each potentially responsible party can be held jointly, severally and strictly liable for the remediation costs as the EPA, or state, can allow the parties to pay for remedial action or perform remedial action themselves and request reimbursement from the potentially responsible parties. Our affiliates have retained CERCLA environmental liabilities, including remediation liabilities, associated with certain current and former operations. These liabilities are not material to the Condensed Consolidated Financial Statements (*unaudited*).

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 63 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.

We utilize a probabilistic model to estimate our future remediation costs related to MGP sites. The model was prepared with the assistance of a third party and incorporates our experience and general industry experience with remediating MGP sites. We complete 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, 2019. Our total estimated liability related to the facilities subject to remediation was $105.4 million and $97.5 million at June 30, 2019 and December 31, 2018, respectively. The liability represents our best estimate of the probable cost to remediate the facilities. We believe that it is reasonably possible that remediation costs could vary by as much as $20 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 allows NIPSCO to continue its byproduct beneficial use program.

To comply with the rule, NIPSCO incurred capital expenditures to modify its infrastructure and manage CCRs. The CCR rule also 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

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obligation due to the uncertainty about the compliance strategies that will be used and the preliminary nature of available data used to estimate costs. 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 initial CCR closure plans for R.M. Schahfer Generating Station and Michigan City Generating Station with the Indiana Department of Environmental Management.

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. Based upon a preliminary study of the November 3, 2015 final rule, capital compliance costs were expected to be approximately $170 million. The EPA is expected to release a draft ELG reconsideration rule in 2019. However, NIPSCO does not anticipate material ELG compliance costs based on the preferred option announced as part of NIPSCO's 2018 Integrated Resource Plan (discussed below).

D. Other Matters.

NIPSCO 2018 Integrated Resource Plan. Multiple factors, but primarily economic ones, including low natural gas prices, advancing cost effective renewable technology and increasing capital and operating costs associated with existing coal plants, have led NIPSCO to conclude in its October 2018 Integrated Resource Plan submission that NIPSCO's current fleet of coal generation facilities will be retired earlier than previous Integrated Resource Plan's had indicated.

The Integrated Resource Plan evaluated demand-side and supply-side resource alternatives to reliably and cost effectively meet NIPSCO customers' future energy requirements over the ensuing 20 years. The preferred option within the Integrated Resource Plan retires R.M. Schahfer Generating Station (Units 14, 15, 17, and 18) by 2023 and Michigan City Generating Station (Unit 12) by 2028. These units represent 2,080 MW of generating capacity, equal to 72% of NIPSCO's remaining generating capacity (and 100% of NIPSCO's remaining coal-fired generating capacity) after the retirement of Bailly Units 7 and 8 on May 31, 2018.

The current replacement plan includes renewable sources of energy, including wind, solar, and battery storage to be obtained through a combination of NIPSCO ownership and PPAs.

In January 2019, NIPSCO executed two 20 year PPAs to purchase 100% of the output from renewable generation facilities at a fixed price per MW. The facilities supplying the energy will have a combined nameplate capacity of approximately 700 MW. NIPSCO's purchase requirement under the PPAs is dependent on satisfactory approval of the PPAs by the IURC. NIPSCO submitted the PPAs to the IURC for approval in February 2019 and the IURC approved the PPAs on June 5, 2019. Payments under the PPAs will not begin until the associated generation facilities are constructed by the owner / seller which is currently expected to be complete by the end of 2020 for one facility and by the end of 2021 for the other facility.

Also in January 2019, NIPSCO executed a BTA with a developer to construct a renewable generation facility with a nameplate capacity of approximately 100 MW. Once complete, ownership of the facility would be transferred to a partnership owned by NIPSCO, the developer and an unrelated tax equity partner. The aforementioned partnership structure will result in full NIPSCO ownership after the PTC are monetized from the project (approximately 10 years after the facility goes into service). NIPSCO's purchase requirement under the BTA is dependent on satisfactory approval of the BTA by the IURC and timely completion of construction. NIPSCO submitted the BTA to the IURC for approval in February 2019. An IURC order is anticipated in the third quarter of 2019. Required FERC filings will occur after receiving the IURC order. Construction of the facility is expected to be complete by the end of 2020.

Greater Lawrence Incident Restoration. In addition to the amounts estimated for third-party claims described above, we estimate we will incur other incident-related costs totaling between $430 million and $440 million, depending on the incurrence of future restoration work. Such costs include certain consulting costs, claims center costs, labor and related expenses incurred in connection with the incident and insurance-related loss surcharges. The amounts set forth above do not include the estimated capital cost of the pipeline replacement, which is set forth below in - D. Other Matters - Greater Lawrence Pipeline Replacement." The increase in estimated total incident-related expenses from those disclosed in our Form 10-K for the year ended December 31, 2018 resulted primarily from receiving additional information regarding the extended period of time over which the restoration work would take place, higher than anticipated costs from vendors, expenses associated with government investigations, the incurrence of insurance-related loss surcharges and increased estimates for consultants and claim center costs.

As discussed in - B. Legal Proceedings, the aggregate amount of third-party liability insurance coverage available for losses arising from the Greater Lawrence Incident is $800 million. Expenses related to the incident have exceeded the total amount of insurance coverage available under our policies. While a substantial amount of expenses related to the Greater Lawrence Incident has already been recovered from insurance, a few insurers providing liability insurance to the Company or Columbia of Massachusetts continue

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

to review our claim under the terms and conditions of the respective insurance policies. We are not able to estimate the amount of expenses that will not be covered by insurance, but these amounts are material to our financial statements. Certain types of damages, expenses or claimed costs, such as fines or penalties, may be excluded under the policies.

The following table summarizes expenses incurred and insurance recoveries recorded since the Greater Lawrence Incident. This activity is presented within "Operation and maintenance" in our Condensed Statements of Consolidated Income (unaudited).

(in millions)	Year Ended December 31, 2018	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019	Incident to Date
Third-party claims	$ 757	**$ 33**	**$ 237**	$ 994
Other incident-related costs	266	**70**	**102**	368
Total	1,023	**103**	**339**	1,362
Insurance recoveries recorded	(135)	**(435)**	**(535)**	(670)
Impact to operation and maintenance expense	$ 888	**$ (332)**	**$ (196)**	$ 692

The following table presents activity related to our Greater Lawrence Incident insurance receivable. These balances are presented within "Accounts receivable" in our Condensed Consolidated Balance Sheets (unaudited):

(in millions)	Insurance receivable
Balance, December 31, 2018	**$ 130**
Insurance recoveries recorded in first quarter of 2019	100
Cash collected from insurance recoveries in the first quarter of 2019	(108)
Balance, March 31, 2019	**122**
Insurance recoveries recorded in the second quarter of 2019	435
Cash collected from insurance recoveries in the second quarter of 2019	(297)
Balance, June 30, 2019[1]	**$ 260**

[1]Additional collections of insurance proceeds in the amount of $125 million were received subsequent to the June 30, 2019 balance sheet date.

To the extent that we are not successful in obtaining insurance recoveries in the amount recorded for such recoveries as of June 30, 2019, it could result in a charge against "Operation and maintenance" expense. We are currently unable to predict the timing or amount of future insurance recoveries in excess of that currently recorded in Accounts Receivable.

Greater Lawrence Pipeline Replacement. In connection with the Greater Lawrence Incident, Columbia of Massachusetts, in cooperation with the Massachusetts Governor's office, replaced the entire affected 45-mile cast iron and bare steel pipeline system that delivers gas to approximately 7,500 gas meters, the majority of which serve residences and approximately 700 of which serve businesses impacted in the Greater Lawrence Incident. This system was replaced with plastic distribution mains and service lines, as well as enhanced safety features such as pressure regulation and excess flow valves at each premise. At the request of the Massachusetts DPU, which was instructed by the Massachusetts Governor through his executive authority under a state of emergency, Columbia of Massachusetts hired an outside contractor to serve as the Chief Recovery Officer for the Greater Lawrence Incident, responsible for command, control and communications. Columbia of Massachusetts restored gas service to nearly all homes and workplaces in December 2018. With the restoration and recovery efforts now substantially complete, the service of the Chief Recovery Officer is complete and the next phase of the effort is being managed by Columbia of Massachusetts under the third party oversight of a Massachusetts-based engineering firm as set forth above under " - B. Legal Proceedings."

Since the Greater Lawrence Incident and through June 30, 2019, we have invested approximately $250 million of capital spend for the pipeline replacement. We estimate this replacement work will ultimately cost between $250 million and $260 million. We maintain property insurance for gas pipelines and other applicable property in the approximate amount of $300 million. Columbia of Massachusetts has filed a claim with its property insurer and discussions around the claim and recovery have commenced. The

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

recovery of any capital investment not reimbursed through insurance will be addressed in a future regulatory proceeding. The outcome of such a proceeding is uncertain. In accordance with ASC 980-360, if it becomes probable that a portion of the pipeline replacement cost will not be recoverable through customer rates and an amount can be reasonably estimated, we will reduce our regulated plant balance for the amount of the probable disallowance and record an associated charge to earnings. This could result in a material adverse effect to our financial condition, results of operations and cash flows. Additionally, if a rate order is received allowing recovery of the investment with no or reduced return on investment, a loss on disallowance may be required.

In addition, we have committed to a capital investment program to install over-pressurization protection devices on all of our low-pressure systems as described above in "-B. Legal Proceedings." These devices operate like circuit-breakers, so that if operating pressure is too high or too low, regardless of the cause, they are designed to immediately shut down the supply of gas to the system. The program also includes installing remote monitoring devices on all low-pressure systems, enabling gas control centers to continuously monitor pressure at regulator stations. In addition, we have conducted a field survey of all regulator stations and initiated an engineering review of those regulator stations; we are verifying and enhancing our maps and records of low-pressure regulator stations; and we initiated a process so that our personnel will be present whenever excavation work is being done in close proximity to a regulator station.

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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:

Three Months Ended June 30, 2019 *(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, 2019	$ 0.4	$ (32.3)	$ (20.9)	$ (52.8)
Other comprehensive income (loss) before reclassifications	2.3	(30.5)	—	(28.2)
Amounts reclassified from accumulated other comprehensive income (loss)	(0.2)	—	0.4	0.2
Net current-period other comprehensive income (loss)	2.1	(30.5)	0.4	(28.0)
Balance as of June 30, 2019	**$ 2.5**	**$ (62.8)**	**$ (20.5)**	**$ (80.8)**

(1)All amounts are net of tax. Amounts in parentheses indicate debits.

Six Months Ended June 30, 2019 *(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, 2019	$ (2.4)	$ (13.0)	$ (21.8)	$ (37.2)
Other comprehensive income (loss) before reclassifications	5.0	(49.8)	0.5	(44.3)
Amounts reclassified from accumulated other comprehensive income (loss)	(0.1)	—	0.8	0.7
Net current-period other comprehensive income (loss)	4.9	(49.8)	1.3	(43.6)
Balance as of June 30, 2019	**$ 2.5**	**$ (62.8)**	**$ (20.5)**	**$ (80.8)**

(1)All amounts are net of tax. Amounts in parentheses indicate debits.

Three Months Ended June 30, 2018 *(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, 2018	$ (1.5)	$ (0.3)	$ (17.2)	$ (19.0)
Other comprehensive income (loss) before reclassifications	(0.6)	(2.0)	0.6	(2.0)
Amounts reclassified from accumulated other comprehensive income (loss)	(0.1)	0.6	(0.4)	0.1
Net current-period other comprehensive income (loss)	(0.7)	(1.4)	0.2	(1.9)
Balance as of June 30, 2018	$ (2.2)	$ (1.7)	$ (17.0)	$ (20.9)

(1)All amounts are net of tax. Amounts in parentheses indicate debits.

Six Months Ended June 30, 2018 *(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, 2018	$ 0.2	$ (29.4)	$ (14.2)	$ (43.4)
Other comprehensive income (loss) before reclassifications	(2.5)	49.1	—	46.6
Amounts reclassified from accumulated other comprehensive income (loss)	0.1	(15.1)	0.4	(14.6)
Net current-period other comprehensive income (loss)	(2.4)	34.0	0.4	32.0
Reclassification due to adoption of ASU 2018-02	—	(6.3)	(3.2)	(9.5)
Balance as of June 30, 2018	$ (2.2)	$ (1.7)	$ (17.0)	$ (20.9)

(1)All amounts are net of tax. Amounts in parentheses indicate debits.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

19. Other, Net

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**2019**	2018	**2019**	2018
Interest Income	**$ 1.2**	$ 1.1	**$ 3.3**	$ 2.8
AFUDC Equity	**2.5**	3.9	**4.2**	7.6
Pension and other postretirement non-service cost	**(3.1)**	6.1	**(5.9)**	12.3
Interest rate swap settlement gain	**—**	—	**—**	21.2
Miscellaneous	**(0.9)**	1.7	**(2.6)**	0.2
Total Other, net	**$ (0.3)**	$ 12.8	**$ (1.0)**	$ 44.1

20. Business Segment Information

At June 30, 2019, our 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 our business segments. We use operating income as our primary measurement for each of the reported segments and make 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)	**2019**	2018	**2019**	2018
Operating Revenues				
Gas Distribution Operations				
Unaffiliated	**$ 603.8**	$ 601.9	**$ 2,042.6**	$ 1,929.2
Intersegment	**3.3**	3.2	**6.6**	6.5
Total	**607.1**	605.1	**2,049.2**	1,935.7
Electric Operations				
Unaffiliated	**406.4**	404.9	**837.2**	828.2
Intersegment	**0.2**	0.2	**0.4**	0.4
Total	**406.6**	405.1	**837.6**	828.6
Corporate and Other				
Unaffiliated	**0.2**	0.2	**0.4**	0.4
Intersegment	**114.2**	116.1	**225.3**	230.2
Total	**114.4**	116.3	**225.7**	230.6
Eliminations	**(117.7)**	(119.5)	**(232.3)**	(237.1)
Consolidated Operating Revenues	**$ 1,010.4**	$ 1,007.0	**$ 2,880.2**	$ 2,757.8
Operating Income				
Gas Distribution Operations	**$ 379.0**	$ 39.1	**$ 654.4**	$ 360.8
Electric Operations	**85.7**	82.4	**180.7**	165.5
Corporate and Other	**(1.2)**	(3.1)	**2.6**	(7.3)
Consolidated Operating Income	**$ 463.5**	$ 118.4	**$ 837.7**	$ 519.0

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

NiSource Inc.

EXECUTIVE SUMMARY

This Management's Discussion and Analysis of Financial Condition and Results of Operations (Management's Discussion) analyzes our financial condition, results of operations and cash flows and those of our 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. See "Note regarding forward-looking statements" at the beginning of this report for a list of factors that may cause results to differ materially.

Management's Discussion is designed to provide an understanding of our operations and financial performance and should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

We are 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. We generate substantially all of our 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 our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 for further discussion of our regulated utility business segments.

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

Greater Lawrence Incident: The Greater Lawrence Incident occurred on September 13, 2018. The following table summarizes expenses incurred and insurance recoveries recorded since the Greater Lawrence Incident. The amounts set forth in the table below do not include the estimated capital cost of the pipeline replacement described below and as set forth in Note 17- D, "Other Matters - Greater Lawrence Pipeline Replacement," in the Notes to Condensed Consolidated Financial Statements (unaudited).

(in millions)	Year Ended December 31, 2018	**Three Months Ended June 30, 2019**	**Six Months Ended June 30, 2019**	Incident to Date
Third-party claims	$ 757	$ **33**	$ **237**	$ 994
Other incident-related costs	266	**70**	**102**	368
Total	1,023	**103**	**339**	1,362
Insurance recoveries recorded	(135)	**(435)**	**(535)**	(670)
Total	$ 888	$ **(332)**	$ **(196)**	$ 692

Including the $757 million recorded during 2018, we estimate that total costs related to third-party claims as set forth in Note 17, "Other Commitments and Contingencies - B. Legal Proceedings," will range from $994 million to $1,020 million, depending on the final outcome of ongoing reviews and the number, nature and value of third-party claims. We expect to incur a total of $430 million to $440 million in other incident-related costs, inclusive of the $266 million recorded during 2018 as set forth in Note 17, "Other Commitments and Contingencies - D. Other Matters .

We also expect to incur other expenses, including expenses associated with government investigations and fines, penalties or settlements with governmental authorities in connection with the Greater Lawrence Incident, the amounts and timing of which cannot be estimated at this time.

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The following table presents activity related to our Greater Lawrence Incident insurance receivable. These balances are presented within "Accounts receivable" in our Condensed Consolidated Balance Sheets (unaudited):

(in millions)		Insurance receivable
Balance, December 31, 2018	**$**	**130**
Insurance recoveries recorded in first quarter of 2019		100
Cash collected from insurance recoveries in the first quarter of 2019		(108)
Balance, March 31, 2019		**122**
Insurance recoveries recorded in the second quarter of 2019		435
Cash collected from insurance recoveries in the second quarter of 2019		(297)
Balance, June 30, 2019(1)	**$**	**260**

(1)Additional collections of insurance proceeds in the amount of $125 million were received subsequent to the June 30, 2019 balance sheet date.

To the extent that we are not successful in collecting reimbursement in the amount recorded for such recoveries as of June 30, 2019, it could result in a charge to earnings. We are currently unable to predict the timing or amount of future insurance recoveries in excess of that currently recorded in Accounts Receivable

Since the Greater Lawrence Incident and through June 30, 2019, we have invested approximately $250 million of capital spend for the pipeline replacement. We estimate this replacement work will ultimately cost between $250 million and $260 million. Columbia of Massachusetts has filed a claim with its property insurer of the Greater Lawrence Incident and discussions around the claim and recovery have commenced. The recovery of any capital investment not reimbursed through insurance will be addressed in a future regulatory proceeding. The outcome of such a proceeding is uncertain. If at any point Columbia of Massachusetts concludes it is probable that any portion of this capital investment is not recoverable through customer rates, that portion of the capital investment, if estimable, would be immediately charged to earnings.

Refer to Note 17-B and D, "Legal Proceedings" and "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited), "Summary of Consolidated Financial Results," "Results and Discussion of Segment Operation - Gas Distribution Operations," and "Liquidity and Capital Resources" in this Management's Discussion for additional information related to the Greater Lawrence Incident.

Summary of Consolidated Financial Results

Our operations are affected by the cost of sales. Cost of sales for the Gas Distribution Operations segment is principally comprised of the cost of natural gas used while providing transportation and distribution services to customers. Cost of sales for the Electric Operations segment is 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 operating revenues. As a result, we believe net revenues, a non-GAAP financial measure defined as operating revenues less cost of sales (excluding depreciation and amortization), provides management and investors a useful measure to analyze profitability. The presentation of net revenues herein is intended to provide supplemental information for investors regarding operating performance. Net revenues do not intend to represent operating income, the most comparable GAAP measure, as an indicator of operating performance and are not necessarily comparable to similarly titled measures reported by other companies.

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

NiSource Inc.

For the three and six months ended June 30, 2019 and 2018, operating income and a reconciliation of net revenues to the most directly comparable GAAP measure, operating income, was as follows:

	Three Months Ended June 30,			Six Months Ended June 30,		
(in millions)	**2019**	2018	2019 vs. 2018	**2019**	2018	2019 vs. 2018
Operating Income	**$ 463.5**	$ 118.4	$ 345.1	**$ 837.7**	$ 519.0	$ 318.7

	Three Months Ended June 30,			Six Months Ended June 30,		
(in millions, except per share amounts)	**2019**	2018	2019 vs. 2018	**2019**	2018	2019 vs. 2018
Operating Revenues	**$ 1,010.4**	$ 1,007.0	$ 3.4	**$ 2,880.2**	$ 2,757.8	$ 122.4
Cost of Sales (excluding depreciation and amortization)	**253.5**	313.3	(59.8)	**933.8**	1,037.7	(103.9)
Total Net Revenues	**$ 756.9**	$ 693.7	$ 63.2	**$ 1,946.4**	$ 1,720.1	$ 226.3
Other Operating Expenses	**293.4**	575.3	(281.9)	**1,108.7**	1,201.1	(92.4)
Operating Income	**463.5**	118.4	345.1	**837.7**	519.0	318.7
Total Other Deductions, net	**(94.4)**	(88.4)	(6.0)	**(190.7)**	(150.2)	(40.5)
Income Taxes	**72.2**	5.5	66.7	**131.2**	68.2	63.0
Net Income	**296.9**	24.5	272.4	**515.8**	300.6	215.2
Preferred dividends	**(13.8)**	(1.3)	(12.5)	**(27.6)**	(1.3)	(26.3)
Net Income Available to Common Shareholders	**283.1**	23.2	259.9	**488.2**	299.3	188.9
Basic Earnings Per Share	**$ 0.76**	$ 0.07	$ 0.69	**$ 1.31**	$ 0.86	$ 0.45
Basic Average Common Shares Outstanding	**373.9**	354.2	19.7	**373.6**	346.2	27.4

On a consolidated basis, we reported net income available to common shareholders of $283.1 million, or $0.76 per basic share for the three months ended June 30, 2019, compared to net income available to common shareholders of $23.2 million, or $0.07 per basic share for the same period in 2018. The increase in income available to common shareholders during 2019 was primarily due to lower operating expenses due to insurance recoveries recorded related to the Greater Lawrence Incident and an increase in revenue due to new rates from base rate proceedings and infrastructure replacement programs.

For the six months ended June 30, 2019, we reported net income available to common shareholders of $488.2 million, or $1.31 per basic share compared to net income available to common shareholders of $299.3 million, or $0.86 per basic share for the same period in 2018. Similar to the quarter-to-date period, the increase in income available to common shareholders during 2019 was primarily due to lower operating expenses due to insurance recoveries recorded related to the Greater Lawrence Incident and new rates from base rate proceedings and infrastructure replacement programs. These increases were offset by an interest rate swap settlement gain in 2018 and additional dilution in 2019 resulting from preferred stock dividend commitments.

Operating Income

For the three months ended June 30, 2019, we reported operating income of $463.5 million compared to operating income of $118.4 million for the same period in 2018. As noted above, the increase in operating income was primarily due to lower operating expenses due to insurance recoveries recorded related to the Greater Lawrence Incident and new rates from base rate proceedings and infrastructure replacement programs. These increases were partially offset by increased depreciation due to regulatory outcomes of NIPSCO's gas rate case and capital expenditures being placed into service.

For the six months ended June 30, 2019, we reported operating income of $837.7 million compared to operating income of $519.0 million for the same period in 2018. The drivers for this increase were consistent with that of the quarter-to-date period.

Other Deductions, net

Other deductions, net reduced income by $94.4 million in the second quarter of 2019 compared to a reduction in income of $88.4 million in the prior year. This change is primarily due to lower actuarial investment returns on pension and other postretirement benefit assets in 2019 of $9.2 million and higher interest expense of $5.4 million in 2019 driven by decreased regulatory deferrals from Columbia of Ohio's CEP. These variances were partially offset by a loss on early extinguishment of long-term debt of $12.5 million which was recorded in the second quarter of 2018.

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Other deductions, net reduced income by $190.7 million during the six months ended June 30, 2019 compared to a reduction in income of $150.2 million in the prior year. The change is primarily due to an interest rate swap settlement gain of $21.2 million recognized in the first quarter of 2018 and lower actuarial investment returns on pension and other postretirement benefit assets of $18.2 million in 2019, partially offset by a loss on early extinguishment of long-term debt of $12.5 million in the second quarter of 2018.

Income Taxes
For the three and six months ended June 30, 2019, the increase in income tax expense from 2018 to 2019 is primarily attributable to the increased income before income taxes in the second quarter of 2019, as well as a higher effective tax rate in 2019 due to the relative impact of permanent differences on higher estimated pre-tax income in 2019 compared to 2018.

Refer to Note 12, "Income Taxes," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on income taxes and the change in the effective tax rate.

Capital Investment
For the six months ended June 30, 2019, we invested $843.5 million in capital expenditures across our gas and electric utilities. These expenditures were primarily aimed at furthering the safety and reliability of our gas distribution system and maintaining our existing electric generation fleet.

We continue to execute on an estimated $30 billion in total projected long-term regulated utility infrastructure investments and expect to invest a total of approximately $1.6 to $1.7 billion in capital during 2019 to continue to modernize and improve our system across all seven states.

Liquidity
The enactment of the TCJA has and will continue to have an unfavorable impact on our liquidity in 2019; however, through income generated from operating activities, amounts available under our short-term revolving credit facility, commercial paper program, accounts receivable securitization facilities, term loan borrowings, long-term debt agreements and our ability to access the capital markets, we believe there is adequate capital available to fund our operating activities, capital expenditures and the effects of the Greater Lawrence Incident in 2019 and beyond. As of June 30, 2019 and December 31, 2018, we had $952.5 million and $974.6 million, respectively, of net liquidity available, consisting of cash and available capacity under credit facilities.

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

Regulatory Developments
During the quarter ended June 30, 2019, we continued to move forward on core infrastructure and environmental investment programs supported by complementary regulatory and customer initiatives across all seven states of our operating area. Refer to Note 7, "Regulatory Matters" and Note 17-D "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for a complete discussion of key regulatory developments that have transpired during 2019.

RESULTS AND DISCUSSION OF SEGMENT OPERATIONS

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

NiSource Inc.
Gas Distribution Operations

For the three and six months ended June 30, 2019 and 2018, operating income and a reconciliation of net revenues to the most directly comparable GAAP measure, operating income, was as follows:

	Three Months Ended June 30,			Six Months Ended June 30,		
(in millions)	**2019**	2018	2019 vs. 2018	**2019**	2018	2019 vs. 2018
Operating Income	**$ 379.0**	$ 39.1	$ 339.9	**$ 654.4**	360.8	$ 293.6

	Three Months Ended June 30,			Six Months Ended June 30,		
(in millions)	**2019**	2018	2019 vs. 2018	**2019**	2018	2019 vs. 2018
Net Revenues						
Operating Revenues	**$ 607.1**	$ 605.1	$ 2.0	**$ 2,049.2**	$ 1,935.7	$ 113.5
Less: Cost of sales (excluding depreciation and amortization)	**136.7**	197.6	(60.9)	**686.8**	789.4	(102.6)
Net Revenues	**470.4**	407.5	62.9	**1,362.4**	1,146.3	216.1
Operating Expenses						
Operation and maintenance	**(60.3)**	248.5	(308.8)	**391.0**	535.7	(144.7)
Depreciation and amortization	**99.4**	71.8	27.6	**196.8**	142.5	54.3
Gain on sale of assets	**(0.1)**	—	(0.1)	**(0.1)**	—	(0.1)
Other taxes	**52.4**	48.1	4.3	**120.3**	107.3	13.0
Total Operating Expenses	**91.4**	368.4	(277.0)	**708.0**	785.5	(77.5)
Operating Income	**$ 379.0**	$ 39.1	$ 339.9	**$ 654.4**	$ 360.8	$ 293.6
Revenues						
Residential	**$ 379.6**	$ 387.6	$ (8.0)	**$ 1,355.6**	$ 1,280.6	$ 75.0
Commercial	**122.7**	126.9	(4.2)	**454.3**	435.8	18.5
Industrial	**53.0**	47.8	5.2	**136.0**	122.5	13.5
Off-System	**23.4**	20.9	2.5	**43.5**	43.2	0.3
Other	**28.4**	21.9	6.5	**59.8**	53.6	6.2
Total	**$ 607.1**	$ 605.1	$ 2.0	**$ 2,049.2**	$ 1,935.7	$ 113.5
Sales and Transportation (MMDth)						
Residential	**32.2**	39.0	(6.8)	**172.9**	174.1	(1.2)
Commercial	**28.4**	30.0	(1.6)	**114.4**	112.2	2.2
Industrial	**125.4**	140.1	(14.7)	**273.5**	285.6	(12.1)
Off-System	**8.9**	6.8	2.1	**16.1**	14.4	1.7
Other	**0.1**	0.2	(0.1)	**0.3**	0.3	—
Total	**195.0**	216.1	(21.1)	**577.2**	586.6	(9.4)
Heating Degree Days	**499**	624	(125)	**3,396**	3,447	(51)
Normal Heating Degree Days	**563**	599	(36)	**3,427**	3,491	(64)
% (Warmer) Colder than Normal	**(11)%**	4%		**(1)%**	(1)%	
Gas Distribution Customers						
Residential				**3,180,255**	3,149,948	30,307
Commercial				**279,450**	278,205	1,245
Industrial				**6,078**	5,988	90
Other				**3**	3	—
Total				**3,465,786**	3,434,144	31,642

NiSource Inc.
Gas Distribution Operations

Comparability of line item operating results may 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. Therefore, increases in these tracked operating expenses are generally offset by increases in net revenues and have essentially no impact on net income.

Three Months Ended June 30, 2019 vs. June 30, 2018 Operating Income

For the three months ended June 30, 2019, Gas Distribution Operations reported operating income of $379.0 million, an increase of $339.9 million from the comparable 2018 period.

Net revenues for the three months ended June 30, 2019 were $470.4 million, an increase of $62.9 million from the same period in 2018. The change in net revenues was primarily driven by:

- New rates from base rate proceedings and infrastructure replacement programs of $65.6 million.
- Higher regulatory, tax and depreciation trackers, which are offset in operating expense, of $7.4 million.

Partially offset by:

- Adjustments to the revenue reserve for the probable future refund of certain collections from customers as a result of the lower income tax rate from the TCJA of $5.1 million.
- Lower revenues of $8.8 million from the effects of warmer weather in 2019. This weather adjustment is partially offset by a favorable variance of $3.9 million resulting from an update in the weather-related normal heating degree day methodology (discussed below).

Operating expenses were $277.0 million lower for the three months ended June 30, 2019 compared to the same period in 2018. This change was primarily driven by:

- Insurance recoveries recorded, net of third-party claims and other expenses recorded, related to the Greater Lawrence Incident of $331.9 million.

Partially offset by:

- Increased depreciation of $27.6 million due to regulatory outcomes of NIPSCO's gas rate case and higher capital expenditures placed in service.
- Increased employee and administrative expenses of $9.7 million.
- Higher regulatory, tax and depreciation trackers, which are offset in net revenues, of $7.4 million.
- Increased property taxes of $4.7 million due to higher capital expenditures placed in service and increased amortization of property taxes previously deferred as a regulatory asset.

Six Months Ended June 30, 2019 vs. June 30, 2018 Operating Income

For the six months ended June 30, 2019, Gas Distribution Operations reported operating income of $654.4 million, an increase of $293.6 million from the comparable 2018 period.

Net revenues for the six months ended June 30, 2019 were $1,362.4 million, an increase of $216.1 million from the same period in 2018. The change in net revenues was primarily driven by:

- New rates from base rate proceedings and infrastructure replacement programs of $166.3 million.
- Higher regulatory, tax and depreciation trackers, which are offset in operating expense, of $32.9 million.
- Increased residential and commercial customer growth of $7.2 million.
- Higher revenues of $8.6 million resulting from an update in the weather-related normal heating degree day methodology (see further detail below), partially offset by a $3.7 million revenue decrease from the effects of warmer weather in 2019.

Operating expenses were $77.5 million lower for the six months ended June 30, 2019 compared to the same period in 2018. This change was primarily driven by:

- Insurance recoveries recorded, net of third-party claims and other expenses recorded, related to the Greater Lawrence Incident of $196.4 million.

Partially offset by:

- Increased depreciation of $54.3 million due to regulatory outcomes of NIPSCO's gas rate case and higher capital expenditures placed in service.
- Higher regulatory, tax and depreciation trackers, which are offset in net revenues, of $32.9 million.
- Increased property taxes of $10.3 million due to higher capital expenditures placed in service and increased amortization of property taxes previously deferred as a regulatory asset.
- Increased employee and administrative expenses of $7.9 million.

Weather

In general, we calculate the weather-related revenue variance based on changing customer demand driven by weather variance from normal heating degree days. Our 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 our aggregated composite heating degree day comparison.

The definition of "normal" weather was updated during the first quarter of 2019 to reflect more current weather pattern data and more closely align with the regulators' jurisdictional definitions of "normal" weather. Impacts of the change in methodology will be reflected prospectively and disclosed to the extent it results in notable year-over-year variances in net revenues.

Weather in the Gas Distribution Operations service territories for the second quarter of 2019 was about 11% warmer than normal and about 20% warmer than 2018, leading to decreased net revenues of $4.9 million for the quarter ended June 30, 2019 compared to the same period in 2018 in total. The change in weather-related net revenues was primarily driven by:

- The effects of warmer weather in 2019 of $8.8 million.

Offset by:

- An update in the weather-related normal heating degree day methodology resulting in a favorable variance of $3.9 million, as discussed above.

Weather in the Gas Distribution Operations service territories for the six months ended June 30, 2019 was about 1% warmer than normal and about 1% warmer than 2018. Due to the change in methodology, net revenues increased by $4.9 million for the six months ended June 30, 2019 compared to the same period in 2018. The change in weather-related net revenues was primarily driven by:

- An update in the weather-related normal heating degree day methodology resulting in a favorable variance of $8.6 million, as discussed above.

Offset by:

- The effects of warmer weather in 2019 of $3.7 million.

Throughput

Total volumes sold and transported for the three months ended June 30, 2019 were 195.0 MMDth, compared to 216.1 MMDth for the same period in 2018. This 10% decrease is primarily attributable to decreased industrial usage related to energy production from electric generating customers in 2019.

Total volumes sold and transported for the six months ended June 30, 2019 were 577.2 MMDth, compared to 586.6 MMDth for the same period in 2018. This 2% decrease is also primarily a result of decreased industrial usage related to energy production from electric generating customers in 2019.

Economic Conditions

All of our 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

NiSource Inc.
Gas Distribution Operations

recorded on the Condensed Consolidated Balance Sheets (unaudited) as under-recovered or over-recovered gas cost to be included in future customer billings.

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 our exposure to gas prices.

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NiSource Inc.
Electric Operations

For the three and six months ended June 30, 2019 and 2018, operating income and a reconciliation of net revenues to the most directly comparable GAAP measure, operating income, was as follows:

	Three Months Ended June 30,			Six Months Ended June 30,		
(in millions)	**2019**	2018	2019 vs. 2018	**2019**	2018	2019 vs. 2018
Operating Income	**$ 85.7**	$ 82.4	$ 3.3	**$ 180.7**	$ 165.5	$ 15.2

	Three Months Ended June 30,			Six Months Ended June 30,		
(in millions)	**2019**	2018	2019 vs. 2018	**2019**	2018	2019 vs. 2018
Net Revenues						
Operating revenues	**$ 406.6**	$ 405.1	$ 1.5	**$ 837.6**	$ 828.6	$ 9.0
Less: Cost of sales (excluding depreciation and amortization)	**116.9**	115.6	1.3	**247.0**	248.3	(1.3)
Net Revenues	**289.7**	289.5	0.2	**590.6**	580.3	10.3
Operating Expenses						
Operation and maintenance	**123.8**	128.3	(4.5)	**245.5**	254.5	(9.0)
Depreciation and amortization	**69.2**	64.5	4.7	**137.4**	130.0	7.4
Other taxes	**11.0**	14.3	(3.3)	**27.0**	30.3	(3.3)
Total Operating Expenses	**204.0**	207.1	(3.1)	**409.9**	414.8	(4.9)
Operating Income	**$ 85.7**	$ 82.4	$ 3.3	**$ 180.7**	$ 165.5	$ 15.2
Revenues						
Residential	**$ 105.9**	$ 113.1	$ (7.2)	**$ 224.7**	$ 227.6	$ (2.9)
Commercial	**115.2**	116.6	(1.4)	**234.5**	233.5	1.0
Industrial	**155.9**	152.2	3.7	**319.4**	314.9	4.5
Wholesale	**2.8**	3.9	(1.1)	**5.5**	8.6	(3.1)
Other	**26.8**	19.3	7.5	**53.5**	44.0	9.5
Total	**$ 406.6**	$ 405.1	$ 1.5	**$ 837.6**	$ 828.6	$ 9.0
Sales (Gigawatt Hours)						
Residential	**733.1**	844.7	(111.6)	**1,525.5**	1,633.1	(107.6)
Commercial	**891.0**	943.7	(52.7)	**1,785.4**	1,849.4	(64.0)
Industrial	**2,164.5**	2,228.7	(64.2)	**4,380.2**	4,562.5	(182.3)
Wholesale	**1.1**	41.5	(40.4)	**7.6**	92.3	(84.7)
Other	**22.3**	27.3	(5.0)	**56.8**	60.5	(3.7)
Total	**3,812.0**	4,085.9	(273.9)	**7,755.5**	8,197.8	(442.3)
Cooling Degree Days	**223**	392	(169)	**223**	392	(169)
Normal Cooling Degree Days	**245**	229		**245**	229	
% (Colder) Warmer than Normal	**(9)%**	71%		**(9)%**	71%	
Electric Customers						
Residential				**412,990**	410,064	2,926
Commercial				**56,788**	56,321	467
Industrial				**2,272**	2,295	(23)
Wholesale				**732**	738	(6)
Other				**3**	2	1
Total				**472,785**	469,420	3,365

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NiSource Inc.
Electric Operations

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

Three Months Ended June 30, 2019 vs. June 30, 2018 Operating Income
For the three months ended June 30, 2019, Electric Operations reported operating income of $85.7 million, an increase of $3.3 million from the comparable 2018 period.

Net revenues for the three months ended June 30, 2019 were $289.7 million, an increase of $0.2 million from the same period in 2018. The change in net revenues was primarily driven by:

- Increased rates on incremental capital spend on infrastructure replacement programs and electric transmission projects of $7.2 million.
- Higher regulatory and depreciation trackers, which are offset in operating expense, of $3.1 million.
- Lower fuel handling costs of $1.8 million.

Partially offset by:

- Lower revenues from the effects of cooler weather in 2019 of $8.5 million.
- Decreased residential usage of $3.5 million.

Operating expenses were $3.1 million lower for the three months ended June 30, 2019 compared to the same period in 2018. This change was primarily driven by:

- Decreased materials and supplies costs of $4.5 million primarily related to the retirement of Bailly Generating Station Units 7 and 8 on May 31, 2018.
- Decreased property taxes of $3.4 million.

Partially offset by:

- Higher regulatory and depreciation trackers, which are offset in net revenues, of $3.1 million.
- Increased depreciation of $3.0 million due to higher capital expenditures placed in service.

Six months ended June 30, 2019 vs. June 30, 2018 Operating Income
For the six months ended June 30, 2019, Electric Operations reported operating income of $180.7 million, an increase of $15.2 million from the comparable 2018 period.

Net revenues for the six months ended June 30, 2019 were $590.6 million, an increase of $10.3 million from the same period in 2018. The change in net revenues was primarily driven by:

- Increased rates on incremental capital spend on infrastructure replacement programs and electric transmission projects of $11.0 million.
- Higher regulatory and depreciation trackers, which are offset in operating expense, of $5.7 million.
- Decreased fuel handling costs of $5.2 million.
- The effects of increased commercial and residential customer growth of $2.3 million.

Partially offset by:

- The effects of decreased residential and industrial customer usage of $8.6 million.
- Lower revenues from the effects of cooler weather in 2019 of $6.0 million.

Operating expenses were $4.9 million lower for the six months ended June 30, 2019 compared to the same period in 2018. This change was primarily driven by:

- Decreased employee and administrative costs of $5.6 million.
- Lower outside service costs of $3.9 million.
- Decreased materials and supplies costs of $3.3 million primarily related to the retirement of Bailly Generating Station Units 7 and 8 on May 31, 2018.

- Decreased property taxes of $2.8 million

Partially offset by:

- Higher regulatory and depreciation trackers, which are offset in operating expense, of $5.7 million.
- Increased depreciation of $4.4 million due to higher capital expenditures placed in service.

Weather

In general, we calculate the weather-related revenue variance based on changing customer demand driven by weather variance from normal heating or cooling degree days. Our 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 our aggregated composite heating or cooling degree day comparison.

The definition of "normal" weather was updated during the first quarter of 2019 to reflect more current weather pattern data and more closely align with the regulators' jurisdictional definitions of "normal" weather. Impacts of the change in methodology will be reflected prospectively and disclosed to the extent it results in notable year-over-year variances in net revenues.

Weather in the Electric Operations' territories for the second quarter of 2019 was about 9% cooler than normal and about 43% cooler than in 2018, resulting in decreased net revenues of $8.5 million for the quarter ended June 30, 2019 compared to the same period in 2018.

Weather in the Electric Operations' territories for the six months ended June 30, 2019 was about 9% cooler than normal and about 43% cooler than in 2018, resulting in decreased net revenues of $6.0 million for the six months ended June 30, 2019 compared to the same period in 2018.

Sales

Electric Operations sales for the second quarter of 2019 were 3,812.0 gwh, a decrease of 273.9 gwh compared to the same period in 2018. This decrease was primarily attributable to the effects of cooler weather on residential and commercial customers and higher internal generation from large industrial customers during the second quarter of 2019.

Electric Operations sales for the six months ended June 30, 2019 were 7,755.5 gwh, a decrease of 442.3 gwh compared to the same period in 2018. The drivers for this decrease are consistent with the quarter-to-date period.

BP Products North America. On March 29, 2018, WCE, which is currently owned by BP p.l.c ("BP") and BP Products North America, which operates the BP Refinery, filed a petition at the IURC asking that the combined operations of WCE and BP be treated as a single premise, and the WCE generation be dedicated primarily to BP Refinery operations beginning in May 2019 as WCE has self-certified as a qualifying facility at FERC. BP Refinery planned to continue to purchase electric service from NIPSCO at a reduced demand level beginning in May 2019, however a settlement agreement was filed on November 2, 2018 agreeing that BP and WCE would not move forward with construction of a private transmission line to serve BP until conclusion of NIPSCO's pending electric rate case. The IURC approved the settlement agreement as filed on February 20, 2019. Refer to Note 7, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information.

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.

Electric Supply

NIPSCO 2018 Integrated Resource Plan. Multiple factors, but primarily economic ones, including low natural gas prices, advancing cost effective renewable technology and increasing capital and operating costs associated with existing coal plants, have led NIPSCO to conclude in its October 2018 Integrated Resource Plan submission that NIPSCO's current fleet of coal generation facilities will be retired earlier than previous Integrated Resource Plan's had indicated.

NiSource Inc.
Electric Operations

The Integrated Resource Plan evaluated demand-side and supply-side resource alternatives to reliably and cost effectively meet NIPSCO customers' future energy requirements over the ensuing 20 years. The preferred option within the Integrated Resource Plan retires R.M. Schahfer Generating Station (Units 14, 15, 17, and 18) by 2023 and Michigan City Generating Station (Unit 12) by 2028. These units represent 2,080 MW of generating capacity, equal to 72% of NIPSCO's remaining capacity after the retirement of Bailly Units 7 and 8 in May of 2018.

The current replacement plan includes renewable sources of energy, including wind, solar, and battery storage to be obtained through a combination of NIPSCO ownership and PPAs Refer to Note 17-D, "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information on the NIPSCO Integrated Resource Plan.

Liquidity and Capital Resources

Greater Lawrence Incident: As discussed in "Executive Summary" and Note 17, "Other Commitments and Contingencies," we have recorded losses associated with the Greater Lawrence Incident and have invested capital to replace the entire affected 45-mile cast iron and bare steel pipeline system that delivers gas to the impacted area. As discussed in the Executive Summary and Note 17 referenced earlier in this paragraph, we expect to incur additional expenses and liabilities in excess of our recorded liabilities and estimated additional costs associated with the Greater Lawrence Incident. The timing and amount of future financing needs will depend on the ultimate timing and amount of payments made to third parties in connection with the Greater Lawrence Incident and the timing and amount of associated insurance recoveries. Since the Greater Lawrence Incident and through June 30, 2019, we have collected $410 million from insurance providers which has aided liquidity. As of June 30, 2019, we have a recorded insurance receivable balance of $260 million. Insurance proceeds in the amount of $125 million were received subsequent to the June 30, 2019 balance sheet date. We expect to collect the remainder of the recorded insurance receivable balance by the end of 2019.

Through income generated from operating activities, amounts available under our short-term revolving credit facility, commercial paper program, accounts receivable securitization facilities, term loan borrowings, long-term debt agreements and our ability to access the capital markets, we believe there is adequate capital available to fund these expenditures.

Operating Activities

Net cash from operating activities for the six months ended June 30, 2019 was $926.2 million, an increase of $116.7 million compared to the six months ended June 30, 2018. This increase was driven by insurance recoveries related to the Greater Lawrence Incident, partially offset by related cash payments for claims and other expenses. For the six months ended June 30, 2019, we received approximately $108 million of insurance recoveries, net of payments for expenses, related to the Greater Lawrence Incident. Refer to Note 17-D "Other Matters" in the Notes to Condensed Consolidated Financial Statements (unaudited) for further information.

Investing Activities

Net cash used for investing activities for the six months ended June 30, 2019 was $898.0 million, an increase of $26.9 million compared to the six months ended June 30, 2018. This increase was mostly attributable to higher cost of removal expenditures and higher capital expenditures in 2019.

Our cost of removal expenditures for the six months ended June 30, 2019 were $55.7 million compared to $46.1 million for the comparable period in 2018. The increase was driven by additional cost of removal projects completed at our Michigan City generating station.

Our capital expenditures for the six months ended June 30, 2019 were $843.5 million compared to $832.5 million for the comparable period in 2018. The increase was driven by additional capital spending related to the Greater Lawrence Incident, partially offset by a decrease in capital spending at NIPSCO related to the conclusion of electric transmission and CCR projects. We project total 2019 capital expenditures to be approximately $1.6 to $1.7 billion.

Financing Activities

Common Stock and Preferred Stock. Refer to Note 5, "Equity," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on common and preferred stock activity.

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 activity.

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 activity.

Net Available Liquidity. As of June 30, 2019, an aggregate of $952.5 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 our liquidity position as of June 30, 2019 and December 31, 2018:

(in millions)		June 30, 2019		December 31, 2018
Current Liquidity				
Revolving Credit Facility	$	**1,850.0**	$	1,850.0
Accounts Receivable Program[1]		**320.0**		399.2
Less:				
Commercial Paper		**911.0**		978.0
Accounts Receivable Program Utilized		**320.0**		399.2
Letters of Credit Outstanding Under Credit Facility		**10.2**		10.2
Add:				
Cash and Cash Equivalents		**23.7**		112.8
Net Available Liquidity	$	**952.5**	$	974.6

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

Debt Covenants. We are subject to financial covenants under our revolving credit facility and term loan agreement, which require us to maintain a debt to capitalization ratio that does not exceed 70%. A similar covenant in a 2005 private placement note purchase agreement requires us to maintain a debt to capitalization ratio that does not exceed 75%. As of June 30, 2019, the ratio was 60.6%.

Sale of Trade Accounts Receivables. Refer to Note 10, "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 our ratings, taking into account factors such as our capital structure and earnings profile. The following table includes our and certain of our subsidiaries' credit ratings and ratings outlook as of June 30, 2019. There were no changes to the below credit ratings or outlooks since December 31, 2018.

A credit rating is not a recommendation to buy, sell, or hold securities, and may be subject to revision or withdrawal at any time by the assigning rating organization.

	S&P		Moody's		Fitch	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
NiSource	BBB+	Negative	Baa2	Stable	BBB	Stable
NIPSCO	BBB+	Negative	Baa1	Stable	BBB	Stable
Columbia of Massachusetts	BBB+	Negative	Baa2	Stable	Not rated	Not rated
Commercial Paper	A-2	Negative	P-2	Stable	F2	Stable

Certain of our subsidiaries have agreements that contain "ratings triggers" that require increased collateral if our credit rating or the credit ratings of certain of our 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, 2019, the collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately $64.7 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. Our authorized capital stock consists of 620,000,000 shares, $0.01 par value, of which 600,000,000 are common stock and 20,000,000 are preferred stock. As of June 30, 2019, 373,249,295 shares of common stock and 440,000 shares of preferred stock were outstanding.

Contractual Obligations. Aside from the previously referenced repayments of long-term debt and payments associated with the Greater Lawrence Incident, there were no material changes during the six months ended June 30, 2019 to our contractual obligations as of December 31, 2018.

Off Balance Sheet Arrangements

We, along with certain of our 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.

Market Risk Disclosures

Risk is an inherent part of our businesses. The extent to which we properly and effectively identify, assess, monitor and manage each of the various types of risk involved in our businesses is critical to our profitability. We seek to identify, assess, monitor and manage, in accordance with defined policies and procedures, the following principal market risks that are involved in our businesses: commodity price risk, interest rate risk and credit risk. Risk management for us is a multi-faceted process with oversight by the Risk Management Committee that requires constant communication, judgment and knowledge of specialized products and markets. Our 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, our risk management process, policies and procedures continue to evolve and are subject to ongoing review and modification.

Commodity Price Risk

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

Commodity price risk resulting from derivative activities at our 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.

Our 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, some of which is reflected in our restricted cash balance, may fluctuate significantly during periods of high volatility in the energy commodity markets.

Refer to Note 8, "Risk Management Activities," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further information on our commodity price risk assets and liabilities as of June 30, 2019 or December 31, 2018.

Interest Rate Risk

We are exposed to interest rate risk as a result of changes in interest rates on borrowings under our 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 $5.1 million and $10.0 million for the three and six months ended June 30, 2019, and $2.9 million and $5.9 million for three and six months ended June 30, 2018, respectively. We are 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 8, "Risk Management Activities," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further information on our interest rate risk assets and liabilities as of June 30, 2019 and December 31, 2018.

Credit Risk

Due to the nature of the industry, credit risk is embedded in many of our business activities. Our 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 us 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.

We closely monitor the financial status of our banking credit providers. We evaluate the financial status of our 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 Estimates

Refer to Note 17, "Other Commitments and Contingencies," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about management judgment used in the development of estimates related to the Greater Lawrence Incident.

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 and adopted accounting pronouncements.

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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
Our chief executive officer and our 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)). Our 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 our 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, our 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 our internal control over financial reporting during the fiscal quarter covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II

ITEM 1. LEGAL PROCEEDINGS

NiSource Inc.

For a description of our legal proceedings, see Note 17-B, "Legal Proceedings," in the Notes to Condensed Consolidated Financial Statements (unaudited).

ITEM 1A. RISK FACTORS

Our operations and financial results are subject to various risks and uncertainties, including those disclosed in our most recent Annual Report on Form 10-K for the year ended December 31, 2018. 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.

(3.1)	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to NiSource Inc. Form 8-K filed on January 26, 2018).
(3.2)	Certificate of Amendment of Amended and Restated Certificate of Incorporation of NiSource dated May 7, 2019 (incorporated by reference to Exhibit 3.1 of the NiSource Inc. Form 8-K filed on May 8, 2019).
(10.1)	Amended and Restated Term Loan Agreement, dated as of April 17, 2019, among NiSource Inc., as Borrower, the Lenders party thereto, and MUFG Bank Ltd., as Administrative Agent and Sole Lead Arranger and Sole Bookrunner (incorporated by reference to Exhibit 10.1 of the NiSource Inc. Form 8-k filed on April 17, 2019).
(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 - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL 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.

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: July 31, 2019 By: /s/ Joseph W. Mulpas

Joseph W. Mulpas
Vice President, Chief Accounting Officer and Controller
(Principal Accounting 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 June 30, 2019;

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: July 31, 2019

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, 2019;
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: July 31, 2019

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, 2019 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: July 31, 2019

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, 2019 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: July 31, 2019

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, 2019

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 every Interactive Data File required to be submitted 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 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: 373,103,190 shares outstanding at April 24, 2019.

NISOURCE INC.
FORM 10-Q QUARTERLY REPORT
FOR THE QUARTER ENDED MARCH 31, 2019

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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

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 LLC
NiSource ("we," "us" or "our")	NiSource Inc.

Abbreviations and Other

ACE	Affordable Clean Energy
AFUDC	Allowance for funds used during construction
AMRP	Accelerated Main Replacement Program
AOCI	Accumulated Other Comprehensive Income (Loss)
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
ATM	At-the-market
BTA	Build-transfer agreement
CAA	Clean Air Act
CCRs	Coal Combustion Residuals
CEP	Capital Expenditure Program
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
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
FMCA	Federally Mandated Cost Adjustment
GAAP	Generally Accepted Accounting Principles
GCA	Gas cost adjustment
GCR	Gas cost recovery
GHG	Greenhouse gases
GSEP	Gas System Enhancement Program
GWh	Gigawatt hours
IRP	Infrastructure Replacement Program
IT	Information technology
IURC	Indiana Utility Regulatory Commission

DEFINED TERMS

LIBOR	London InterBank Offered Rate
LIFO	Last In, First Out
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator
MMDth	Million dekatherms
MW	Megawatts
NTSB	National Transportation Safety Board
NYMEX	New York Mercantile Exchange
OPEB	Other Postretirement Benefits
PHMSA	Pipeline and Hazardous Materials Safety Administration
PPA	Purchase power agreement
RCRA	Resource Conservation and Recovery Act
ROU	Right of use
SAVE	Steps to Advance Virginia's Energy Plan
SEC	Securities and Exchange Commission
STRIDE	Strategic Infrastructure Development Enhancement
TCJA	An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018 (commonly known as the Tax Cuts and Jobs Act of 2017)
TDSIC	Transmission, Distribution and Storage System Improvement Charge
VSCC	Virginia State Corporation Commission
WCE	Whiting Clean Energy

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 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, our debt obligations; any changes to the credit rating of our or certain of our subsidiaries; our ability to execute our growth strategy; changes in general economic, capital and commodity market conditions; pension funding obligations; economic regulation and the impact of regulatory rate reviews; our ability to obtain expected financial or regulatory outcomes; our ability to adapt to, and manage costs related to, advances in technology; any changes in our assumptions regarding the financial implications of the Greater Lawrence Incident; potential incidents and other operating risks associated with our business; our ability to obtain sufficient insurance coverage; the outcome of legal and regulatory proceedings, investigations, incidents, claims and litigation; any damage to our reputation, including in connection with the Greater Lawrence Incident; 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; 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; the ability of our subsidiaries to generate cash; uncertainties related to the expected benefits of the Separation; our ability to manage new initiatives and organizational changes; the performance of third-party suppliers and service providers; and other matters in the "Risk Factors" section of this report and our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, many of which risks are beyond our control. 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. We undertake no obligation to, and expressly disclaim 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, 2019	Three Months Ended March 31, 2018
Operating Revenues		
Customer revenues	$ **1,834.5**	$ 1,717.2
Other revenues	**35.3**	33.6
Total Operating Revenues	**1,869.8**	1,750.8
Operating Expenses		
Cost of sales (excluding depreciation and amortization)	**680.3**	724.4
Operation and maintenance	**552.4**	402.5
Depreciation and amortization	**175.1**	144.7
Loss (Gain) on sale of assets and impairments, net	**0.2**	(0.3)
Other taxes	**87.6**	78.9
Total Operating Expenses	**1,495.6**	1,350.2
Operating Income	**374.2**	400.6
Other Income (Deductions)		
Interest expense, net	**(95.6)**	(93.1)
Other, net	**(0.7)**	31.3
Total Other Deductions, Net	**(96.3)**	(61.8)
Income before Income Taxes	**277.9**	338.8
Income Taxes	**59.0**	62.7
Net Income	**218.9**	276.1
Preferred dividends	**(13.8)**	—
Net Income Available to Common Shareholders	**205.1**	276.1
Earnings Per Share		
Basic Earnings Per Share	$ **0.55**	$ 0.82
Diluted Earnings Per Share	$ **0.55**	$ 0.81
Basic Average Common Shares Outstanding	**373.4**	338.0
Diluted Average Common Shares	**374.7**	339.0

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 Comprehensive Income (unaudited)

(in millions, net of taxes)	Three Months Ended March 31, 2019	2018
Net Income	$ **218.9**	$ 276.1
Other comprehensive income (loss):		
Net unrealized gain (loss) on available-for-sale securities[1]	**2.8**	(1.7)
Net unrealized gain (loss) on cash flow hedges[2]	**(19.3)**	35.4
Unrecognized pension and OPEB benefit[3]	**0.9**	0.2
Total other comprehensive income (loss)	**(15.6)**	33.9
Comprehensive Income	$ **203.3**	$ 310.0

[1] Net unrealized gain (loss) on available-for-sale securities, net of $0.7 million tax expense and $0.4 million tax benefit in the first quarter of 2019 and 2018, respectively.
[2] Net unrealized gain (loss) on cash flow hedges, net of $6.5 million tax benefit and $11.7 million tax expense in the first quarter of 2019 and 2018, respectively.
[3] Unrecognized pension and OPEB benefit, net of $0.4 million and $0.1 million tax expense in the first quarter of 2019 and 2018, 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, 2019		December 31, 2018
ASSETS				
Property, Plant and Equipment				
Utility plant	$	23,079.7	$	22,780.8
Accumulated depreciation and amortization		(7,356.9)		(7,257.9)
Net utility plant		15,722.8		15,522.9
Other property, at cost, less accumulated depreciation		18.6		19.6
Net Property, Plant and Equipment		15,741.4		15,542.5
Investments and Other Assets				
Unconsolidated affiliates		2.1		2.1
Other investments		208.5		204.0
Total Investments and Other Assets		210.6		206.1
Current Assets				
Cash and cash equivalents		151.0		112.8
Restricted cash		9.8		8.3
Accounts receivable (less reserve of $31.4 and $21.1, respectively)		1,132.1		1,058.5
Gas inventory		75.1		286.8
Materials and supplies, at average cost		107.3		101.0
Electric production fuel, at average cost		33.3		34.7
Exchange gas receivable		72.1		88.4
Regulatory assets		190.9		235.4
Prepayments and other		144.2		129.5
Total Current Assets		1,915.8		2,055.4
Other Assets				
Regulatory assets		1,979.4		2,002.1
Goodwill		1,690.7		1,690.7
Intangible assets, net		218.0		220.7
Deferred charges and other		134.0		86.5
Total Other Assets		4,022.1		4,000.0
Total Assets	$	21,889.9	$	21,804.0

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

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

(in millions, except share amounts)		March 31, 2019		December 31, 2018
CAPITALIZATION AND LIABILITIES				
Capitalization				
Stockholders' Equity				
Common stock - $0.01 par value, 400,000,000 shares authorized; 373,002,671 and 372,363,656 shares outstanding, respectively	$	**3.8**	$	3.8
Preferred stock - $0.01 par value, 20,000,000 shares authorized; 440,000 shares outstanding		**880.0**		880.0
Treasury stock		**(99.9)**		(99.9)
Additional paid-in capital		**6,406.5**		6,403.5
Retained deficit		**(1,358.0)**		(1,399.3)
Accumulated other comprehensive loss		**(52.8)**		(37.2)
Total Stockholders' Equity		**5,779.6**		5,750.9
Long-term debt, excluding amounts due within one year		**7,110.1**		7,105.4
Total Capitalization		**12,889.7**		12,856.3
Current Liabilities				
Current portion of long-term debt		**51.4**		50.0
Short-term borrowings		**2,080.0**		1,977.2
Accounts payable		**675.2**		883.8
Dividends payable - common stock		**74.6**		—
Dividends payable - preferred stock		**19.4**		—
Customer deposits and credits		**152.6**		238.9
Taxes accrued		**232.8**		222.7
Interest accrued		**93.7**		90.7
Exchange gas payable		**15.5**		85.5
Regulatory liabilities		**152.1**		140.9
Legal and environmental		**18.9**		18.9
Accrued compensation and employee benefits		**111.0**		149.7
Claims accrued		**258.5**		114.7
Other accruals		**79.5**		63.8
Total Current Liabilities		**4,015.2**		4,036.8
Other Liabilities				
Risk management liabilities		**55.8**		46.7
Deferred income taxes		**1,391.6**		1,330.5
Deferred investment tax credits		**10.8**		11.2
Accrued insurance liabilities		**84.5**		84.4
Accrued liability for postretirement and postemployment benefits		**377.3**		389.1
Regulatory liabilities		**2,488.3**		2,519.1
Asset retirement obligations		**358.4**		352.0
Other noncurrent liabilities		**218.3**		177.9
Total Other Liabilities		**4,985.0**		4,910.9
Commitments and Contingencies (Refer to Note 17, "Other Commitments and Contingencies")		—		—
Total Capitalization and Liabilities	$	**21,889.9**	$	21,804.0

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 Cash Flows (unaudited)

Three Months Ended March 31, *(in millions)*	2019	2018
Operating Activities		
Net Income	$ 218.9	$ 276.1
Adjustments to Reconcile Net Income to Net Cash from Operating Activities:		
Depreciation and amortization	175.1	144.7
Deferred income taxes and investment tax credits	51.6	56.8
Other adjustments	6.5	(15.6)
Changes in Assets and Liabilities:		
Components of working capital	(27.2)	(178.4)
Regulatory assets/liabilities	0.4	117.1
Deferred charges and other noncurrent assets	(58.3)	1.9
Other noncurrent liabilities	32.1	(14.4)
Net Cash Flows from Operating Activities	399.1	388.2
Investing Activities		
Capital expenditures	(353.7)	(370.0)
Cost of removal	(25.3)	(19.0)
Other investing activities	3.6	(9.9)
Net Cash Flows used for Investing Activities	(375.4)	(398.9)
Financing Activities		
Repayments of long-term debt and capital lease obligations	(2.3)	(279.0)
Premiums and other debt related costs	(4.0)	—
Repayment of short-term debt (maturity > 90 days)	(350.0)	—
Change in short-term borrowings, net (maturity ≤ 90 days)	452.8	361.6
Issuance of common stock	3.1	3.7
Acquisition of treasury stock	—	(3.6)
Dividends paid - common stock	(74.5)	(65.7)
Dividends paid - preferred stock	(9.1)	—
Net Cash Flows from Financing Activities	16.0	17.0
Change in cash, cash equivalents and restricted cash	39.7	6.3
Cash, cash equivalents and restricted cash at beginning of period	121.1	38.4
Cash, Cash Equivalents and Restricted Cash at End of Period	$ 160.8	$ 44.7

Supplemental Disclosures of Cash Flow Information

Three Months Ended March 31, *(in millions)*	2019	2018
Non-cash transactions:		
Capital expenditures included in current liabilities	$ 123.7	$ 145.4
Dividends declared but not paid	94.0	65.8
Reclassification of other property to regulatory assets	—	142.3

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	Preferred Stock(1)	Treasury Stock	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Total
Balance as of January 1, 2019	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,403.5**	**$ (1,399.3)**	**$ (37.2)**	**$ 5,750.9**
Comprehensive Income:							
Net Income	—	—	—	—	218.9	—	218.9
Other comprehensive loss, net of tax	—	—	—	—	—	(15.6)	(15.6)
Dividends:							
Common stock ($0.40 per share)	—	—	—	—	(149.1)	—	(149.1)
Preferred stock (See Note 5)	—	—	—	—	(28.5)	—	(28.5)
Stock issuances:							
Employee stock purchase plan	—	—	—	1.3	—	—	1.3
Long-term incentive plan	—	—	—	(2.7)	—	—	(2.7)
401(k) and profit sharing	—	—	—	4.4	—	—	4.4
Balance as of March 31, 2019	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,406.5**	**$ (1,358.0)**	**$ (52.8)**	**$ 5,779.6**

(1)Series A and Series B shares have an aggregate liquidation preference of $400M and $500M, respectively. See Note 5, "Equity" for additional information.

(in millions)	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Total
Balance as of January 1, 2018	**$ 3.4**	**$ (95.9)**	**$ 5,529.1**	**$ (1,073.1)**	**$ (43.4)**	**$ 4,320.1**
Comprehensive Income:						
Net Income	—	—	—	276.1	—	276.1
Other comprehensive income, net of tax	—	—	—	—	33.9	33.9
Common stock dividends ($0.39 per share)	—	—	—	(131.7)	—	(131.7)
Treasury stock acquired	—	(3.6)	—	—	—	(3.6)
Cumulative effect of change in accounting principle	—	—	—	9.5	(9.5)	—
Stock issuances:						
Employee stock purchase plan	—	—	1.2	—	—	1.2
Long-term incentive plan	—	—	4.0	—	—	4.0
401(k) and profit sharing	—	—	6.2	—	—	6.2
Balance as of March 31, 2018	**$ 3.4**	**$ (99.5)**	**$ 5,540.5**	**$ (919.2)**	**$ (19.0)**	**$ 4,506.2**

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statements of Consolidated Equity (unaudited) (continued)

Shares *(in thousands)*	**Preferred Shares**	**Common Shares**	**Common Treasury**	**Common Outstanding**
Balance as of January 1, 2019	**420**	**376,326**	**(3,963)**	**372,363**
Issued:				
Preferred stock	20			
Employee stock purchase plan	—	50	—	50
Long-term incentive plan	—	426	—	426
401(k) and profit sharing	—	164	—	164
Balance as of March 31, 2019	**440**	**376,966**	**(3,963)**	**373,003**

Shares *(in thousands)*	**Common Shares**	**Common Treasury**	**Common Outstanding**
Balance as of January 1, 2018	**340,813**	**(3,797)**	**337,016**
Treasury Stock acquired		(149)	(149)
Issued:			
Employee stock purchase plan	47	—	47
Long-term incentive plan	420	—	420
401(k) and profit sharing	264	—	264
Balance as of March 31, 2018	**341,544**	**(3,946)**	**337,598**

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

Our accompanying Condensed Consolidated Financial Statements (unaudited) 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 our accounts and that of our majority-owned or controlled subsidiaries.

The accompanying financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018. 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 we believe 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

We are currently evaluating the impact of certain ASUs on our 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 2019-04, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*	The pronouncement clarifies and improves certain areas of guidance related to the recently issued standards on credit losses, hedging, and recognition and measurement. Topics 1, 2, and 5 of this update amends ASU 2016-13 as it relates to accrued interest, transfers between investment classifications, expected recoveries and reinsurance recoverables. Topic 3 improves guidance related to fair value hedges. Topic 4 of this update relates to codification improvements to ASU 2016-01.	Annual period ending after December 15, 2019, including interim periods therein. Early adoption is permitted.	We are currently evaluating the impact of codification improvements under Topics 1, 2, and 5 of this pronouncement, if any, on our Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited). Topics 3 and 4 of this ASU are not material to us. We expect to adopt this ASU on its effective date.
ASU 2018-14, *Compensation —Retirement Benefits— Defined Benefit Plans— General (Subtopic 715-20): Disclosure Framework— Changes to the Disclosure Requirements for Defined Benefit Plans*	The pronouncement modifies the disclosure requirements for defined benefit pension or other postretirement benefit plans. The guidance removes disclosures that are no longer considered cost beneficial, clarifies the specific requirements of disclosures and adds disclosure requirements identified as relevant. The modifications affect annual period disclosures and must be applied on a retrospective basis to all periods presented.	Annual periods ending after December 15, 2020. Early adoption is permitted.	We are currently evaluating the effects of this pronouncement on our Notes to Condensed Consolidated Financial Statements (unaudited). We expect to adopt this ASU on its effective date.

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

Standard	Description	Effective Date	Effect on the financial statements or other significant matters
ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326)*	The pronouncement 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. It will also require entities to record allowances for available-for-sale securities rather than impair the carrying amount of the securities. Subsequent improvements to the estimated credit losses of available-for-sale securities will be recognized immediately in earnings instead of over time as they are under historic guidance.	Annual periods beginning after December 15, 2019, including interim periods therein. Early adoption is permitted for annual or interim periods beginning after December 15, 2018.	We maintain investments in U.S. Treasury, corporate and mortgage-backed debt securities, which are pledged as collateral for trust accounts related to our wholly-owned insurance company. These debt securities are classified as available for sale. We also have recorded balances for trade receivables that fall within the scope of the standard. We are currently evaluating the impact of adoption, if any, on our Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited). We expect to adopt this ASU on its effective date.

Recently Adopted Accounting Pronouncements

Standard	Adoption
ASU 2019-01, *Leases (Topic 842): Codification Improvements*	See Note 16, "Leases," for our discussion of the effects of implementing these standards.
ASU 2018-11, *Leases (Topic 842): Targeted Improvements*	
ASU 2018-01, *Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842*	
ASU 2016-02, *Leases (Topic 842)*	

3. Revenue Recognition

Revenue Disaggregation and Reconciliation. We disaggregate revenue from contracts with customers based upon reportable segment as well as by customer class. As our revenues are primarily earned over a period of time, and we do not earn a material amount of revenues at a point in time, revenues are not disaggregated as such below. 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 tables below reconcile revenue disaggregation by customer class to segment revenue as well as to revenues reflected on the Condensed Statements of Consolidated Income (unaudited) for the three months ended March 31, 2019 and March 31, 2018:

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

Three Months Ended March 31, 2019 *(in millions)*	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Customer Revenues[(1)]				
Residential	$ 975.3	$ 118.8	$ —	$ 1,094.1
Commercial	330.5	119.3	—	449.8
Industrial	82.9	163.3	—	246.2
Off-system	20.1	—	—	20.1
Miscellaneous	17.2	6.9	0.2	24.3
Total Customer Revenues	$ 1,426.0	$ 408.3	$ 0.2	$ 1,834.5
Other Revenues	12.8	22.5	—	35.3
Total Operating Revenues	$ 1,438.8	$ 430.8	$ 0.2	$ 1,869.8

(1) Customer revenue amounts exclude intersegment revenues. See Note 20, "Business Segment Information," for discussion of intersegment revenues.

Three Months Ended March 31, 2018 *(in millions)*	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Customer Revenues[(1)]				
Residential	$ 893.6	$ 114.5	$ —	$ 1,008.1
Commercial	308.3	116.9	—	425.2
Industrial	74.6	162.5	—	237.1
Off-system	22.3	—	—	22.3
Miscellaneous	16.8	7.5	0.2	24.5
Total Customer Revenues	$ 1,315.6	$ 401.4	$ 0.2	$ 1,717.2
Other Revenues	11.7	21.9	—	33.6
Total Operating Revenues	$ 1,327.3	$ 423.3	$ 0.2	$ 1,750.8

(1) Customer revenue amounts exclude intersegment revenues. See Note 20, "Business Segment Information," for discussion of intersegment revenues.

Customer Accounts Receivable. Accounts receivable on our Condensed Consolidated Balance Sheets (unaudited) includes both billed and unbilled amounts, as well as certain amounts that are not related to customer revenues. Unbilled amounts of accounts receivable relate to a portion of a customer's consumption of gas or electricity from the date of the last cycle billing through the last day of the month (balance sheet date). Factors taken into consideration when estimating unbilled revenue include historical usage, customer rates and weather. The opening and closing balances of customer receivables for the three months ended March 31, 2019 are presented in the table below. We had no significant contract assets or liabilities during the period. Additionally, we have not incurred any significant costs to obtain or fulfill contracts.

(in millions)	Customer Accounts Receivable, Billed (less reserve)	Customer Accounts Receivable, Unbilled (less reserve)
Balance as of December 31, 2018	$ 540.5	$ 349.1
Balance as of March 31, 2019	692.2	284.6
Increase (Decrease)	$ 151.7	$ (64.5)

Utility revenues are billed to customers monthly on a cycle basis. We generally expect that substantially all customer accounts receivable will be collected within the month following customer billing, as this revenue consists primarily of monthly, tariff-based billings for service and usage. We maintain common utility credit risk mitigation practices, including requiring deposits and actively pursuing collection of past due amounts. In addition, our regulated operations utilize certain regulatory mechanisms that facilitate recovery of bad debt costs within tariff-based rates, which provides further evidence of collectibility. It is probable that substantially all of the consideration to which we are entitled from customers will be collected upon satisfaction of performance obligations.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

4. Earnings Per Share

Basic EPS is computed by dividing net income attributable to common shareholders 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 and forward agreements when the impact would be dilutive (See Note 5 "Equity"). The computation of diluted average common shares is as follows:

(in thousands)	Three Months Ended March 31, 2019	2018
Denominator		
Basic average common shares outstanding	**373,356**	338,012
Dilutive potential common shares:		
Shares contingently issuable under employee stock plans	**1,062**	715
Shares restricted under employee stock plans	**133**	264
Forward Agreements	**105**	—
Diluted Average Common Shares	**374,656**	338,991

5. Equity

ATM Program and Forward Sale Agreement. On November 1, 2018, we entered into five separate equity distribution agreements, pursuant to which we may sell, from time to time, up to an aggregate value of $500.0 million of our common stock. The program expires on December 31, 2020.

On December 6, 2018, under the ATM program, we executed a forward agreement, which allows us to issue a fixed number of shares at a price to be settled in the future. From December 6, 2018 to December 10, 2018, 4,708,098 shares were borrowed from third parties and sold by the dealer at a weighted average price of $26.55 per share. We may settle this agreement in shares, cash, or net shares by December 6, 2019. Had we settled all the shares under the forward agreement at March 31, 2019, we would have received approximately $124.3 million, based on a net price of $26.40 per share.

As of March 31, 2019, the ATM program (including impacts of the forward sale agreement discussed above) had $309.4 million of equity available for issuance. We did not have any activity under the ATM program for the three months ended March 31, 2019.

Preferred Stock. As of March 31, 2019 we had 20,000,000 shares of preferred stock authorized for issuance, of which 440,000 shares of preferred stock were outstanding. The following table displays preferred dividends declared for the period by outstanding series of shares:

(in millions except shares and per share amounts)	Liquidation Preference Per Share	Shares	Quarter Ended March 31, 2019 Dividends Declared Per Share	March 31, 2019 Outstanding	December 31, 2018 Outstanding
5.650% Series A	$ 1,000.00	400,000	$ 28.25	$ 393.9	$ 393.9
6.500% Series B	$ 25,000.00	20,000	$ 862.15	$ 486.1	$ 486.1

In addition, 20,000 shares of Series B–1 Preferred Stock, par value $0.01 per share, were issued as a distribution with respect to the Series B Preferred Stock in order to enhance the voting rights of the Series B Preferred Stock to comply with the New York Stock Exchange's minimum voting rights policy. Holders of Series B–1 Preferred Stock are not entitled to receive dividend payments and have no conversion rights. The Series B–1 Preferred Stock is paired with the Series B Preferred Stock and may not be transferred, redeemed or repurchased except in connection with the simultaneous transfer, redemption or repurchase of the underlying Series B Preferred Stock.

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

6. Gas in Storage

We use both the LIFO inventory methodology and the weighted-average cost methodology 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, we expect interim variances in LIFO layers to be replenished by year end. We had a temporary LIFO liquidation debit of $21.5 million and zero as of March 31, 2019 and December 31, 2018, respectively, for certain gas distribution companies recorded within "Prepayments and other," on the Condensed Consolidated Balance Sheets (unaudited).

7. Regulatory Matters

Cost Recovery and Trackers

Comparability of our 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 generally result in a corresponding increase in operating revenues and therefore have essentially no impact on total operating income results.

Certain costs of our operating companies are significant, recurring in nature and generally outside the control of the operating 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 operating 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, bad debt recovery mechanisms, electric energy efficiency programs, MISO non-fuel costs and revenues, resource capacity charges, federally-mandated costs and environmental-related costs.

A portion of the Gas Distribution revenue is related to the recovery of gas costs, the review and recovery of which occurs through standard regulatory proceedings. All states in our 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. Our distribution companies have historically been found prudent in the procurement of gas supplies to serve customers.

A portion of the Electric Operations 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.

Infrastructure Replacement and Federally-Mandated Compliance Programs

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

The following table describes regulatory programs to recover infrastructure replacement and other federally-mandated compliance investments currently in rates and those pending commission approval:

(in millions)

Company	Program	Incremental Revenue	Incremental Capital Investment	Investment Period	Filed	Status	Rates Effective
Columbia of Ohio	IRP - 2018[1]	$ (1.6)	$ 207.3	1/17-12/17	February 27, 2018	Approved April 25, 2018	May 2018
Columbia of Ohio	IRP - 2019[1]	18.2	199.6	1/18-12/18	February 28, 2019	Approved April 24, 2019	May 2019
Columbia of Ohio	CEP - 2018[1]	74.5	659.9	1/11-12/17	December 1, 2017	Approved November 28, 2018	December 2018
Columbia of Ohio	CEP - 2019	16.1	122.1	1/18-12/18	February 28, 2019	Order Expected August 2019	September 2019
NIPSCO - Gas	TDSIC 9[1][2]	(10.6)	54.4	1/18 - 6/18	August 28, 2018	Approved December 27, 2018	January 2019
NIPSCO - Gas	FMCA 1[3]	9.9	1.5	11/17-9/18	November 30, 2018	Approved March 27, 2019	April 2019
Columbia of Massachusetts	GSEP - 2019	10.7	64.0	1/19-12/19	October 31, 2018	Approved April 30, 2019	May 2019
Columbia of Virginia	SAVE - 2019	2.4	36.0	1/19-12/19	August 17, 2018	Approved October 26, 2018	January 2019
Columbia of Kentucky	AMRP - 2019	3.6	30.1	1/19-12/19	October 15, 2018	Approved December 5, 2018	January 2019
Columbia of Maryland	STRIDE - 2019	1.2	15.9	1/19-12/19	November 1, 2018	Approved December 12, 2018	January 2019
NIPSCO - Electric	TDSIC - 4[1]	(11.8)	72.2	12/17-5/18	July 31, 2018	Approved November 28, 2018	December 2018
NIPSCO - Electric	TDSIC - 5[1]	15.9	58.8	6/18-11/18	January 29, 2019	Order Expected Q2 2019	June 2019
NIPSCO - Electric	ECRM - 32	1.0	—	1/18-6/18	July 31, 2018	Approved October 31, 2018	November 2018
NIPSCO - Electric	FMCA - 9[3]	4.1	90.2	10/17-3/18	April 27, 2018	Approved July 25, 2018	August 2018
NIPSCO - Electric	FMCA - 10[3]	2.2	45.7	4/18-8/18	October 18, 2018	Approved January 29, 2019	February 2019
NIPSCO - Electric	FMCA - 11[3]	0.9	22.4	9/18-2/19	April 17, 2019	Order Expected July, 2019	August 2019

[1]Incremental revenue is net of amounts due back to customers as a result of the TCJA.
[2]Incremental revenue is net of $5.2 million of adjustments in the TDSIC-9 settlement.
[3]Incremental revenue is inclusive of tracker eligible operations and maintenance expense.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

Rate Case Actions

The following table describes current rate case actions as applicable in each of our jurisdictions net of tracker impacts:

(in millions)

Company	Requested Incremental Revenue	Approved or Settled Incremental Revenue	Filed	Status	Rates Effective
NIPSCO - Gas[1]	$ 138.1	$ 107.3	September 27, 2017	Approved September 19, 2018	October 2018
Columbia of Virginia[2]	$ 14.2	$ 1.3	August 28, 2018	Settlement filed April 19, 2019, Order expected Second half of 2019	February 2019
NIPSCO - Electric[3]	$ 21.4	$ (45.0)	October 31, 2018	Partial settlement filed April 26, 2019, Order expected Second half of 2019	Second half of 2019

[1]Rates will be implemented in three steps, with implementation of step 1 rates effective October 1, 2018. Step 2 rates were effective on March 1, 2019, and step 3 rates will be effective on January 1, 2020. The IURC's order also dismissed NIPSCO from phase 2 of the IURC's TCJA investigation.
[2]Rates implemented subject to refund. An order of the settlement agreement, including refunds to be issued and resolution of outstanding TCJA impacts to rates, is currently pending before the VSCC.
[3]An order on the partial settlement agreement, including the resolution of outstanding TCJA impacts to rates is currently pending before the IURC. The as-filed request and partial settlement agreement also includes $83.6 million and $85.3 million, respectively, of reductions to the fuel component of base rates related to a proposed change in service structure.

Additional Regulatory Matters

Columbia of Massachusetts. On December 21, 2018, the Massachusetts DPU issued an order approving the pass back of approximately $95.8 million in excess deferred taxes associated with TCJA with new rates effective on February 1, 2019.

NIPSCO Electric. On March 29, 2018, WCE, which is currently owned by BP p.l.c ("BP") and BP Products North America, which operates the BP Refinery, filed a petition at the IURC asking that the combined operations of WCE and BP be treated as a single premise, and the WCE generation be dedicated primarily to BP Refinery operations beginning in May 2019 as WCE has self-certified as a qualifying facility at FERC. BP Refinery planned to continue to purchase electric service from NIPSCO at a reduced demand level beginning in May 2019; however, a settlement agreement was filed on November 2, 2018 agreeing that BP and WCE would not move forward with construction of a private transmission line to serve BP until conclusion of NIPSCO's pending electric rate case. The IURC approved the settlement agreement as filed on February 20, 2019.

8. Risk Management Activities

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

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

(in millions)		**March 31, 2019**		December 31, 2018
Risk Management Assets - Current[1]				
Interest rate risk programs	$	5.6	$	—
Commodity price risk programs		0.9		1.1
Total	$	6.5	$	1.1
Risk Management Assets - Noncurrent[2]				
Interest rate risk programs	$	—	$	18.5
Commodity price risk programs		6.9		4.4
Total	$	6.9	$	22.9
Risk Management Liabilities - Current[3]				
Interest rate risk programs	$	—	$	—
Commodity price risk programs		4.4		5.0
Total	$	4.4	$	5.0
Risk Management Liabilities - Noncurrent				
Interest rate risk programs	$	22.4	$	9.5
Commodity price risk programs		33.4		37.2
Total	$	55.8	$	46.7

(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
We, along with our utility customers, are exposed to variability in cash flows associated with natural gas purchases and volatility in natural gas prices. We purchase natural gas for sale and delivery to our 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 our utility subsidiaries offer programs whereby variability in the market price of gas is assumed by the respective utility. The objective of our commodity price risk programs is to mitigate the gas cost variability, for us or on behalf of our 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 20 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
As of March 31, 2019, we have forward-starting interest rate swaps with an aggregate notional value totaling $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 2024. 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 "Interest expense, net" 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 "Other, net" in the Condensed Statements of Consolidated Income (unaudited).

There were no amounts excluded from effectiveness testing for derivatives in cash flow hedging relationships at March 31, 2019 and December 31, 2018.

Our derivative instruments measured at fair value as of March 31, 2019 and December 31, 2018 do not contain any credit-risk-related contingent features.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

9. 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 our Condensed Consolidated Balance Sheets (unaudited) on a recurring basis and their level within the fair value hierarchy as of March 31, 2019 and December 31, 2018:

Recurring Fair Value Measurements March 31, 2019 *(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, 2019
Assets				
Risk management assets	$ —	$ 13.4	$ —	$ 13.4
Available-for-sale securities	—	138.2	—	138.2
Total	**$ —**	**$ 151.6**	**$ —**	**$ 151.6**
Liabilities				
Risk management liabilities	$ —	$ 60.2	$ —	$ 60.2
Total	**$ —**	**$ 60.2**	**$ —**	**$ 60.2**

Recurring Fair Value Measurements December 31, 2018 *(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, 2018
Assets				
Risk management assets	$ —	$ 24.0	$ —	$ 24.0
Available-for-sale securities	—	138.3	—	138.3
Total	**$ —**	**$ 162.3**	**$ —**	**$ 162.3**
Liabilities				
Risk management liabilities	$ —	$ 51.7	$ —	$ 51.7
Total	**$ —**	**$ 51.7**	**$ —**	**$ 51.7**

Risk management assets and liabilities include interest rate swaps, exchange-traded NYMEX futures and NYMEX options and non-exchange-based forward purchase contracts. When utilized, 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. We use 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 March 31, 2019 and December 31, 2018, 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 our financial instruments.

We have entered into forward-starting interest rate swaps to hedge the interest rate risk on coupon payments of forecasted issuances of long-term debt. These derivatives are designated as cash flow hedges. Credit risk is considered in the fair value calculation of each agreement. As they are based on observable data and valuations of similar instruments, the hedges are categorized within

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Level 2 of the fair value hierarchy. There was no exchange of premium at the initial date of the swaps, and we can settle the contracts at any time. For additional information, see Note 8, "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. We value 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 8, "Risk Management Activities."

Available-for-sale securities are investments pledged as collateral for trust accounts related to our wholly-owned insurance company. Available-for-sale securities are included within "Other investments" in the Condensed Consolidated Balance Sheets (unaudited). We value 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. The amortized cost, gross unrealized gains and losses and fair value of available-for-sale securities at March 31, 2019 and December 31, 2018 were:

March 31, 2019 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities				
U.S. Treasury debt securities	$ 22.0	$ —	$ —	$ 22.0
Corporate/Other debt securities	115.7	1.4	(0.9)	116.2
Total	**$ 137.7**	**$ 1.4**	**$ (0.9)**	**$ 138.2**

December 31, 2018 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities				
U.S. Treasury debt securities	$ 23.6	$ 0.1	$ (0.1)	$ 23.6
Corporate/Other debt securities	117.7	0.4	(3.4)	114.7
Total	**$ 141.3**	**$ 0.5**	**$ (3.5)**	**$ 138.3**

Realized gains and losses on available-for-sale securities were immaterial for the three months ended March 31, 2019 and 2018.

The cost of maturities sold is based upon specific identification. At March 31, 2019, approximately $5.6 million of U.S. Treasury debt securities and approximately $3.6 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, 2019 and 2018.

Non-recurring Fair Value Measurements. There were no significant non-recurring fair value measurements recorded during the three months ended March 31, 2019.

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. Our 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, 2019, 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, 2019**		**Estimated Fair Value as of March 31, 2019**		Carrying Amount as of Dec. 31, 2018		Estimated Fair Value as of Dec. 31, 2018
Long-term debt (including current portion)	$	**7,161.5**	$	**7,533.6**	$	7,155.4	$	7,228.3

10. 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 May 2019 and October 2019 and may be further extended if mutually agreed to by the parties thereto.

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 March 31, 2019, the maximum amount of debt that could be recognized related to our accounts receivable programs is $500.0 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 March 31, 2019 and December 31, 2018:

(in millions)		**March 31, 2019**		December 31, 2018
Gross Receivables	$	**742.7**	$	694.4
Less: Receivables not transferred		**242.7**		295.2
Net receivables transferred	$	**500.0**	$	399.2
Short-term debt due to asset securitization	$	**500.0**	$	399.2

For the three months ended March 31, 2019 and 2018, $100.8 million and $176.7 million, respectively, 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 $0.8 million for the three months ended March 31, 2019 and 2018. We remain responsible for collecting on the receivables securitized, and the receivables cannot be transferred to another party.

11. Goodwill

The following presents our goodwill balance allocated by segment as of March 31, 2019:

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

We applied the qualitative "step 0" analysis to our reporting units for the annual impairment test performed as of May 1, 2018. For this test, we assessed various assumptions, events and circumstances that would have affected the estimated fair value of the reporting units as compared to their 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 our reporting unit fair values were less than the reporting unit carrying values, accordingly, no "step 1" analysis was required.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

12. Income Taxes

Our interim effective tax rates reflect the estimated annual effective tax rates for 2019 and 2018, adjusted for tax expense associated with certain discrete items. The effective tax rates for the three months ended March 31, 2019 and 2018 were 21.2% and 18.5%, respectively. These effective tax rates differ from the federal statutory tax rate of 21% primarily due to the effects of tax credits, state income taxes, the amortization of excess deferred federal income tax liabilities, as specified in the TCJA and in utility ratemaking proceedings and other permanent book-to-tax differences.

The increase in the three month effective tax rate of 2.7% in 2019 compared to 2018 is primarily due to the relative impact of permanent differences on higher estimated pre-tax income in 2019 compared to 2018.

There were no material changes recorded in 2019 to our uncertain tax positions as of December 31, 2018.

13. Pension and Other Postretirement Benefits

We provide defined contribution plans and noncontributory defined benefit retirement plans that cover certain of our employees. Benefits under the defined benefit retirement plans reflect the employees' compensation, years of service and age at retirement. Additionally, we provide 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 us. 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, 2019, we contributed $0.6 million to our pension plans and $5.7 million to our other postretirement benefit plans.

The following table provides the components of the plans' actuarially determined net periodic benefit cost for the three months ended March 31, 2019 and 2018:

	Pension Benefits		Other Postretirement Benefits	
Three Months Ended March 31, (in millions)	**2019**	2018	**2019**	2018
Components of Net Periodic Benefit (Income) Cost[1]				
Service cost	**$ 7.3**	$ 7.9	**$ 1.3**	$ 1.3
Interest cost	**18.2**	16.6	**4.8**	4.4
Expected return on assets	**(27.2)**	(36.3)	**(3.3)**	(3.7)
Amortization of prior service credit	**—**	(0.1)	**(0.8)**	(1.0)
Recognized actuarial loss	**11.4**	10.2	**0.5**	0.9
Total Net Periodic Benefit (Income) Cost	**$ 9.7**	$ (1.7)	**$ 2.5**	$ 1.9

[1]The service cost component, and all non-service cost components, of net periodic benefit cost are presented in "Operation and maintenance" and "Other, net", respectively, on the Condensed Statements of Consolidated Income (unaudited).

14. Long-Term Debt

On April 1, 2019, NIPSCO redeemed $41.0 million of 5.85% pollution control bonds at maturity.

15. Short-Term Borrowings

We generate short-term borrowings from our revolving credit facility, commercial paper program, accounts receivable transfer programs and term loan borrowings. Each of these borrowing sources is described further below.

We maintain a revolving credit facility to fund ongoing working capital requirements, including the provision of liquidity support for our commercial paper program, provide for issuance of letters of credit and also for general corporate purposes. Our revolving credit facility has a program limit of $1.85 billion and is comprised of a syndicate of banks led by Barclays. On February 20, 2019, we extended the termination date of our revolving credit facility to February 20, 2024. At March 31, 2019 and December 31, 2018, we had no outstanding borrowings under this facility.

Our 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. We had $980.0 million and $978.0 million of commercial paper outstanding as of March 31, 2019 and December 31, 2018, respectively.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

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). We had $500.0 million in transfers as of March 31, 2019 and $399.2 million as of December 31, 2018. Refer to Note 10, "Transfers of Financial Assets," for additional information.

Short-term borrowings were as follows:

(in millions)		March 31, 2019		December 31, 2018
Commercial paper weighted-average interest rate of 2.90% and 2.96% at March 31, 2019 and December 31, 2018, respectively	$	980.0	$	978.0
Accounts receivable securitization facility borrowings		500.0		399.2
Term loan weighted-average interest rate of 3.00% and 3.07% at March 31, 2019 and December 31, 2018, respectively		600.0		600.0
Total Short-Term Borrowings	$	**2,080.0**	$	1,977.2

Other than for the term loan and certain commercial paper borrowings, 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) as their maturities are less than 90 days.

On April 17, 2019, we amended our existing term loan agreement with a syndicate of banks, with MUFG Bank Ltd. as the Administrative Agent, Sole Lead Arranger and Sole Bookrunner. The amendment increased the amount of our term loan from $600.0 million to$850.0 million and extended the maturity date to April 16, 2020. Interest charged on borrowings depends on the variable rate structure we elect at the time of each borrowing. The available variable rate structures from which we may choose are defined in the term loan agreement. Under the agreement, we borrowed $850.0 million on April 17, 2019 with an interest rate of LIBOR plus 60 basis points.

16. Leases

ASC 842 Adoption. In February 2016, the FASB issued ASU 2016-02, Leases (ASC 842). ASU 2016-02 introduces a lessee model that brings most leases onto 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. In 2018, the FASB issued ASU 2018-01, Leases (ASC 842): Land Easement Practical Expedient for Transition to ASC 842, which allows us to not evaluate existing land easements under ASC 842, and ASU 2018-11, Leases (ASC 842): Targeted Improvements, which allows calendar year entities to initially apply ASC 842 prospectively from January 1, 2019.

We adopted the provisions of ASC 842 beginning on January 1, 2019, using the transition method provided in ASU 2018-11, which was applied to all existing leases at that date. As such, results for reporting periods beginning after January 1, 2019 will be presented under ASC 842, while prior period amounts will continue to be reported in accordance with ASC 840. We elected a number of practical expedients, including the "practical expedient package" described in ASC 842-10-65-1 and the provisions of ASU 2018-01, which allows us to not evaluate existing land easements under ASC 842. Further, ASC 842 provides lessees the option of electing an accounting policy, by class of underlying asset, in which the lessee may choose not to separate nonlease components from lease components. We elected this practical expedient for our leases of fleet vehicles, IT assets and railcars. We elected to use a practical expedient that allows the use of hindsight in determining lease terms when evaluating leases that existed at the implementation date. We also elected the short-term lease recognition exemption, allowing us to not recognize ROU assets or lease liabilities for all leases that qualify.

Adoption of the new standard resulted in the recording of additional lease liabilities and corresponding ROU assets of $57.0 million on our Condensed Consolidated Balance Sheets (unaudited) as of January 1, 2019. The standard had no material impact on our Condensed Statements of Consolidated Income (unaudited) or our Condensed Statements of Consolidated Cash Flows (unaudited).

Lease Descriptions. We are the lessee for substantially all of our leasing activity, which includes operating and finance leases for corporate and field offices, railcars, fleet vehicles and certain IT assets. Our corporate and field office leases have remaining lease terms between 1 and 25 years with options to renew the leases for up to 25 years. We lease railcars to transport coal to and from our electric generation facilities in Indiana. Our railcars are specifically identified in the lease agreements and have lease terms between 1 and 3 years with options to renew for 1 year. Our fleet vehicles include trucks, trailers and equipment that have been customized specifically for use in the utility industry. We lease fleet vehicles on 1 year terms, after which we have the option to extend on a month-to-month basis or terminate with written notice. ROU assets and liabilities on our Condensed Consolidated Balance Sheets (unaudited) do not include obligations for possible fleet vehicle lease renewals beyond the initial lease term. While we have the ability to renew these leases beyond the initial term, we are not reasonably certain to do so.

We lease the majority of our IT assets under 4 year lease terms. Ownership of leased IT assets is transferred to us at the end of the lease term. We have not provided material residual value guarantees for our leases, nor do our leases contain material restrictions or covenants. Lease contracts containing renewal and termination options are mostly exercisable at our sole discretion. Certain of our real estate and railcar leases include renewal periods in the measurement of the lease obligation if we have deemed the renewals reasonably certain to be exercised.

With respect to service contracts involving the use of assets, if we have the right to direct the use of the asset and obtain substantially all economic benefits from the use of an asset, we account for the service contract as a lease. Unless specifically provided to us by the lessor, we utilize NiSource's collateralized incremental borrowing rate commensurate to the lease term as the discount rate for all of our leases.

The components of lease expense are presented in the following lines on the Condensed Statements of Consolidated Income (unaudited):

Three Months Ended March 31, *(in millions)*	Income Statement Classification		2019
Finance lease cost			
Amortization of right-of-use assets	Depreciation and amortization	$	3.7
Interest on lease liabilities	Interest expense, net		2.9
Total finance lease cost[(1)]			6.6
Operating lease cost[(2)]	Operation and maintenance		3.7
Short-term lease cost	Operation and maintenance		0.7
Total lease cost		$	11.0

[(1)]Total finance lease cost includes $0.6 million in costs that have been capitalized into Net Property, Plant and Equipment.
[(2)]Operating lease cost includes $0.3 million in costs that have been capitalized into Net Property, Plant and Equipment.

Our right-of-use assets and liabilities are presented in the following lines on the Condensed Consolidated Balance Sheets (unaudited):

Three Months Ended March 31, *(in millions)*	Balance Sheet Classification		2019
Assets			
Finance leases	Net Property, Plant and Equipment	$	179.8
Operating leases	Deferred charges and other		53.8
Total leased assets			233.6
Liabilities			
Current			
Finance leases	Current portion of long-term debt		10.4
Operating leases	Other accruals		9.3
Noncurrent			
Finance leases	Long-term debt, excluding amounts due within one year		188.5
Operating leases	Other noncurrent liabilities		44.5
Total lease liabilities		$	252.7

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

Other pertinent information related to leases was as follows:

Three Months Ended March 31, *(in millions)*	2019
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from finance leases	$ 3.0
Operating cash flows from operating leases	3.7
Financing cash flows from finance leases	2.4
Right-of-use assets obtained in exchange for lease obligations	
Finance leases	6.6
Operating leases	$ 0.1

	March 31, 2019
Weighted-average remaining lease term (years)	
Finance leases	15.8
Operating leases	10.1
Weighted-average discount rate	
Finance leases	5.8%
Operating leases	4.4%

Maturities of our lease liabilities presented on a rolling 12-month basis were as follows:

As of March 31, 2019, *(in millions)*	Total	Finance Leases	Operating Leases
Year 1	$ 35.5	$ 24.0	$ 11.5
Year 2	31.8	23.7	8.1
Year 3	31.0	23.9	7.1
Year 4	28.8	22.7	6.1
Year 5	25.8	20.1	5.7
Thereafter	246.7	217.7	29.0
Total lease payments	399.6	332.1	67.5
Less: Imputed interest	(125.2)	(111.5)	(13.7)
Less: Leases not yet commenced[1]	(21.7)	(21.7)	—
Total	252.7	198.9	53.8
Reported as of March 31, 2019			
Short-term lease liabilities	19.7	10.4	9.3
Long-term lease liabilities	233.0	188.5	44.5
Total lease liabilities	$ 252.7	$ 198.9	$ 53.8

[1] Expected payments include obligations for leases not yet commenced of approximately $21.7 million for interconnection facilities. The facilities will have a lease term of 10 years, with an estimated commencement in the second quarter of 2019.

Disclosures Related to Periods Prior to Adoption of ASC 842.

As of December 31, 2018, total contractual obligations for capital and operating leases were as follows:

As of December 31, 2018, *(in millions)*	Total	Capital Leases[1]	Operating Leases[2]
2019	$ 34.0	$ 23.0	$ 11.0
2020	29.8	22.5	7.3
2021	28.7	22.6	6.1
2022	26.3	22.1	4.2
2023	22.6	19.8	2.8
Thereafter	226.9	212.4	14.5
Total lease payments	$ 368.3	$ 322.4	$ 45.9

[1]Capital lease payments shown above are inclusive of interest totaling $114.6 million.

[2]Operating lease balances do not include obligations for possible fleet vehicle lease renewals beyond the initial lease term. While we have the ability to renew these leases beyond the initial term, we are not reasonably certain to do so. Expected payments are $26.7 million in 2019, $22.4 million in 2020, $16.6 million in 2021, $12.3 million in 2022, $9.3 million in 2023 and $8.8 million thereafter.

17. Other Commitments and Contingencies

A. Guarantees and Indemnities. We and certain of our subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries as a part of normal business. 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 March 31, 2019 and December 31, 2018, we had issued stand-by letters of credit of $10.2 million.

B. Legal Proceedings. On September 13, 2018, a series of fires and explosions occurred in Lawrence, Andover and North Andover, Massachusetts related to the delivery of natural gas by Columbia of Massachusetts (the "Greater Lawrence Incident"). The Greater Lawrence Incident resulted in one fatality and a number of injuries, damaged multiple homes and businesses, and caused the temporary evacuation of significant portions of each municipality. The Massachusetts Governor's Office declared a state of emergency, authorizing the Massachusetts DPU to order another utility company to coordinate the restoration of utility services in Lawrence, Andover and North Andover. The incident resulted in the interruption of gas service for approximately 7,500 gas meters, the majority of which serve residences and approximately 700 of which serve businesses, and the interruption of other utility service more broadly in the area. Columbia of Massachusetts has replaced the cast iron and bare steel gas pipeline system in the affected area and restored service to nearly all of the gas meters. See " - D. Other Matters - Greater Lawrence Pipeline Replacement" below for more information.

We are subject to inquiries by federal and state government authorities and regulatory agencies regarding the Greater Lawrence Incident. The NTSB, the U.S Attorney's office and the SEC have pending investigations related to the Greater Lawrence Incident, as described below. We are also subject to inquiries from the Massachusetts DPU and the Massachusetts Attorney General's Office. We are cooperating with all inquiries and investigations. The outcomes and impacts of the current investigations and any future investigations that may be commenced related to such inquiries are uncertain at this time.

NTSB Investigation. As noted above, the NTSB is investigating the Greater Lawrence Incident. The parties to the investigation include the PHMSA, the Massachusetts DPU, Columbia of Massachusetts, and the Massachusetts State Police. We are cooperating with the NTSB and have provided information to assist in its ongoing investigation into relevant facts related to the event, the probable cause, and its development of safety recommendations.

According to the preliminary public report that the NTSB issued on October 11, 2018, an over-pressurization of a low-pressure gas distribution system occurred that was related to work being done on behalf of Columbia of Massachusetts on a pipeline replacement project in Lawrence. According to the report, sensing lines detected a drop in pressure in a portion of mainline that was being abandoned, causing a regulator to open up and increase pressure in the system to a level that exceeded the maximum allowable operating pressure of the distribution system.

On November 14, 2018, the NTSB issued an urgent safety recommendation report regarding natural gas distribution system project development and review. In its report, the NTSB identified certain factors that it believes contributed to the Greater Lawrence Incident and made safety recommendations. The NTSB recommended that the Commonwealth of Massachusetts eliminate the

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professional engineer licensure exemption for public utility work and require a professional engineer's seal on public utility engineering drawings, which is now law in Massachusetts. The NTSB also made recommendations to us related to engineering plan and constructability review processes, records and documentation, management of change processes, and control procedures during modifications to gas mains. We are in the process of implementing these recommendations. The NTSB investigation is ongoing. While the NTSB investigation is pending, we are prohibited from disclosing information related to the investigation without approval from the NTSB.

Since the Greater Lawrence Incident, we have identified, and moved ahead with, new steps to enhance system safety and reliability and to safeguard against over-pressurization. Some of these measures have already been completed and others are in process. These Company-wide safety measures will include enhanced measures as called for in the NTSB's recommendations. We have committed to a program to install over-pressurization protection devices on all of our low-pressure systems, which is described in " - D. Other Matters."

Massachusetts Regulatory and Legislative Matters. Under Massachusetts law, the DPU is authorized to investigate potential violations of pipeline safety regulations and to assess a civil penalty of up to $209,000 for a violation of federal pipeline safety regulations. A separate violation occurs for each day of violation up to $2.1 million for a related series of violations. The Massachusetts DPU also is authorized to investigate potential violations of the Columbia of Massachusetts emergency response plan and to assess penalties of up to $250,000 per violation, or up to $20 million per related series of violations. Further, as a result of the declaration of emergency by the Governor, the DPU is authorized to investigate potential violations of the DPU's operational directives during the restoration efforts and assess penalties of up to $1 million per violation. The timing and outcome of any such investigations are uncertain at this time.

The Massachusetts DPU has retained an independent evaluator to conduct a statewide examination of the safety of the natural gas distribution system and the operational and maintenance functions of natural gas companies in the Commonwealth of Massachusetts. Through authority granted by the Massachusetts Governor under the state of emergency, the Chair of the Massachusetts DPU will direct all natural gas distribution companies operating in the Commonwealth to fund the statewide examination. The statewide examination is underway and we have responded to the evaluator's information requests. The independent evaluator is expected to produce a report with recommendations. The examination is expected to complement, but not duplicate, the NTSB's investigation.

On November 30, 2018, Columbia of Massachusetts entered into a consent order with the Massachusetts DPU in connection with a notice of probable violation issued in March 2018, stemming from a 2016 report. The Division found that Columbia of Massachusetts violated certain pipeline safety regulations related to pressure limiting and regulating stations in Taunton, Massachusetts. As part of the consent order, Columbia of Massachusetts was fined $75,000 and entered into a compliance agreement under which it agreed to take several actions related to its pressure regulator stations within various timeframes, including the adoption of a Pipeline Safety Management System ("SMS"), the American Petroleum Institute's (API) Recommended Practice 1173. Columbia of Massachusetts is complying with the order.

On December 18, 2018, the Massachusetts DPU issued an order requiring Columbia of Massachusetts to enter into an agreement with a Massachusetts-based engineering firm to monitor Columbia of Massachusetts' remaining restoration and recovery work in the Greater Lawrence area. The order requires Columbia of Massachusetts to take measures to ensure that adequate heat and hot water and gas appliances are provided to all affected properties, repave all affected streets, roadways, sidewalks and other areas in accordance with applicable DPU standards and precedents, consult with the affected communities and discuss plans for restoring affected hard or soft surfaces, and replace all gas boilers and furnaces and other gas-fired equipment at affected residences. Under the order, all restoration work beginning in 2019 is required to be completed no later than October 31, 2019, unless an earlier or later date is agreed to with any of the affected communities. We have agreed to complete the work by September 15, 2019. Also, under the order, Columbia of Massachusetts will be required to maintain quantitative measures, which must be verified by officials of the affected communities, to track its progress in completing all of the remaining work. Estimates for the cost of this work are included in the estimated ranges of loss noted below, which is discussed in "- D. Other Matters - Greater Lawrence Incident Restoration" and " - Greater Lawrence Pipeline Replacement" below. Our failure to adhere to any of the requirements in the order may result in penalties of up to $1 million per violation.

In December 2018, the President of Columbia of Massachusetts testified before a joint state legislative committee on telecommunications, utilities and energy with other industry officials about gas system safety in Massachusetts and regulatory oversight. Increased scrutiny related to these matters, including additional legislative oversight hearings and new legislative proposals, is expected to continue during the current two-year legislative session.

On December 31, 2018, the Massachusetts Governor signed into law legislation requiring a certified professional engineer to review and approve gas pipeline work that could pose a "material risk" to public safety, consistent with the NTSB's recommendation.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

The Massachusetts DPU has issued interim guidelines and the existing moratorium has been lifted. The DPU issued an Order Opening Inquiry (Notice of Inquiry) on March 18, 2019, and Columbia of Massachusetts has submitted comments.

U.S. Department of Justice Investigation. The Company and Columbia of Massachusetts are subject to a criminal investigation related to the Greater Lawrence Incident that is being conducted under the supervision of the U.S. Attorney's Office for the District of Massachusetts. The initial grand jury subpoenas were served on the Company and Columbia of Massachusetts on September 24, 2018. The Company and Columbia of Massachusetts are cooperating with the investigation. We are unable to estimate the amount (or range of amounts) of reasonably possible losses associated with any civil or criminal penalties that could be imposed on the Company or Columbia of Massachusetts.

U.S. Congressional Hearing. In November 2018, executives of the Company and Columbia of Massachusetts testified at a U.S. Senate hearing regarding the Greater Lawrence Incident and natural gas pipeline safety. Increased scrutiny related to these matters, including additional federal congressional hearings and new legislative proposals, is expected to continue through 2019.

SEC Investigation. On February 11, 2019, the SEC notified the Company that it is conducting an investigation of the Company related to disclosures made prior to the Greater Lawrence Incident. We are cooperating with the investigation.

Private Actions. Various lawsuits, including several purported class action lawsuits, have been filed by various affected residents or businesses in Massachusetts state courts against the Company and/or Columbia of Massachusetts in connection with the Greater Lawrence Incident. A special judge has been appointed to hear all pending and future cases and the class actions will be consolidated into one class action. On January 14, 2019, the special judge granted the parties' joint motion to stay all cases until April 30, 2019 to allow mediation, and the parties subsequently agreed to extend the stay until May 13. The class action lawsuits allege varying causes of action, including those for strict liability for ultra-hazardous activity, negligence, private nuisance, public nuisance, premises liability, trespass, breach of warranty, breach of contract, failure to warn, unjust enrichment, consumer protection act claims, negligent, reckless and intentional infliction of emotional distress and gross negligence, and seek actual compensatory damages, plus treble damages, and punitive damages. Many residents and business owners have submitted individual damage claims to Columbia of Massachusetts. We also have received notice from three parties indicating an intent to assert wrongful death claims. In Massachusetts, punitive damages are available in a wrongful death action upon proof of gross negligence or willful or reckless conduct causing the death. In addition, the Commonwealth of Massachusetts and the municipalities of Lawrence, Andover and North Andover are seeking reimbursement from Columbia of Massachusetts for their respective expenses incurred in connection with the Greater Lawrence Incident. The outcomes and impacts of the private actions are uncertain at this time. We are discussing potential settlements with the affected municipalities and certain of the wrongful death and bodily injury plaintiffs. On April 25, 2019, we entered into a settlement agreement with certain of these plaintiffs involving bodily injury claims, subject to certain conditions, including court approval.

Financial Impact. During the quarter ended March 31, 2019, we expensed approximately $204 million for estimated third-party claims related to the Greater Lawrence Incident, including, but not limited to, personal injury and property damage claims, damage to infrastructure and mutual aid payments to other utilities assisting with the restoration effort. Including the $757 million recorded during 2018, we estimate that total costs related to third-party claims resulting from the incident will range from $961 million to $1,010 million, depending on the final outcome of ongoing reviews and the number, nature, and value of third-party claims. The amounts set forth above do not include costs of certain third party claims that we are not able to estimate, non-claims related expenses resulting from the incident or the estimated capital cost of the pipeline replacement, which is set forth in " - D. Other Matters - Greater Lawrence Incident Restoration" and " - Greater Lawrence Pipeline Replacement," respectively, below.

The process for estimating costs associated with third-party claims relating to the Greater Lawrence Incident requires management to exercise significant judgment based on a number of assumptions and subjective factors. As more information becomes known, including additional information resulting from the NTSB investigation and private actions, management's estimates and assumptions regarding the financial impact of the Greater Lawrence Incident may change. The increase in estimated total costs related to third-party claims from those disclosed in our Form 10-K for the year ended December 31, 2018 resulted primarily from receiving additional information regarding legal claims and the required scope of the restoration work inside the affected homes.

Expenses described above are presented within "Operation and maintenance" in our Statements of Consolidated Income.

We believe that it is reasonably possible that the total amount of the financial loss will be greater than the amount recorded, but we are unable to reasonably estimate the additional loss and the upper end of the range for the class action lawsuits and certain other private action claims because there are a number of unknown facts and legal considerations that may impact the amount of any potential liability, including the total scope and nature of claims that may be asserted against NiSource and Columbia of Massachusetts, whether certain claims can be brought as a class action, and the number of plaintiffs who may bring such claims.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

We will continue to review the available information and other information as it becomes available, including evidence from or held by other parties, claims that have not yet been submitted, and additional information about the nature and extent of personal and business property damage and losses, the nature, number and severity of personal injuries, and information made available through the discovery process.

In addition, it is not possible at this timesub to reasonably estimate the total amount of any expenses associated with government investigations and fines, penalties or settlements with certain governmental authorities, including the Massachusetts DPU and other regulators, that we may incur in connection with the Greater Lawrence Incident. Therefore, the foregoing amounts do not include estimates of the total amount that we may incur for any such fines, penalties or settlements.

We maintain liability insurance for damages in the approximate amount of $800 million and property insurance for gas pipelines and other applicable property in the approximate amount of $300 million. Total expenses related to the incident have exceeded the total amount of insurance coverage available under our policies. While we believe that a substantial amount of expenses related to the Greater Lawrence Incident will be covered by insurance, insurers providing property and liability insurance to the Company or Columbia of Massachusetts are raising defenses to coverage under the terms and conditions of the respective insurance policies which contain various exclusions and conditions that could limit the amount of insurance proceeds to the Company or Columbia of Massachusetts. We are not able to estimate the amount of expenses that will not be covered by insurance, but these amounts are material to our financial statements. Certain types of damages, expenses or claimed costs, such as fines or penalties, may be excluded under the policies. An amount of $100 million for insurance recoveries was recorded during the quarter ended March 31, 2019 in addition to the $135 million of insurance recoveries that were recorded during 2018. As of March 31, 2019, $113 million had been collected, of which $108 million was collected during the three months ended March 31, 2019. Additional collections of insurance proceeds in the amount of $22 million were received subsequent to the March 31, 2019 balance sheet date. The remaining insurance receivable balance of $122 million as of March 31, 2019 is presented within "Accounts receivable." To the extent that we are not successful in obtaining insurance recoveries in the amount recorded for such recoveries as of March 31, 2019, it could result in a charge against "Operation and maintenance" expense. We are currently unable to predict the timing of additional future insurance recoveries.

In addition, we are party to certain other 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 related to the Greater Lawrence Incident or otherwise would not have a material adverse effect on our results of operations, financial position or liquidity. If one or more of such matters were decided against us, the effects could be material to our results of operations in the period in which we would be required to record or adjust the related liability and could also be material to our cash flows in the periods that we would be required to pay such liability.

C. Environmental Matters. Our operations are subject to environmental statutes and regulations related to air quality, water quality, hazardous waste and solid waste. We believe that we are in substantial compliance with the environmental regulations currently applicable to our 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 of our companies.

As of March 31, 2019 and December 31, 2018, we had recorded a liability of $99.7 million and $101.2 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". We recognize 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 and the method of remediation. These expenditures are not currently estimable at some sites. We periodically adjust our liability as information is collected and estimates become more refined.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

Electric Operations' compliance estimates disclosed below are reflective of NIPSCO's Integrated Resource Plan submitted to the IURC on October 31, 2018. See section D, "Other Matters NIPSCO 2018 Integrated Resource Plan," below for additional information.

Air
Future legislative and regulatory programs 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. We carefully monitor all GHG reduction proposals and regulations.

CPP and ACE Rules. On October 23, 2015, the EPA issued the CPP to regulate CO_2 emissions from existing fossil-fuel EGUs under section 111(d) of the CAA. The U.S. Supreme Court has stayed implementation of the CPP until litigation is decided on its merits, and the EPA under the current administration has proposed to repeal the CPP. On August 31, 2018, the EPA published a proposal to replace the CPP with the ACE rule, which establishes guidelines for states to use when developing plans to reduce CO_2 emissions from existing coal-fired EGUs. The proposal would provide states three years after a final rule is issued to develop state-specific plans, and the EPA would have 12 months to act on a complete state plan submittal. Within two years after a finding of failure to submit a complete plan, or disapproval of a state plan, the EPA would issue a federal plan. NIPSCO will continue to monitor this matter and cannot estimate its impact at this time.

Waste
CERCLA. Our subsidiaries are potentially responsible parties at waste disposal sites under the CERCLA (commonly known as Superfund) and similar state laws. Under CERCLA, each potentially responsible party can be held jointly, severally and strictly liable for the remediation costs as the EPA, or state, can allow the parties to pay for remedial action or perform remedial action themselves and request reimbursement from the potentially responsible parties. Our affiliates have retained CERCLA environmental liabilities, including remediation liabilities, associated with certain current and former operations. These liabilities are not material to the Condensed Consolidated Financial Statements (*unaudited*).

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 63 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.

We utilize a probabilistic model to estimate our future remediation costs related to MGP sites. The model was prepared with the assistance of a third party and incorporates our experience and general industry experience with remediating MGP sites. We complete 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, 2018. Our total estimated liability related to the facilities subject to remediation was $96.4 million and $97.5 million at March 31, 2019 and December 31, 2018, respectively. The liability represents our best estimate of the probable cost to remediate the facilities. We believe that it is reasonably possible that remediation costs could vary by as much as $20 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 incurred capital expenditures to modify its infrastructure and manage CCRs. 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. The IURC approved the settlement in an order on December 13, 2017. Capital compliance costs totaled approximately $193 million, with the projects being substantially complete and in service as of March 31, 2019.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

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. Based upon a preliminary study of the November 3, 2015 final rule, capital compliance costs were expected to be approximately $170 million. The EPA is expected to release a draft ELG reconsideration rule in 2019. However, NIPSCO does not anticipate material ELG compliance costs based on the preferred option announced as part of NIPSCO's 2018 Integrated Resource Plan (discussed below).

D. **Other Matters.**

NIPSCO 2018 Integrated Resource Plan. Multiple factors, but primarily economic ones, including low natural gas prices, advancing cost effective renewable technology and increasing capital and operating costs associated with existing coal plants, have led NIPSCO to conclude in its October 2018 Integrated Resource Plan submission that NIPSCO's current fleet of coal generation facilities will be retired earlier than previous Integrated Resource Plan's had indicated.

The Integrated Resource Plan evaluated demand-side and supply-side resource alternatives to reliably and cost effectively meet NIPSCO customers' future energy requirements over the ensuing 20 years. The preferred option within the Integrated Resource Plan retires R.M. Schahfer Generating Station (Units 14, 15, 17, and 18) by 2023 and Michigan City Generating Station (Unit 12) by 2028. These units represent 2,080 MW of generating capacity, equal to 72% of NIPSCO's remaining generating capacity (and 100% of NIPSCO's remaining coal-fired generating capacity) after the retirement of Bailly Units 7 and 8 on May 31, 2018.

The current replacement plan includes renewable sources of energy, including wind, solar, and battery storage to be obtained through a combination of NIPSCO ownership and PPAs.

In January 2019, NIPSCO executed two 20 year PPAs to purchase 100% of the output from renewable generation facilities at a fixed price per MW. The facilities supplying the energy will have a combined nameplate capacity of approximately 700 MW. NIPSCO's purchase requirement under the PPAs is dependent on satisfactory approval of the PPAs by the IURC. NIPSCO submitted the PPAs to the IURC for approval in February 2019. An IURC order is anticipated in the third quarter of 2019. If approved by the IURC, payments under the PPAs will not begin until the associated generation facilities are constructed by the owner / seller which is expected to be complete by the end of 2020.

Also in January 2019, NIPSCO executed a BTA with a developer to construct a renewable generation facility with a nameplate capacity of approximately 100 MW. Once complete, ownership of the facility would be transferred to a partnership owned by NIPSCO, the developer and an unrelated tax equity partner. The aforementioned partnership structure will result in full NIPSCO ownership after the PTC are monetized from the project (approximately 10 years after the facility goes into service). NIPSCO's purchase requirement under the BTA is dependent on satisfactory approval of the BTA by the IURC and timely completion of construction. The estimated procedural timeline for receiving an IURC order is the same as the aforementioned PPAs with required FERC filings occurring after receiving the IURC order. Construction of the facility is expected to be complete by the end of 2020.

Greater Lawrence Incident Restoration. In addition to the amounts recorded for third-party claims (described above in " - B. Legal Proceedings"), we expensed approximately $32 million for other incident-related costs during the three months ended March 31, 2019. These expenses include certain consulting costs, claims center costs and labor and related expenses incurred in connection with the incident. Including the $266 million recorded during 2018, we expect to incur a total of $360 million to $370 million in such incident-related costs, depending on the incurrence of future restoration work. The amounts set forth above do not include the estimated capital cost of the pipeline replacement, which is set forth below. The increase in estimated total incident-related expenses from those disclosed in our Form 10-K for the year ended December 31, 2018 resulted primarily from receiving additional information regarding the extended period of time over which the restoration work would take place, higher than anticipated costs from vendors and increased estimates for consultants and claim center costs.

We maintain liability insurance for damages in the approximate amount of $800 million and property insurance for gas pipelines and other applicable property in the approximate amount of $300 million. Total expenses related to the incident have exceeded the total amount of insurance coverage available under our policies. While we believe that a substantial amount of expenses related to the Greater Lawrence Incident will be covered by insurance, insurers providing property and liability insurance to the Company or Columbia of Massachusetts are raising defenses to coverage under the terms and conditions of the respective insurance policies which contain various exclusions and conditions that could limit the amount of insurance proceeds to the Company or Columbia of Massachusetts. We are not able to estimate the amount of expenses that will not be covered by insurance, but these amounts are material to our financial statements. Certain types of damages, expenses or claimed costs, such as fines or penalties, may be excluded under the policies. As discussed above in "- B. Legal Proceedings," $100 million for insurance recoveries was recorded during the quarter ended March 31, 2019 in addition to the $135 million of insurance recoveries that were recorded during 2018.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

As of March 31, 2019, $113 million had been collected, of which $108 million was collected during the three months ended March 31, 2019. Additional collections of insurance proceeds in the amount of $22 million were received subsequent to the March 31, 2019 balance sheet date. We are currently unable to predict the timing of future insurance recoveries. To the extent that we are not successful in obtaining insurance recoveries in the amount recorded for such recoveries as of March 31, 2019, it could result in a charge against "Operation and maintenance" expense.

Substantially all of the $346 million liability for third-party claims and other incident-related costs remaining as of March 31, 2019 is presented within "Current liabilities" in our Condensed Consolidated Balance Sheets (unaudited). The remaining insurance receivable balance of $122 million as of March 31, 2019 is presented within "Accounts receivable."

Greater Lawrence Pipeline Replacement. In connection with the Greater Lawrence Incident, Columbia of Massachusetts, in cooperation with the Massachusetts Governor's office, replaced the entire affected 45-mile cast iron and bare steel pipeline system that delivers gas to approximately 7,500 gas meters, the majority of which serve residences and approximately 700 of which serve businesses impacted in the Greater Lawrence Incident. This system was replaced with plastic distribution mains and service lines, as well as enhanced safety features such as pressure regulation and excess flow valves at each premise. At the request of the Massachusetts DPU, which was instructed by the Massachusetts Governor through his executive authority under a state of emergency, Columbia of Massachusetts hired an outside contractor to serve as the Chief Recovery Officer for the Greater Lawrence Incident, responsible for command, control and communications. Columbia of Massachusetts restored gas service to nearly all homes and workplaces in December 2018. With the restoration and recovery efforts now substantially complete, the service of the Chief Recovery Officer is complete and the next phase of the effort is being managed by Columbia of Massachusetts under the third party oversight of a Massachusetts-based engineering firm as set forth above under " - B. Legal Proceedings."

Since the Greater Lawrence Incident and through March 31, 2019, we have incurred approximately $177 million of capital spend for the pipeline replacement, of which approximately $10 million was incurred in 2019. We estimate this replacement work will cost between $240 million and $250 million in total. Columbia of Massachusetts has provided notice to its property insurer of the Greater Lawrence Incident and discussions around the claim and recovery have commenced. The recovery of any capital investment not reimbursed through insurance will be addressed in a future regulatory proceeding. The outcome of such a proceeding is uncertain. In accordance with ASC 980-360, if it becomes probable that a portion of the pipeline replacement cost will not be recoverable through customer rates and an amount can be reasonably estimated, we will reduce our regulated plant balance for the amount of the probable disallowance and record an associated charge to earnings. This could result in a material adverse effect to our financial condition, results of operations and cash flows. Additionally, if a rate order is received allowing recovery of the investment with no or reduced return on investment, a loss on disallowance may be required.

In addition, we have committed to a capital investment program to install over-pressurization protection devices on all of our low-pressure systems as described above in "-B. Legal Proceedings." These devices operate like circuit-breakers, so that if operating pressure is too high or too low, regardless of the cause, they are designed to immediately shut down the supply of gas to the system. The program also includes installing remote monitoring devices on all low-pressure systems, enabling gas control centers to continuously monitor pressure at regulator stations. In addition, we have conducted a field survey of all regulator stations and initiated an engineering review of those regulator stations; we are verifying and enhancing our maps and records of low-pressure regulator stations; and we initiated a process so that our personnel will be present whenever excavation work is being done in close proximity to a regulator station.

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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:

	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, 2019	$ (2.4)	$ (13.0)	$ (21.8)	$ (37.2)
Other comprehensive income (loss) before reclassifications	2.7	(19.3)	0.5	(16.1)
Amounts reclassified from accumulated other comprehensive loss	0.1	—	0.4	0.5
Net current-period other comprehensive income (loss)	2.8	(19.3)	0.9	(15.6)
Balance as of March 31, 2019	**$ 0.4**	**$ (32.3)**	**$ (20.9)**	**$ (52.8)**

	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, 2018	$ 0.2	$ (29.4)	$ (14.2)	$ (43.4)
Other comprehensive income (loss) before reclassifications	(1.9)	51.1	(0.6)	48.6
Amounts reclassified from accumulated other comprehensive loss	0.2	(15.7)	0.8	(14.7)
Net current-period other comprehensive income (loss)	(1.7)	35.4	0.2	33.9
Reclassification due to adoption of ASU 2018-02	—	(6.3)	(3.2)	(9.5)
Balance as of March 31, 2018	$ (1.5)	$ (0.3)	$ (17.2)	$ (19.0)

(1)All amounts are net of tax. Amounts in parentheses indicate debits.

19. Other, Net

Three Months Ended March 31, *(in millions)*	**2019**	2018
Interest Income	**$ 2.1**	$ 1.7
AFUDC Equity	**1.7**	3.7
Pension and other postretirement non-service cost	**(2.8)**	6.2
Interest rate swap settlement gain	**—**	21.2
Miscellaneous	**(1.7)**	(1.5)
Total Other, net	**$ (0.7)**	$ 31.3

20. Business Segment Information

At March 31, 2019, our 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 our business segments. We use operating income as our primary measurement for each of the reported segments and make 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)	**2019**	2018
Operating Revenues		
Gas Distribution Operations		
Unaffiliated	**$ 1,438.8**	$ 1,327.3
Intersegment	**3.3**	3.3
Total	**1,442.1**	1,330.6
Electric Operations		
Unaffiliated	**430.8**	423.3
Intersegment	**0.2**	0.2
Total	**431.0**	423.5
Corporate and Other		
Unaffiliated	**0.2**	0.2
Intersegment	**111.1**	114.1
Total	**111.3**	114.3
Eliminations	**(114.6)**	(117.6)
Consolidated Operating Revenues	**$ 1,869.8**	$ 1,750.8
Operating Income		
Gas Distribution Operations	**$ 275.4**	$ 321.7
Electric Operations	**95.0**	83.1
Corporate and Other	**3.8**	(4.2)
Consolidated Operating Income	**$ 374.2**	$ 400.6

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

NiSource Inc.

EXECUTIVE SUMMARY

This Management's Discussion and Analysis of Financial Condition and Results of Operations (Management's Discussion) analyzes our financial condition, results of operations and cash flows and those of our 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. See "Note regarding forward-looking statements" at the beginning of this report for a list of factors that may cause results to differ materially.

Management's Discussion is designed to provide an understanding of our operations and financial performance and should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

We are 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. We generate substantially all of our 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 our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 for further discussion of our regulated utility business segments.

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

Greater Lawrence Incident: The Greater Lawrence Incident occurred on September 13, 2018. During the quarter ended March 31, 2019, we recorded a loss of approximately $204 million for third-party claims and approximately $32 million for other incident-related expenses in connection with the Greater Lawrence Incident. The amounts set forth above do not include the estimated capital cost of the pipeline replacement described below and as set forth in Note 17- D, "Other Matters - Greater Lawrence Pipeline Replacement," in the Notes to Condensed Consolidated Financial Statements (unaudited).

Including the $757 million recorded during 2018, we estimate that total costs related to third-party claims as set forth in Note 17, "Other Commitments and Contingencies - B. Legal Proceedings," will range from $961 million to $1,010 million, depending on the final outcome of ongoing reviews and the number, nature and value of third-party claims. We expect to incur a total of $360 million to $370 million in other incident-related costs, inclusive of the $266 million recorded during 2018.

We also expect to incur expenses for which we cannot estimate the amounts of or the timing at this time, including expenses associated with government investigations and fines, penalties or settlements with governmental authorities in connection with the Greater Lawrence Incident.

Columbia of Massachusetts recorded $100 million to accounts receivable for insurance recoveries during the first quarter of 2019 in addition to the $135 million recorded during 2018. As of March 31, 2019, $113 million had been collected, of which $108 million was collected during the three months ended March 31, 2019. Additional collections of insurance proceeds in the amount of $22 million were received subsequent to the March 31, 2019 balance sheet date. We are currently unable to predict the amount and timing of future insurance recoveries. To the extent that we are not successful in collecting reimbursement in the amount recorded for such recoveries as of March 31, 2019, it could result in a charge to earnings.

Since the Greater Lawrence Incident and through March 31, 2019, we have incurred approximately $177 million of capital spend for the pipeline replacement, of which approximately $10 million was incurred in 2019. We estimate this replacement work will cost between $240 million and $250 million in total. Columbia of Massachusetts has provided notice to its property insurer of the Greater Lawrence Incident and discussions around the claim and recovery have commenced. The recovery of any capital investment not reimbursed through insurance will be addressed in a future regulatory proceeding. The outcome of such a proceeding is uncertain. If at any point Columbia of Massachusetts concludes it is probable that any portion of this capital investment is not recoverable through customer rates, that portion of the capital investment, if estimable, would be immediately charged to earnings.

Refer to Note 17-B and D, "Legal Proceedings" and "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited), "Summary of Consolidated Financial Results," "Results and Discussion of Segment Operation - Gas Distribution

Operations," and "Liquidity and Capital Resources" in this Management's Discussion for additional information related to the Greater Lawrence Incident.

Summary of Consolidated Financial Results

Our operations are affected by the cost of sales. Cost of sales for the Gas Distribution Operations segment is principally comprised of the cost of natural gas used while providing transportation and distribution services to customers. Cost of sales for the Electric Operations segment is 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 operating revenues. As a result, we believe net revenues, a non-GAAP financial measure defined as operating revenues less cost of sales (excluding depreciation and amortization), provides management and investors a useful measure to analyze profitability. The presentation of net revenues herein is intended to provide supplemental information for investors regarding operating performance. Net revenues do not intend to represent operating income, the most comparable GAAP measure, as an indicator of operating performance and are not necessarily comparable to similarly titled measures reported by other companies.

For the three months ended March 31, 2019 and 2018, operating income and a reconciliation of net revenues to the most directly comparable GAAP measure, operating income, was as follows:

	Three Months Ended March 31,		
(in millions)	**2019**	2018	2019 vs. 2018
Operating Income	$ **374.2**	$ 400.6	$ (26.4)

	Three Months Ended March 31,		
(in millions, except per share amounts)	**2019**	2018	2019 vs. 2018
Operating Revenues	$ **1,869.8**	$ 1,750.8	$ 119.0
Cost of Sales (excluding depreciation and amortization)	**680.3**	724.4	(44.1)
Total Net Revenues	**1,189.5**	1,026.4	163.1
Other Operating Expenses	**815.3**	625.8	189.5
Operating Income	**374.2**	400.6	(26.4)
Total Other Deductions, net	**(96.3)**	(61.8)	(34.5)
Income Taxes	**59.0**	62.7	(3.7)
Net Income	**218.9**	276.1	(57.2)
Preferred dividends	**(13.8)**	—	(13.8)
Net Income Available to Common Shareholders	**205.1**	276.1	(71.0)
Basic Earnings Per Share	$ **0.55**	$ 0.82	$ (0.27)
Basic Average Common Shares Outstanding	**373.4**	338.0	35.4

On a consolidated basis, we reported net income available to common shareholders of $205.1 million, or $0.55 per basic share for the three months ended March 31, 2019, compared to net income available to common shareholders of $276.1 million, or $0.82 per basic share for the same period in 2018. The decrease in income available to common shareholders during 2019 was primarily due to greater operating expenses related to the Greater Lawrence Incident, an interest rate swap settlement gain in 2018 and dilution resulting from preferred stock dividend commitments, partially offset by new rates from base rate proceedings and infrastructure replacement programs.

Operating Income

For the three months ended March 31, 2019, we reported operating income of $374.2 million compared to operating income of $400.6 million for the same period in 2018. The decrease in operating income was primarily due to expenses related to the Greater Lawrence Incident and increased depreciation and amortization expense. These decreases were partially offset by new rates from base rate proceedings and infrastructure replacement programs along with favorable effects on revenue from year-over-year weather variations.

Other Deductions, net

Other deductions, net reduced income by $96.3 million in the first quarter of 2019 compared to a reduction in income of $61.8 million in the prior year. This change is primarily due to an interest rate swap settlement gain of $21.2 million recognized in the first quarter of 2018.

Income Taxes

The decrease in income tax expense from 2018 to 2019 is primarily attributable to the decreased income before income taxes in the first quarter of 2019, partially offset by a higher effective tax rate in 2019 due to the relative impact of permanent differences on higher estimated pre-tax income in 2019 compared to 2018.

Refer to Note 12, "Income Taxes," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on income taxes and the change in the effective tax rate.

Capital Investment

For the three months ended March 31, 2019, we invested $353.7 million in capital expenditures across our gas and electric utilities. These expenditures were primarily aimed at furthering the safety and reliability of our gas distribution system and maintaining our existing electric generation fleet.

We continue to execute on an estimated $30 billion in total projected long-term regulated utility infrastructure investments and expect to invest a total of approximately $1.6 to $1.7 billion in capital during 2019 to continue to modernize and improve our system across all seven states.

Liquidity

The enactment of the TCJA has and will continue to have an unfavorable impact on our liquidity in 2019; however, through income generated from operating activities, amounts available under our short-term revolving credit facility, commercial paper program, accounts receivable securitization facilities, term loan borrowings, long-term debt agreements and our ability to access the capital markets, we believe there is adequate capital available to fund our operating activities, capital expenditures and the effects of the Greater Lawrence Incident in 2019 and beyond. As of March 31, 2019 and December 31, 2018, we had $1,010.8 million and $974.6 million, respectively, of net liquidity available, consisting of cash and available capacity under credit facilities.

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

Regulatory Developments

During the quarter ended March 31, 2019, we continued to move forward on core infrastructure and environmental investment programs supported by complementary regulatory and customer initiatives across all seven states of our operating area. Refer to Note 7, "Regulatory Matters" and Note 17-D "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for a complete discussion of key regulatory developments that have transpired during 2019.

RESULTS AND DISCUSSION OF SEGMENT OPERATIONS

Presentation of Segment Information

Our operations are divided into two primary reportable segments: Gas Distribution Operations and Electric Operations.

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

NiSource Inc.
Gas Distribution Operations

For the three months ended March 31, 2019 and 2018, operating income and a reconciliation of net revenues to the most directly comparable GAAP measure, operating income, was as follows:

	Three Months Ended March 31,		
(in millions)	**2019**	2018	2019 vs. 2018
Operating Income	$ **275.4**	321.7	$ (46.3)

	Three Months Ended March 31,		
(in millions)	**2019**	2018	2019 vs. 2018
Net Revenues			
Operating Revenues	$ **1,442.1**	$ 1,330.6	$ 111.5
Less: Cost of sales (excluding depreciation and amortization)	**550.1**	591.8	(41.7)
Net Revenues	**892.0**	738.8	153.2
Operating Expenses			
Operation and maintenance	**451.3**	287.2	164.1
Depreciation and amortization	**97.4**	70.7	26.7
Other taxes	**67.9**	59.2	8.7
Total Operating Expenses	**616.6**	417.1	199.5
Operating Income	$ **275.4**	$ 321.7	$ (46.3)
Revenues			
Residential	$ **976.0**	$ 893.0	$ 83.0
Commercial	**331.6**	308.9	22.7
Industrial	**83.0**	74.7	8.3
Off-System	**20.1**	22.3	(2.2)
Other	**31.4**	31.7	(0.3)
Total	$ **1,442.1**	$ 1,330.6	$ 111.5
Sales and Transportation (MMDth)			
Residential	**140.7**	135.1	5.6
Commercial	**86.0**	82.2	3.8
Industrial	**148.1**	145.5	2.6
Off-System	**7.2**	7.6	(0.4)
Other	**0.2**	0.1	0.1
Total	**382.2**	370.5	11.7
Heating Degree Days	**2,897**	2,823	74
Normal Heating Degree Days	**2,864**	2,892	(28)
% Colder (Warmer) than Normal	**1%**	(2)%	
Gas Distribution Customers			
Residential	**3,206,016**	3,179,647	26,369
Commercial	**282,616**	281,503	1,113
Industrial	**6,035**	6,244	(209)
Other	**3**	5	(2)
Total	**3,494,670**	3,467,399	27,271

Comparability of line item operating results may 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. Therefore, increases in these tracked operating expenses are generally offset by increases in net revenues and have essentially no impact on net income.

NiSource Inc.
Gas Distribution Operations

Three Months Ended March 31, 2019 vs. March 31, 2018 Operating Income

For the three months ended March 31, 2019, Gas Distribution Operations reported operating income of $275.4 million, a decrease of $46.3 million from the comparable 2018 period.

Net revenues for the three months ended March 31, 2019 were $892.0 million, an increase of $153.2 million from the same period in 2018. The change in net revenues was primarily driven by:

- New rates from base rate proceedings and infrastructure replacement programs of $100.1 million.
- Higher regulatory, tax and depreciation trackers, which are offset in operating expense, of $25.2 million.
- Higher revenues of $5.1 million from the effects of colder weather in 2019 as well as a decrease in the weather-related normal heating degree day methodology resulting in an favorable variance of $4.7 million, as discussed below.
- Increased customer growth and usage of $6.6 million.
- Adjustments to the revenue reserve for the probable future refund of certain collections from customers as a result of the lower income tax rate from the TCJA of $6.1 million.

Operating expenses were $199.5 million higher for the three months ended March 31, 2019 compared to the same period in 2018. This change was primarily driven by:

- Expenses related to third-party claims and other costs following the Greater Lawrence Incident of $135.6 million, net of insurance recoveries recorded.
- Increased depreciation of $26.7 million due to regulatory outcomes of NIPSCO's gas rate case and higher capital expenditures placed in service.
- Higher regulatory, tax and depreciation trackers, which are offset in net revenues, of $25.2 million.
- Increased property taxes of $5.9 million due to higher capital expenditures placed in service and increased amortization of property taxes previously deferred as a regulatory asset.

Weather

In general, we calculate the weather-related revenue variance based on changing customer demand driven by weather variance from normal heating degree days. Our 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 our aggregated composite heating degree day comparison.

The definition of "normal" weather was updated during the first quarter of 2019 to reflect more current weather pattern data and more closely align with the regulators' jurisdictional definitions of "normal" weather. Impacts of the change in methodology will be reflected prospectively and disclosed to the extent it results in notable year-over-year variances in net revenues.

Weather in the Gas Distribution Operations service territories for the first quarter of 2019 was about 1% colder than normal and about 3% colder than 2018, leading to increased net revenues of $9.8 million for the quarter ended March 31, 2019 compared to the same period in 2018 in total. The change in weather-related net revenues was primarily driven by:

- The effects of colder weather in 2019 of $5.1 million.
- A decrease in the weather-related normal heating degree day methodology resulting in a favorable variance of $4.7 million, as discussed above.

Throughput

Total volumes sold and transported for the three months ended March 31, 2019 were 382.2 MMDth, compared to 370.5 MMDth for the same period in 2018. This 3% increase is primarily attributable to the effects of colder weather and increased industrial usage due to energy production from electric generating customers in 2019.

Economic Conditions

All of our 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

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NiSource Inc.
Gas Distribution Operations

recorded on the Condensed Consolidated Balance Sheets (unaudited) as under-recovered or over-recovered gas cost to be included in future customer billings.

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 our exposure to gas prices.

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

NiSource Inc.
Electric Operations

For the three months ended March 31, 2019 and 2018, operating income and a reconciliation of net revenues to the most directly comparable GAAP measure, operating income, was as follows:

	Three Months Ended March 31,		
(in millions)	**2019**	2018	2019 vs. 2018
Operating Income	$ **95.0**	$ 83.1	$ 11.9

	Three Months Ended March 31,		
(in millions)	**2019**	2018	2019 vs. 2018
Net Revenues			
Operating revenues	$ **431.0**	$ 423.5	$ 7.5
Less: Cost of sales (excluding depreciation and amortization)	**130.1**	132.7	(2.6)
Net Revenues	**300.9**	290.8	10.1
Operating Expenses			
Operation and maintenance	**121.7**	126.2	(4.5)
Depreciation and amortization	**68.2**	65.5	2.7
Other taxes	**16.0**	16.0	—
Total Operating Expenses	**205.9**	207.7	(1.8)
Operating Income	$ **95.0**	$ 83.1	$ 11.9
Revenues			
Residential	$ **118.8**	$ 114.5	$ 4.3
Commercial	**119.3**	116.9	2.4
Industrial	**163.5**	162.7	0.8
Wholesale	**2.7**	4.7	(2.0)
Other	**26.7**	24.7	2.0
Total	$ **431.0**	$ 423.5	$ 7.5
Sales (Gigawatt Hours)			
Residential	**792.4**	788.4	4.0
Commercial	**894.4**	905.7	(11.3)
Industrial	**2,215.7**	2,333.8	(118.1)
Wholesale	**6.5**	50.8	(44.3)
Other	**34.5**	33.2	1.3
Total	**3,943.5**	4,111.9	(168.4)
Electric Customers			
Residential	**412,739**	409,962	2,777
Commercial	**56,703**	56,175	528
Industrial	**2,281**	2,300	(19)
Wholesale	**732**	739	(7)
Other	**2**	2	—
Total	**472,457**	469,178	3,279

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

NiSource Inc.
Electric Operations

Three Months Ended March 31, 2019 vs. March 31, 2018 Operating Income
For the three months ended March 31, 2019, Electric Operations reported operating income of $95.0 million, an increase of $11.9 million from the comparable 2018 period.

Net revenues for the three months ended March 31, 2019 were $300.9 million, an increase of $10.1 million from the same period in 2018. The change in net revenues was primarily driven by:

- Higher rates driven by incremental capital spend on infrastructure replacement of $4.3 million.
- Decreased fuel handling costs of $3.4 million.
- Higher regulatory and depreciation trackers, which are offset in operating expense, of $2.7 million.
- The effects of colder weather of $2.5 million.

Partially offset by:

- Decreased residential and industrial usage of $4.4 million.

Operating expenses were $1.8 million lower for the three months ended March 31, 2019 compared to the same period in 2018. This change was primarily driven by:

- Decreased employee and administrative costs of $4.9 million.
- Lower outside service costs of $3.5 million primarily related to the retirement of Bailly Generating Station Units 7 and 8 on May 31, 2018.

Partially offset by:

- Higher regulatory and depreciation trackers, which are offset in net revenues, of $2.7 million.
- Increased depreciation of $1.4 million due to higher capital expenditures placed in service.

Weather
In general, we calculate the weather-related revenue variance based on changing customer demand driven by weather variance from normal heating or cooling degree days. Our 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 our aggregated composite heating or cooling degree day comparison.

The definition of "normal" weather was updated during the first quarter of 2019 to reflect more current weather pattern data and more closely align with the regulators' jurisdictional definitions of "normal" weather. Impacts of the change in methodology will be reflected prospectively and disclosed to the extent it results in notable year-over-year variances in net revenues.

Weather in the Electric Operations' territories for the first quarter of 2019 was about 2% colder than normal and about 4% colder than in 2018, resulting in increased net revenues of $2.5 million for the quarter ended March 31, 2019 compared to the same period in 2018.

Sales
Electric Operations sales for the first quarter of 2019 were 3943.5 gwh, a decrease of 168.4 gwh compared to the same period in 2018. This decrease was primarily attributable to higher internal generation from large industrial customers during the first quarter of 2019.

BP Products North America. On March 29, 2018, WCE, which is currently owned by BP p.l.c ("BP") and BP Products North America, which operates the BP Refinery, filed a petition at the IURC asking that the combined operations of WCE and BP be treated as a single premise, and the WCE generation be dedicated primarily to BP Refinery operations beginning in May 2019 as WCE has self-certified as a qualifying facility at FERC. BP Refinery planned to continue to purchase electric service from NIPSCO at a reduced demand level beginning in May 2019, however a settlement agreement was filed on November 2, 2018 agreeing that BP and WCE would not move forward with construction of a private transmission line to serve BP until conclusion of NIPSCO's pending electric rate case. The IURC approved the settlement agreement as filed on February 20,

2019. Refer to Note 7, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information.

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.

Electric Supply
NIPSCO 2018 Integrated Resource Plan. Multiple factors, but primarily economic ones, including low natural gas prices, advancing cost effective renewable technology and increasing capital and operating costs associated with existing coal plants, have led NIPSCO to conclude in its October 2018 Integrated Resource Plan submission that NIPSCO's current fleet of coal generation facilities will be retired earlier than previous Integrated Resource Plan's had indicated.

The Integrated Resource Plan evaluated demand-side and supply-side resource alternatives to reliably and cost effectively meet NIPSCO customers' future energy requirements over the ensuing 20 years. The preferred option within the Integrated Resource Plan retires R.M. Schahfer Generating Station (Units 14, 15, 17, and 18) by 2023 and Michigan City Generating Station (Unit 12) by 2028. These units represent 2,080 MW of generating capacity, equal to 72% of NIPSCO's remaining capacity after the retirement of Bailly Units 7 and 8 in May of 2018.

The current replacement plan includes renewable sources of energy, including wind, solar, and battery storage to be obtained through a combination of NIPSCO ownership and PPAs Refer to Note 17-D, "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information on the NIPSCO Integrated Resource Plan.

Liquidity and Capital Resources

Greater Lawrence Incident: As discussed in "Executive Summary" and Note 17, "Other Commitments and Contingencies," we have recorded losses associated with the Greater Lawrence Incident and have invested capital to replace the entire affected 45-mile cast iron and bare steel pipeline system that delivers gas to the impacted area. As discussed in the Executive Summary and Note 17 referenced earlier in this paragraph we may incur additional expenses and liabilities in excess of our recorded liabilities and estimated additional costs associated with the Greater Lawrence Incident. The timing and amount of future financing needs, if any, will depend on the ultimate timing and amount of payments made to third parties in connection with the Greater Lawrence Incident and the timing and amount of associated insurance recoveries. Through income generated from operating activities, amounts available under our short-term revolving credit facility, commercial paper program, accounts receivable securitization facilities, term loan borrowings, long-term debt agreements and our ability to access the capital markets, we believe there is adequate capital available to fund these expenditures.

Operating Activities
Net cash from operating activities for the three months ended March 31, 2019 was $399.1 million, an increase of $10.9 million compared to the three months ended March 31, 2018. This increase was driven by decreased compensation and employee benefit payments as well as decreased debt interest payments. The increase was also a result of higher revenue due to colder weather during the 2019 winter heating season compared to 2018 and increased rates from infrastructure replacement programs. Offsetting these cash inflows are a year-over-year increase in net payments made related to the Greater Lawrence Incident. During 2019, we paid approximately $73 million, net of insurance recoveries, in operating cash flow related to the Greater Lawrence Incident. Refer to Note 17-D "Other Matters" in the Notes to Condensed Consolidated Financial Statements (unaudited) for further information.

Investing Activities
Net cash used for investing activities for the three months ended March 31, 2019 was $375.4 million, a decrease of $23.5 million compared to the three months ended March 31, 2018. This decrease was mostly attributable to lower capital expenditures in 2019.

Our capital expenditures for the three months ended March 31, 2019 were $353.7 million compared to $370.0 million for the comparable period in 2018. The decrease was driven by a decrease in planned capital expenditures in the current year and the timing of payments through March 2019 compared to March 2018. We project total 2019 capital expenditures to be approximately $1.6 to $1.7 billion.

Financing Activities
Common Stock and Preferred Stock. Refer to Note 5, "Equity," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on common and preferred stock activity.

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 activity.

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 activity.

Net Available Liquidity. As of March 31, 2019, an aggregate of $1,010.8 million of net liquidity was available, including cash and credit available under the revolving credit facility and accounts receivable securitization programs.

NiSource Inc.

The following table displays our liquidity position as of March 31, 2019 and December 31, 2018:

(in millions)		March 31, 2019		December 31, 2018
Current Liquidity				
Revolving Credit Facility	$	1,850.0	$	1,850.0
Accounts Receivable Program[(1)]		500.0		399.2
Less:				
Commercial Paper		980.0		978.0
Accounts Receivable Program Utilized		500.0		399.2
Letters of Credit Outstanding Under Credit Facility		10.2		10.2
Add:				
Cash and Cash Equivalents		151.0		112.8
Net Available Liquidity	$	1,010.8	$	974.6

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

Debt Covenants. We are subject to financial covenants under our revolving credit facility and term loan agreement, which require us to maintain a debt to capitalization ratio that does not exceed 70%. A similar covenant in a 2005 private placement note purchase agreement requires us to maintain a debt to capitalization ratio that does not exceed 75%. As of March 31, 2019, the ratio was 61.5%.

Sale of Trade Accounts Receivables. Refer to Note 10, "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 our ratings, taking into account factors such as our capital structure and earnings profile. The following table includes our and certain of our subsidiaries' credit ratings and ratings outlook as of March 31, 2019. There were no changes to the below credit ratings or outlooks since December 31, 2018.

A credit rating is not a recommendation to buy, sell, or hold securities, and may be subject to revision or withdrawal at any time by the assigning rating organization.

	S&P		Moody's		Fitch	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
NiSource	BBB+	Negative	Baa2	Stable	BBB	Stable
NIPSCO	BBB+	Negative	Baa1	Stable	BBB	Stable
Columbia of Massachusetts	BBB+	Negative	Baa2	Stable	Not rated	Not rated
Commercial Paper	A-2	Negative	P-2	Stable	F2	Stable

Certain of our subsidiaries have agreements that contain "ratings triggers" that require increased collateral if our credit rating or the credit ratings of certain of our 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, 2019, the collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately $59.8 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. Our authorized capital stock 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, 2019, 373,002,671 shares of common stock and 440,000 shares of preferred stock were outstanding.

Contractual Obligations. Aside from the previously referenced repayments of long-term debt and payments associated with the Greater Lawrence Incident, there were no material changes recorded during the three months ended March 31, 2019 to our contractual obligations as of December 31, 2018.

Off Balance Sheet Arrangements

We, along with certain of our 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.

With the adoption of ASC 842, Leases, on January 1, 2019, all operating leases with terms greater than one year are now recorded on the balance sheet. Refer to Note 2, "Recent Accounting Pronouncements," for additional information.

Market Risk Disclosures

Risk is an inherent part of our businesses. The extent to which we properly and effectively identify, assess, monitor and manage each of the various types of risk involved in our businesses is critical to our profitability. We seek to identify, assess, monitor and manage, in accordance with defined policies and procedures, the following principal market risks that are involved in our businesses: commodity price risk, interest rate risk and credit risk. Risk management for us is a multi-faceted process with oversight by the Risk Management Committee that requires constant communication, judgment and knowledge of specialized products and markets. Our 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, our risk management process, policies and procedures continue to evolve and are subject to ongoing review and modification.

Commodity Price Risk

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

Commodity price risk resulting from derivative activities at our 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.

Our 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, some of which is reflected in our restricted cash balance, may fluctuate significantly during periods of high volatility in the energy commodity markets.

Refer to Note 8, "Risk Management Activities," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further information on our commodity price risk assets and liabilities as of March 31, 2019 or December 31, 2018.

Interest Rate Risk

We are exposed to interest rate risk as a result of changes in interest rates on borrowings under our 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 $4.9 million and $3.0 million for the three months ended March 31, 2019, and 2018, respectively. We are 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 8, "Risk Management Activities," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further information on our interest rate risk assets and liabilities as of March 31, 2019 and December 31, 2018.

Credit Risk

Due to the nature of the industry, credit risk is embedded in many of our business activities. Our 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 us 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.

We closely monitor the financial status of our banking credit providers. We evaluate the financial status of our 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 Estimates

Refer to Note 17, "Other Commitments and Contingencies," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about management judgment used in the development of estimates related to the Greater Lawrence Incident.

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 and adopted accounting pronouncements.

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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
Our chief executive officer and our 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)). Our 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 our 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, our 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 our internal control over financial reporting during the fiscal quarter covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

NiSource Inc.

For a description of our legal proceedings, see Note 17-B, "Legal Proceedings," in the Notes to Condensed Consolidated Financial Statements (unaudited).

ITEM 1A. RISK FACTORS

Our operations and financial results are subject to various risks and uncertainties, including those disclosed in our most recent Annual Report on Form 10-K for the year ended December 31, 2018. 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.

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ITEM 6. EXHIBITS

NiSource Inc.

(10.1)	Fifth Amended and Restated Revolving Credit Agreement, dated as of February 20, 2019, among NiSource Inc., as Borrower, the Lenders party thereto, Barclays Bank PLC, as Administrative Agent, Citibank, N.A. and MUFG Bank, Ltd., as Co-Syndication Agents, Credit Suisse AG, Cayman Islands Branch, JPMorgan Chase Bank, N.A. and Wells Fargo Bank, National Association, as Co-Documentation Agents, and Barclays Bank PLC, Citibank, N.A., MUFG Bank, Ltd., Credit Suisse Loan Funding LLC, JPMorgan Chase Bank, N.A. and Wells Fargo Securities, LLC, as Joint Lead Arrangers and Joint Bookrunners (incorporated by reference to Exhibit 10.1 of the NiSource Inc. Form 8-K filed on February 20, 2019).
(10.2)	Amended and Restated NiSource Inc. Employee Stock Purchase Plan adopted as of February 1, 2019 (incorporated by reference to Exhibit C to the NiSource Inc. Definitive Proxy Statement to Stockholders for the Annual Meeting to be held on May 7, 2019, filed on April 1, 2019).
(10.3)	Amended and Restated Term Loan Agreement, dated as of April 17, 2019, among NiSource Inc., as Borrower, the Lenders party thereto, and MUFG Bank Ltd., as Administrative Agent and Sole Lead Arranger and Sole Bookrunner (incorporated by reference to Exhibit 10.1 of the NiSource Inc. Form 8-k filed on April 17, 2019).
(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 - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL 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 1, 2019

By: /s/ Joseph W. Mulpas
Joseph W. Mulpas
Vice President, Chief Accounting Officer and Controller
(Principal Accounting 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, 2019;
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 1, 2019

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, 2019;
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 1, 2019

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, 2019 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 1, 2019

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, 2019 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 1, 2019

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, 2018

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 every Interactive Data File required to be submitted 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 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: 363,286,952 shares outstanding at October 23, 2018.

NISOURCE INC.
FORM 10-Q QUARTERLY REPORT
FOR THE QUARTER ENDED SEPTEMBER 30, 2018

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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	
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 LLC
NiSource ("we," "us" or "our")	NiSource Inc.
Abbreviations and Other	
ACE	Affordable Clean Energy
AFUDC	Allowance for funds used during construction
AMRP	Accelerated Main Replacement Program
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
CEP	Capital Expenditure Program
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
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
IRP	Infrastructure Replacement Program
IRS	Internal Revenue Service
IURC	Indiana Utility Regulatory Commission
LDCs	Local distribution companies
LIBOR	London InterBank Offered Rate

DEFINED TERMS

LIFO	Last In, First Out
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator
MMDth	Million dekatherms
NOL	Net operating loss
NTSB	National Transportation Safety Board
NYMEX	New York Mercantile Exchange
OPEB	Other Postretirement Benefits
PHMSA	Pipeline and Hazardous Materials Safety Administration
PSC	Public Service Commission
PUC	Public Utility Commission
PUCO	Public Utilities Commission of Ohio
Pure Air	Pure Air on the Lake LP
RCRA	Resource Conservation and Recovery Act
SEC	Securities and Exchange Commission
STRIDE	Strategic Infrastructure Development Enhancement
TCJA	An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018 (commonly known as the Tax Cuts and Jobs Act of 2017)
TDSIC	Transmission, Distribution and Storage System Improvement Charge
VIE	Variable Interest Entities
VSCC	Virginia State Corporation Commission
WCE	Whiting Clean Energy

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, our debt obligations; any changes in our credit rating; our ability to execute our growth strategy; changes in general economic, capital and commodity market conditions; pension funding obligations; economic regulation and the impact of regulatory rate reviews; our ability to obtain expected financial or regulatory outcomes; advances in technology; any damage to our 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; impacts from the Greater Lawrence Incident (as defined in this report) (including any changes in management's estimates or assumptions regarding financial impact, the timing and amount of insurance recoveries, the outcomes of governmental investigations, changes to state and federal legislation or regulation impacting our operating practices, and our ability to recover our costs through rates or offset them through operational or other cost savings); 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; the ability of our subsidiaries to generate cash; tax liabilities associated with the separation of Columbia Pipeline Group, Inc. on July 1, 2015; our ability to manage new initiatives and organizational changes; the performance of certain third-party suppliers upon which we rely; our ability to obtain sufficient insurance coverage; and other matters set forth in the "Risk Factors" section of this report and our Annual Report on Form 10-K for the fiscal year ended December

31, 2017, many of which risks are beyond our control. 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. We undertake no obligation to, and expressly disclaim 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 September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Operating Revenues				
Customer revenues	$ **855.8**	$ 883.4	$ **3,555.1**	$ 3,386.0
Other revenues	**39.2**	33.6	**97.7**	120.3
Total Operating Revenues	**895.0**	917.0	**3,652.8**	3,506.3
Operating Expenses				
Cost of sales (excluding depreciation and amortization)	**222.0**	233.6	**1,259.7**	1,062.7
Operation and maintenance	**780.8**	371.7	**1,548.5**	1,174.9
Depreciation and amortization	**148.5**	143.0	**437.8**	428.5
Loss (Gain) on sale of assets and impairments, net	**0.7**	—	**0.4**	(0.1)
Other taxes	**58.9**	57.5	**203.3**	189.7
Total Operating Expenses	**1,210.9**	805.8	**3,449.7**	2,855.7
Operating Income (Loss)	**(315.9)**	111.2	**203.1**	650.6
Other Income (Deductions)				
Interest expense, net	**(83.4)**	(87.9)	**(265.2)**	(260.8)
Other, net	**(1.7)**	(6.8)	**42.4**	(0.3)
Loss on early extinguishment of long-term debt	**(33.0)**	—	**(45.5)**	(111.5)
Total Other Deductions, Net	**(118.1)**	(94.7)	**(268.3)**	(372.6)
Income (Loss) before Income Taxes	**(434.0)**	16.5	**(65.2)**	278.0
Income Taxes	**(94.5)**	2.5	**(26.3)**	97.1
Net Income (Loss)	**(339.5)**	14.0	**(38.9)**	180.9
Preferred dividends	**(5.6)**	—	**(6.9)**	—
Net Income (Loss) Available to Common Shareholders	**(345.1)**	14.0	**(45.8)**	180.9
Earnings (Loss) Per Share				
Basic Earnings (Loss) Per Share	$ **(0.95)**	$ 0.04	$ **(0.13)**	$ 0.55
Diluted Earnings (Loss) Per Share	$ **(0.95)**	$ 0.04	$ **(0.13)**	$ 0.55
Dividends Declared Per Common Share	$ **0.195**	$ 0.175	$ **0.780**	$ 0.700
Basic Average Common Shares Outstanding	**363.9**	331.1	**352.1**	326.7
Diluted Average Common Shares	**363.9**	332.4	**352.1**	328.0

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 Comprehensive Income (Loss) (unaudited)

(in millions, net of taxes)	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Net Income (Loss)	$ **(339.5)**	$ 14.0	$ **(38.9)**	$ 180.9
Other comprehensive income (loss):				
Net unrealized gain (loss) on available-for-sale securities[1]	**0.1**	0.1	**(2.3)**	1.1
Net unrealized gain (loss) on cash flow hedges[2]	**22.5**	(9.3)	**56.5**	(21.2)
Unrecognized pension and OPEB benefit[3]	**0.8**	1.1	**1.2**	1.5
Total other comprehensive income (loss)	**23.4**	(8.1)	**55.4**	(18.6)
Comprehensive Income (Loss)	$ **(316.1)**	$ 5.9	$ **16.5**	$ 162.3

[1] Net unrealized gain (loss) on available-for-sale securities, net of zero tax expense in the third quarter of 2018 and 2017, and $0.6 million tax benefit and $0.6 million tax expense for the nine months ended 2018 and 2017, respectively.
[2] Net unrealized gain (loss) on cash flow hedges, net of $7.5 million tax expense and $5.8 million tax benefit in the third quarter of 2018 and 2017, respectively, and $18.7 million tax expense and $13.1 million tax benefit for the nine months ended 2018 and 2017, respectively. See Note 8, "Risk Management Activities," for additional information.
[3] Unrecognized pension and OPEB benefit, net of zero and $0.5 million tax expense in the third quarter of 2018 and 2017, respectively, and $0.2 million and $0.8 million tax expense for the nine months ended 2018 and 2017, 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, 2018		December 31, 2017
ASSETS				
Property, Plant and Equipment				
Utility plant	$	**22,328.2**	$	21,026.6
Accumulated depreciation and amortization		**(7,171.0)**		(6,953.6)
Net utility plant		**15,157.2**		14,073.0
Other property, at cost, less accumulated depreciation		**17.2**		286.5
Net Property, Plant and Equipment		**15,174.4**		14,359.5
Investments and Other Assets				
Unconsolidated affiliates		**2.6**		5.5
Other investments		**214.5**		204.1
Total Investments and Other Assets		**217.1**		209.6
Current Assets				
Cash and cash equivalents		**41.8**		29.0
Restricted cash		**12.0**		9.4
Accounts receivable (less reserve of $13.0 and $18.3, respectively)		**500.4**		898.9
Gas inventory		**320.2**		285.1
Materials and supplies, at average cost		**97.7**		105.9
Electric production fuel, at average cost		**49.0**		80.1
Exchange gas receivable		**37.3**		45.8
Regulatory assets		**221.0**		176.3
Prepayments and other		**89.7**		132.8
Total Current Assets		**1,369.1**		1,763.3
Other Assets				
Regulatory assets		**1,907.4**		1,624.9
Goodwill		**1,690.7**		1,690.7
Intangible assets, net		**223.5**		231.7
Deferred charges and other		**117.2**		82.0
Total Other Assets		**3,938.8**		3,629.3
Total Assets	$	**20,699.4**	$	19,961.7

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

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

(in millions, except share amounts)	**September 30, 2018**	December 31, 2017
CAPITALIZATION AND LIABILITIES		
Capitalization		
Stockholders' Equity		
Common stock - $0.01 par value, 400,000,000 shares authorized; 363,167,067 and 337,015,806 shares outstanding, respectively	$ **3.7**	$ 3.4
Preferred stock - $1,000 par value, 20,000,000 shares authorized; 400,000 shares outstanding	**393.9**	—
Treasury stock	**(99.9)**	(95.9)
Additional paid-in capital	**6,161.0**	5,529.1
Retained deficit	**(1,387.5)**	(1,073.1)
Accumulated other comprehensive income (loss)	**2.5**	(43.4)
Total Stockholders' Equity	**5,073.7**	4,320.1
Long-term debt, excluding amounts due within one year	**7,094.5**	7,512.2
Total Capitalization	**12,168.2**	11,832.3
Current Liabilities		
Current portion of long-term debt	**48.6**	284.3
Short-term borrowings	**1,611.0**	1,205.7
Accounts payable	**433.7**	625.6
Dividends payable - common stock	**70.8**	—
Dividends payable - preferred stock	**11.6**	—
Customer deposits and credits	**238.4**	262.6
Taxes accrued	**150.0**	208.1
Interest accrued	**108.0**	112.3
Risk management liabilities	**4.8**	43.2
Exchange gas payable	**58.2**	59.6
Regulatory liabilities	**81.9**	58.7
Legal and environmental	**20.4**	32.1
Accrued compensation and employee benefits	**153.4**	195.4
Claims accrued	**365.9**	12.5
Other accruals	**54.5**	78.3
Total Current Liabilities	**3,411.2**	3,178.4
Other Liabilities		
Risk management liabilities	**45.2**	28.5
Deferred income taxes	**1,291.7**	1,292.9
Deferred investment tax credits	**11.7**	12.4
Accrued insurance liabilities	**81.8**	80.1
Accrued liability for postretirement and postemployment benefits	**300.9**	337.1
Regulatory liabilities	**2,826.8**	2,736.9
Asset retirement obligations	**346.9**	268.7
Other noncurrent liabilities	**215.0**	194.4
Total Other Liabilities	**5,120.0**	4,951.0
Commitments and Contingencies (Refer to Note 16, "Other Commitments and Contingencies")	—	—
Total Capitalization and Liabilities	$ **20,699.4**	$ 19,961.7

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 Cash Flows (unaudited)

Nine Months Ended September 30, *(in millions)*	**2018**	2017
Operating Activities		
Net Income (Loss)	$ **(38.9)**	$ 180.9
Adjustments to Reconcile Net Income to Net Cash from Operating Activities:		
Loss on early extinguishment of debt	**45.5**	111.5
Depreciation and amortization	**437.8**	428.5
Deferred income taxes and investment tax credits	**(26.4)**	96.3
Other adjustments	**15.6**	28.5
Changes in Assets and Liabilities:		
Components of working capital	**442.9**	32.6
Regulatory assets/liabilities	**61.3**	(12.9)
Postretirement and postemployment benefits	**(41.4)**	(314.5)
Deferred charges and other noncurrent assets	**0.8**	(3.7)
Other noncurrent liabilities	**30.0**	(17.6)
Net Cash Flows from Operating Activities	**927.2**	529.6
Investing Activities		
Capital expenditures	**(1,296.6)**	(1,216.4)
Cost of removal	**(72.6)**	(78.9)
Purchases of available-for-sale securities	**(71.4)**	(139.4)
Sales of available-for-sale securities	**58.5**	129.4
Other investing activities	**5.6**	(1.4)
Net Cash Flows used for Investing Activities	**(1,376.5)**	(1,306.7)
Financing Activities		
Issuance of long-term debt	**350.0**	2,750.0
Repayments of long-term debt and capital lease obligations	**(1,044.0)**	(1,352.4)
Premiums and other debt related costs	**(46.1)**	(139.8)
Issuance of short-term debt (maturity > 90 days)	**600.0**	—
Change in short-term borrowings, net (maturity ≤ 90 days)	**(194.6)**	(644.9)
Issuance of common stock	**611.6**	332.6
Issuance of preferred stock	**394.3**	—
Acquisition of treasury stock	**(4.0)**	(5.9)
Dividends paid - common stock	**(202.5)**	(170.2)
Net Cash Flows from Financing Activities	**464.7**	769.4
Change in cash, cash equivalents and restricted cash	**15.4**	(7.7)
Cash, cash equivalents and restricted cash at beginning of period	**38.4**	36.0
Cash, Cash Equivalents and Restricted Cash at End of Period	$ **53.8**	$ 28.3

Supplemental Disclosures of Cash Flow Information

Nine Months Ended September 30, *(in millions)*	**2018**	2017
Non-cash transactions:		
Capital expenditures included in current liabilities	$ **167.5**	$ 219.1
Dividends declared but not paid	**82.4**	58.9
Reclassification of other property to regulatory assets[1]	**245.3**	—
Change in estimated costs of asset retirement obligations[2]	$ **70.7**	$ —

[1]See Note 16-D "Other Matters" for additional information.
[2]See Note 6 "Asset Retirement Obligations" for additional information.

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	Preferred Stock	Treasury Stock	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance as of January 1, 2018	**$ 3.4**	**$ —**	**$ (95.9)**	**$ 5,529.1**	**$ (1,073.1)**	**$ (43.4)**	**$ 4,320.1**
Comprehensive Income:							
Net Loss	—	—	—	—	(38.9)	—	(38.9)
Other comprehensive income, net of tax	—	—	—	—	—	55.4	55.4
Common stock dividends ($0.78 per share)	—	—	—	—	(273.4)	—	(273.4)
Preferred stock dividends ($28.88 per share)	—	—	—	—	(11.6)	—	(11.6)
Treasury stock acquired	—	—	(4.0)	—	—	—	(4.0)
Cumulative effect of change in accounting principle[1]	—	—	—	—	9.5	(9.5)	—
Stock issuances:							
Common stock - private placement[2]	0.3	—	—	599.3	—	—	599.6
Preferred stock[2]	—	393.9	—	—	—	—	393.9
Employee stock purchase plan	—	—	—	4.2	—	—	4.2
Long-term incentive plan	—	—	—	11.5	—	—	11.5
401(k) and profit sharing	—	—	—	16.9	—	—	16.9
Balance as of September 30, 2018	**$ 3.7**	**$ 393.9**	**$ (99.9)**	**$ 6,161.0**	**$ (1,387.5)**	**$ 2.5**	**$ 5,073.7**

[1] See Note 2, "Recent Accounting Pronouncements," for additional information.
[2] See Note 5, "Equity," for additional information.

	Preferred	Common		
(in thousands)	**Shares**	**Shares**	**Treasury**	**Outstanding**
Balance as of January 1, 2018	**—**	**340,813**	**(3,797)**	**337,016**
Treasury Stock acquired	—	—	(166)	(166)
Issued:				
Common stock - private placement[1]	—	24,964	—	24,964
Preferred stock[1]	400	—	—	—
Employee stock purchase plan	—	166	—	166
Long-term incentive plan	—	499	—	499
401(k) and profit sharing	—	688	—	688
Balance as of September 30, 2018	**400**	**367,130**	**(3,963)**	**363,167**

[1] See Note 5, "Equity," for additional information.

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

Our accompanying Condensed Consolidated Financial Statements (unaudited) 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 our accounts and that of our majority-owned or controlled subsidiaries.

The accompanying financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017. 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 we believe 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

We are currently evaluating the impact of certain ASUs on our 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 2018-14, *Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans*	The pronouncement modifies the disclosure requirements for defined benefit pension or other postretirement benefit plans. The guidance removes disclosures that are no longer considered cost beneficial, clarifies the specific requirements of disclosures and adds disclosure requirements identified as relevant. The modifications affect annual period disclosures and must be applied on a retrospective basis to all periods presented.	Annual periods ending after December 15, 2020. Early adoption is permitted.	We are currently evaluating the effects of this pronouncement on our Notes to Condensed Consolidated Financial Statements (unaudited), including potential early adoption in the fourth quarter of 2018.
ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326)*	The pronouncement 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. It will also require entities to record allowances for available-for-sale debt securities rather than impair the carrying amount of the securities. Subsequent improvements to the estimated credit losses of available-for-sale securities will be recognized immediately in earnings instead of over time as they are under historic guidance.	Annual periods beginning after December 15, 2019, including interim periods therein. Early adoption is permitted for annual or interim periods beginning after December 15, 2018.	We maintain investments in U.S. Treasury, corporate and mortgage-backed debt securities, which are pledged as collateral for trust accounts related to our wholly-owned insurance company. These debt securities are classified as available for sale. We are currently evaluating the impact of adoption, if any, on our 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 2018-11, *Leases (Topic 842): Targeted Improvements*	The pronouncement allows entities the option to initially apply ASC 842 at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption.	Annual periods beginning after December 15, 2018, including interim periods therein. Early adoption is permitted.	We are the lessee for substantially all of our current leasing activity. Upon adopting ASC 842 we will begin recognizing right-of-use assets and liabilities associated with operating leases (other than short term operating leases) on our Condensed Consolidated Balance Sheets (unaudited). The impact of this change on the balance sheet is not reasonably estimable at this time. We do not anticipate the adoption of ASC 842 will have a material impact to our results of operations or cash flows. We have undertaken efforts to outline mock footnote disclosures intended to satisfy ASC 842's disclosure requirements, which will enhance our disclosures on lease accounting policies and elections. We are implementing a new lease accounting system, which we will utilize to capture, track, and account for lease data. The new system will also aid in automating the compilation of disclosure information. We expect to conclude final system tests in the fourth quarter of 2018, with full system implementation prior to the effective date of these standards. ASC 842 provides lessees the option of electing an accounting policy, by class of underlying asset, in which the lessee may choose not to separate nonlease components from lease components. We currently anticipate adopting this practical expedient for certain classes of leases. Further, we will elect the "practical expedient package" described in ASC 842-10-65-1. We maintain a substantial number of easements and will also elect the provisions of ASU 2018-01 to ease the process of implementing ASC 842. Lastly, we anticipate electing the transition method provided in ASU 2018-11 when we adopt these standards effective January 1, 2019.
ASU 2018-01, *Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842*	The pronouncement offers a practical expedient for accounting for land easements under ASU 2016-02. This practical expedient allows an entity the option of not evaluating existing land easements under ASC 842. New or modified land easements will still require evaluation under ASC 842 on a prospective basis beginning on the date of adoption.		
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.		

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

Recently Adopted Accounting Pronouncements

Standard	Adoption
ASU 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*	In August 2018, the FASB issued this ASU, which amends current guidance to align the accounting for costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing costs associated with developing or obtaining internal-use software. We elected to early adopt the ASU on a prospective basis, effective October 1, 2018. As a result of adopting this ASU, we will defer onto the balance sheet those up-front implementation costs of cloud computing arrangements if they would have been capitalized in a similar on-premise software solution.
ASU 2018-02, *Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*	We adopted this ASU effective March 31, 2018. Upon adoption, \$9.5 million of tax effects that were stranded in accumulated other comprehensive income (loss) as a result of the implementation of the TCJA were reclassified to retained deficit. This change is reflected on our Condensed Statements of Consolidated Equity (unaudited).
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)*	We adopted this ASU effective January 1, 2018. The adoption of this standard did not have a material impact on our Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).
ASU 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*	See Note 3, "Revenue Recognition," for our discussion of the effects of implementing these standards.
ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations*	
ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*	

We also adopted ASU 2017-07, *Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost,* effective January 1, 2018. We continue to present the service cost component of net periodic benefit cost within "Operation and maintenance;" however, other components of the net periodic benefit cost (including regulatory deferrals and settlement charges) are now presented separately within "Other, net" on our Condensed Statements of Consolidated Income (Loss) (unaudited).

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

Changes in income statement presentation were implemented on a retrospective basis. The impact of this ASU on previously issued annual financial statements is summarized in the tables below:

Year Ended December 31, 2016 *(in millions)*		**As Previously Reported**		**Effect of Change**[1]		**As Adjusted**
Operation and maintenance	$	1,453.7	$	(7.9)	$	1,445.8
Total Operating Expenses		3,634.3		(7.9)		3,626.4
Operating Income		858.2		7.9		866.1
Other Income (Deductions)						
Other, net		1.5		(7.9)		(6.4)
Total Other Deductions		(348.0)		(7.9)		(355.9)
Income before Income Taxes	$	510.2	$	—	$	510.2

[1] The effect of this change is attributable to our business segments: Gas Distribution Operations, Electric Operations, and Corporate and Other in the amounts of $4.3 million, $(9.8) million, and $(2.4) million, respectively.

Year Ended December 31, 2017 *(in millions)*		**As Previously Reported**		**Effect of Change**[1]		**As Adjusted**
Operation and maintenance	$	1,612.3	$	(10.6)	$	1,601.7
Total Operating Expenses		3,964.0		(10.6)		3,953.4
Operating Income		910.6		10.6		921.2
Other Income (Deductions)						
Other, net		(2.8)		(10.6)		(13.4)
Total Other Deductions		(467.5)		(10.6)		(478.1)
Income before Income Taxes	$	443.1	$	—	$	443.1

[1] The effect of this change is attributable to our business segments: Gas Distribution Operations, Electric Operations, and Corporate and Other in the amounts of $(4.4) million, $(2.6) million, and $(3.6) million, respectively.

3. Revenue Recognition

ASC 606 Adoption. In 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (ASC 606). ASU 2014-09 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. In 2016, the FASB issued ASU 2016-08, Revenue from Contracts with Customers (ASC 606): Principal versus Agent Considerations, and ASU 2016-12, Revenue from Contracts with Customers (ASC 606): Narrow-Scope Improvements and Practical Expedients. We adopted the provisions of ASC 606 beginning on January 1, 2018 using a modified retrospective method, which was applied to all contracts. No material adjustments were made to January 1, 2018 opening balances as a result of the adoption. As required under the modified retrospective method of adoption, results for reporting periods beginning after January 1, 2018 are presented under ASC 606, while prior period amounts are not adjusted and continue to be reported in accordance with ASC 605.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

The table below provides results for the three and nine months ended September 30, 2018 as if they had been prepared under historic accounting guidance. We included operating revenue information for the three and nine months ended September 30, 2017 for comparability.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2018	2017	2018	2017
Operating Revenues				
Gas Distribution	$ 232.3	$ 239.4	$ 1,600.3	$ 1,403.0
Gas Transportation	186.0	191.6	745.2	735.1
Electric	476.2	485.8	1,304.4	1,365.5
Other	0.5	0.2	2.9	2.7
Total Operating Revenues	$ 895.0	$ 917.0	$ 3,652.8	$ 3,506.3

Beginning in 2018 with the adoption of ASC 606, the Condensed Statements of Consolidated Income (Loss) (unaudited) disaggregates "Customer revenues" (i.e. ASC 606 Revenues) from "Other revenues," both of which are discussed in more detail below.

Customer Revenues. Substantially all of our revenues are tariff-based, which we have concluded is within the scope of ASC 606. Under ASC 606, the recipients of our utility service meet the definition of a customer, while the operating company tariffs represent an agreement that meets the definition of a contract. ASC 606 defines a contract as an agreement between two or more parties, in this case us and the customer, which creates enforceable rights and obligations. In order to be considered a contract, we have determined that it is probable that substantially all of the consideration to which we are entitled from customers will be collected upon satisfaction of performance obligations. We maintain common utility credit risk mitigation practices, including requiring deposits and actively pursuing collection of past due amounts. In addition, our regulated operations utilize certain regulatory mechanisms that facilitate recovery of bad debt costs within tariff-based rates, which provides further evidence of collectibility.

We have identified our performance obligations created under tariff-based sales as 1) the commodity (natural gas or electricity, which includes generation and capacity) and 2) delivery. These commodities are sold and / or delivered to and generally consumed by customers simultaneously, leading to satisfaction of our performance obligations over time as gas or electricity is delivered to customers. Due to the at-will nature of utility customers, performance obligations are limited to the services requested and received to date. Once complete, we generally maintain no additional performance obligations.

Transaction prices for each performance obligation are generally prescribed by each operating company's respective tariff. Rates include provisions to adjust billings for fluctuations in fuel and purchased power costs and cost of natural gas. Revenues are adjusted for differences between actual costs subject to reconciliation and the amounts billed in current rates. Under or over recovered revenues related to these cost recovery mechanisms are included in regulatory assets or liabilities on the Condensed Consolidated Balance Sheets (unaudited) and are recovered from or returned to customers through adjustments to tariff rates. As we provide and deliver service to customers, revenue is recognized based on the transaction price allocated to each performance obligation. In general, revenue recognized from tariff-based sales is equivalent to the value of natural gas or electricity supplied and billed each period, in addition to an estimate for deliveries completed during the period but not yet billed to the customer.

In addition to tariff-based sales, our Gas Distribution Operations segment enters into balancing and exchange arrangements of natural gas as part of our operations and off-system sales programs. We have concluded that these sales are within the scope of ASC 606. Performance obligations for these types of sales include transportation and storage of natural gas and can be satisfied at a point in time or over a period of time, depending on the specific transaction. For those transactions that span a period of time, we record a receivable or payable for any cumulative gas imbalances, as well as for any gas inventory borrowed or lent under a Gas Distributions Operations exchange agreement.

Revenue Disaggregation and Reconciliation. We disaggregate revenue from contracts with customers based upon reportable segment as well as by customer class. As our revenues are primarily earned over a period of time, and we do not earn a material amount of revenues at a point in time, revenues are not disaggregated as such below. The Gas Distribution Operations segment provides natural gas service and transportation for residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia,

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

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

The table below reconciles revenue disaggregation by customer class to segment revenue as well as to revenues reflected on the Condensed Statements of Consolidated Income (Loss) (unaudited):

Three Months Ended September 30, 2018 *(in millions)*	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Customer Revenues[1]				
Residential	$ 257.0	$ 154.7	$ —	$ 411.7
Commercial	80.9	140.7	—	221.6
Industrial	39.0	153.6	—	192.6
Off-system	20.4	—	—	20.4
Miscellaneous	9.2	0.1	0.2	9.5
Total Customer Revenues	$ 406.5	$ 449.1	$ 0.2	$ 855.8
Other Revenues	12.1	27.1	—	39.2
Total Operating Revenues	$ 418.6	$ 476.2	$ 0.2	$ 895.0

[1] Customer revenue amounts exclude intersegment revenues. See Note 19, "Business Segment Information," for discussion of intersegment revenues.

Nine Months Ended September 30, 2018 *(in millions)*	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Customer Revenues[1]				
Residential	$ 1,540.3	$ 382.3	$ —	$ 1,922.6
Commercial	516.2	374.2	—	890.4
Industrial	161.3	468.1	—	629.4
Off-system	63.6	—	—	63.6
Miscellaneous	36.2	12.3	0.6	49.1
Total Customer Revenues	$ 2,317.6	$ 1,236.9	$ 0.6	$ 3,555.1
Other Revenues	30.2	67.5	—	97.7
Total Operating Revenues	$ 2,347.8	$ 1,304.4	$ 0.6	$ 3,652.8

[1] Customer revenue amounts exclude intersegment revenues. See Note 19, "Business Segment Information," for discussion of intersegment revenues.

Customer Accounts Receivable. Accounts receivable on our Condensed Consolidated Balance Sheets (unaudited) includes both billed and unbilled amounts as well as certain amounts that are not related to customer revenues. Unbilled amounts of accounts receivable relate to a portion of a customer's consumption of gas or electricity from the date of the last cycle billing through the last day of the month (balance sheet date). Factors taken into consideration when estimating unbilled revenue include historical usage, customer rates and weather. The opening and closing balances of customer receivables for the nine months ended September 30, 2018 are presented in the table below. We had no significant contract assets or liabilities during the period. Additionally, we have not incurred any significant costs to obtain or fulfill contracts.

(in millions)	Customer Accounts Receivable, Billed (less reserve)[1]	Customer Accounts Receivable, Unbilled (less reserve)[2]
Balance as of December 31, 2017	$ 477.0	$ 356.0
Balance as of September 30, 2018	297.2	154.8
Increase (Decrease)	$ (179.8)	$ (201.2)

[1] Customer billed receivables decreased over the period due to the expected seasonal decrease in customer usage in September when compared to December.
[2] Customer unbilled receivables decreased over the period due to the expected seasonal decrease in customer usage in September when compared to December.

Utility revenues are billed to customers monthly on a cycle basis. We generally expect that substantially all customer accounts receivable will be collected within the month following customer billing, as this revenue consists primarily of monthly, tariff-based billings for service and usage.

Other Revenues. As permitted by accounting principles generally accepted in the United States, regulated utilities have the ability to earn certain types of revenue that are outside the scope of ASC 606. These revenues primarily represent revenue earned under Alternative Revenue Programs. Alternative Revenue Programs represent regulator-approved programs that allow for the adjustment of billings and revenue for certain broad, external factors, or for additional billings if the entity achieves certain objectives, such as a specified reduction of costs. We maintain a variety of these programs, including demand side management initiatives that recover costs associated with the implementation of energy efficiency programs, as well as normalization programs that adjust revenues for the effects of weather or other external factors. Additionally, we maintain certain programs with future test periods that operate similarly to FERC formula rate programs and allow for recovery of costs incurred to replace aging infrastructure. When the criteria to recognize Alternative Revenue have been met, we establish a regulatory asset and present revenue from Alternative Revenue Programs on the Condensed Statements of Consolidated Income (Loss) (unaudited) as "Other revenues." When amounts previously recognized under Alternative Revenue accounting guidance are billed, we reduce the regulatory asset and record a customer account receivable.

4. Earnings Per Share

Basic EPS is computed by dividing net income available to common shareholders 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 and nine months ended September 30, 2018 is not presented since we had a net loss on the Condensed Statements of Consolidated Income (Loss) (unaudited) during the periods, and any incremental shares would have had an anti-dilutive impact on EPS. The computation of diluted average common shares is as follows:

	Three Months Ended September 30,	Nine Months Ended September 30,
(in thousands)	2017	2017
Denominator		
Basic average common shares outstanding	331,139	326,662
Dilutive potential common shares:		
Shares contingently issuable under employee stock plans	604	503
Shares restricted under employee stock plans	653	866
Diluted Average Common Shares	332,396	328,031

5. Equity

ATM Program and Forward Sale Agreement. On May 3, 2017, we entered into four separate equity distribution agreements, pursuant to which we may sell, from time to time, up to an aggregate of $500.0 million of our common stock. As of September 30, 2018, the ATM program (including impacts of forward sales agreements discussed below) had $10.0 million of equity available for issuance. The program expires on December 31, 2018. The following table summarizes our activity under the ATM Program:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	**2018**	2017
Number of shares issued	—	10,612,915	—	11,931,376
Average price per share	$ —	$ 26.67	$ —	$ 26.58
Proceeds, net of fees *(in millions)*	$ —	$ 281.0	$ —	$ 314.7

On November 13, 2017, under the ATM program, we executed a forward agreement, which allows us to issue a fixed number of shares at a price to be settled in the future. From November 13, 2017 to December 8, 2017, 6,345,860 shares were borrowed from third parties and sold by the dealer at a weighted average price of $27.24 per share. We may settle this agreement in shares, cash, or net shares by November 12, 2018. Had we settled all 6,345,860 shares under the forward agreement at September 30, 2018, we

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

would have received approximately $168.7 million, based on a net price of $26.59 per share.

Private Placement of Common Stock. On May 4, 2018, we completed the sale of 24,964,163 shares of $0.01 par value common stock at a price of $24.28 per share in a private placement to selected institutional and accredited investors. The private placement resulted in $606.0 million of gross proceeds or $599.6 million of net proceeds, after deducting commissions and sale expenses. The common stock issued in connection with the private placement was registered on Form S-1, filed with the SEC on May 11, 2018.

Private Placement of Preferred Stock. On June 11, 2018, we completed the sale of 400,000 shares of 5.650% Series A Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock (the "Series A Preferred Stock") at a price of $1,000 per share. The transaction resulted in $400.0 million of gross proceeds or $393.9 million of net proceeds, after deducting commissions and sales expenses. The Series A Preferred Stock was issued in a private placement pursuant to SEC Rule 144A. We agreed pursuant to a registration rights agreement to file with the SEC a registration statement enabling holders to exchange their unregistered shares of Series A Preferred Stock for publicly registered shares with substantially identical terms.

Proceeds from the issuance of the Series A Preferred Stock were used to pay a portion of the notes tendered in June 2018 and the redemption of the remaining notes in July 2018. See Note 14, "Long-term Debt" for additional information regarding the tender offer and redemption.

Dividends on the Series A Preferred Stock accrue and are cumulative from the date the shares of Series A Preferred Stock were originally issued to, but not including, June 15, 2023 at a rate of 5.650% per annum of the $1,000 liquidation preference per share. On and after June 15, 2023, dividends on the Series A Preferred Stock will accumulate for each five year period at a percentage of the $1,000 liquidation preference equal to the five-year U.S. Treasury Rate plus (i) in respect of each five year period commencing on or after June 15, 2023 but before June 15, 2043, a spread of 2.843% (the "Initial Margin"), and (ii) in respect of each five year period commencing on or after June 15, 2043, the Initial Margin plus 1.000%. The Series A Preferred Stock may be redeemed by us at our option on June 15, 2023, or on each date falling on the fifth anniversary thereafter, or in connection with a ratings event (as defined in the Certificate of Designation of the Series A Preferred Stock).

Holders of Series A Preferred Stock generally have no voting rights, except for limited voting rights with respect to (i) potential amendments to our certificate of incorporation that would have a material adverse effect on the existing preferences, rights, powers or duties of the Series A Preferred Stock, (ii) the creation or issuance of any security ranking on a parity with the Series A Preferred Stock if the cumulative dividends payable on then outstanding Series A Preferred Stock are in arrears, or (iii) the creation or issuance of any security ranking senior to the Series A Preferred Stock. The Series A Preferred Stock does not have a stated maturity and is not subject to mandatory redemption or any sinking fund. The Series A Preferred Stock will remain outstanding indefinitely unless repurchased or redeemed by us. Any such redemption would be effected only out of funds legally available for such purposes and will be subject to compliance with the provisions of our outstanding indebtedness.

6. Asset Retirement Obligations

During 2018, we made revisions to the estimated costs associated with refining the CCR compliance plan. The CCR rule requires the continued collection of data over time to determine the specific compliance solution. The change in estimated costs resulted in an increase to the asset retirement obligation liability of $70.7 million that was recorded in 2018. See Note 16-C, "Environmental Matters," for additional information on CCRs.

7. 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 generally result in a corresponding increase in operating revenues and therefore have essentially no impact on total operating income results.

Certain operating costs of our 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.

ITEM 1. FINANCIAL STATEMENTS (continued)

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

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 our 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. Our distribution companies have historically been found prudent in the procurement of gas supplies to serve customers.

Certain of our 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 January 10, 2018, the PUCO issued an entry to investigate the impacts of the TCJA including an invitation to utilities and other interested stakeholders to file public comments including: (1) those components of utility rates that the PUCO will need to reconcile with the TCJA; and (2) the process and mechanics for how the PUCO should do so. The PUCO also directed utilities to record a regulatory liability for the estimated reduction in federal income tax resulting from the TCJA. On February 15, 2018, Columbia of Ohio filed comments proposing to: (1) reflect the impact of the TCJA on its application to adjust rates associated with its IRP rider, subsequently filed on February 27, 2018; and (2) file a reduction in other base rates reflecting the impact of the TCJA. The PUCO issued a procedural schedule on May 24, 2018 and a hearing was held on July 10, 2018. As discussed in further detail below, on October 25, 2018, Columbia of Ohio filed a joint stipulation and recommendation with the PUCO related to its CEP. Included in that stipulation were terms that would serve to resolve all remaining TCJA-related considerations for Columbia of Ohio.

On January 31, 2018, the PUCO approved Columbia of Ohio's application to extend its IRP for an additional five years (2018-2022), allowing Columbia of Ohio to continue to invest and recover on its accelerated main replacements. The Office of the Ohio Consumers' Counsel filed an application for rehearing asserting certain issues with Columbia of Ohio's application. On May 9, 2018, the PUCO issued an order denying the application for rehearing.

As referred to above, Columbia of Ohio filed its most recent application to adjust rates associated with its IRP rider on February 27, 2018, which requested authority to increase annual billings by approximately $2.3 million (net of the impact of the TCJA) reflecting recovery of and return on approximately $207 million of incremental IRP capital additions in 2017. A stipulation was filed with the PUCO on March 28, 2018. On April 25, 2018, the PUCO approved Columbia of Ohio's annual IRP tracker adjustment with rates effective May 1, 2018.

On December 1, 2017, Columbia of Ohio filed an application that requested authority to implement a rider to begin recovering plant and associated deferrals related to its CEP. The CEP was established in 2011 and allows for deferral of interest, depreciation and property taxes on certain plant investments not recovered through its IRP modernization tracker. The application requested authority to increase annual revenues, through the requested rider, by approximately $70 million, with biennial increases up to approximately $98 million in 2022. On May 9, 2018, the PUCO appointed an independent auditor to assist the PUCO with the review of the accounting accuracy, prudency and compliance of Columbia of Ohio with its PUCO-approved CEP deferrals. The independent audit report was filed on September 4, 2018 and the PUCO Staff's Report on the investigation was filed on September 14, 2018. On October 25, 2018, a joint stipulation and recommendation was filed recommending an initial revenue requirement of $74.5 million to recover CEP investments and deferrals through December 31, 2017, with annual adjustments for capital investments made in subsequent years. Additionally, the signatory parties to the stipulation agreed to a reduction in rates to adjust for the impacts of the TCJA and for a base rate case filing to be made by Columbia of Ohio with a test period of calendar year 2021. A hearing on the stipulation is expected to occur on November 6, 2018.

NIPSCO Gas. On January 3, 2018, the IURC initiated an investigation to review and consider the possible implications of the TCJA on utility rates. The IURC ordered a two phase investigation. Phase 1 solely dealt with the prospective changes in rates to reflect the change in tax rates. In accordance with the procedural schedule, on March 26, 2018, NIPSCO filed revised gas tariffs reflecting the impact of the change in tax rate for its applicable rates and charges. The IURC approved NIPSCO's Phase 1 filing on April 26, 2018. The revised tariffs were effective May 1, 2018. The stipulation and settlement agreement filed on April 20, 2018, in NIPSCO's gas rate case (discussed immediately below) resolved all issues in Phase 2.

On September 27, 2017, NIPSCO filed a base rate case with the IURC, seeking an annual revenue increase of $143.5 million (inclusive of amounts being recovered through various tracker programs). As part of this filing and among other items, NIPSCO proposed to update base rates for ongoing infrastructure improvements, revised depreciation rates and ongoing level of expenses to reflect the current costs of providing natural gas service. NIPSCO submitted a rebuttal on March 28, 2018 updating its request, including the impact of the TCJA, seeking a revised annual revenue increase of $138.1 million. On April 20, 2018, a settlement agreement was filed with the IURC seeking, among other items, an annual revenue increase of $107.3 million. An order approving the settlement agreement, as filed, was issued by the IURC on September 19, 2018. Rates will be implemented in three steps, with implementation of step 1 rates effective October 1, 2018, reflecting an annual revenue increase of $84.3 million. Step 2 rates will be effective on or about March 1, 2019, and step 3 rates will be effective on January 1, 2020. The IURC's order also approved NIPSCO's dismissal from phase 2 of the IURC's TCJA investigation.

On November 8, 2017, NIPSCO filed a petition with the IURC seeking approval of NIPSCO's federally mandated pipeline safety compliance plan. As part of the aforementioned settlement agreement filed in NIPSCO's gas base rate case proceeding, NIPSCO and the parties to the settlement agreement settled all issues in this proceeding as well, including moving certain costs from the base rate proceeding to this pipeline safety compliance plan. The updated four year compliance plan includes a total estimated $91.5 million of capital costs and $35.5 million of expected operating and maintenance costs. NIPSCO received approval for accounting and ratemaking relief, including establishment of a periodic rate adjustment mechanism. NIPSCO anticipates filing the first tracker proceeding in this case on or around December 1, 2018.

On April 30, 2013, the Governor of Indiana 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 April 2, 2018, NIPSCO filed a new seven-year gas TDSIC plan with the IURC beginning in 2019 seeking approval of a total capital expenditure level of approximately $1.25 billion. On September 4, 2018, the IURC dismissed the filing without prejudice. The initial seven-year gas TDSIC plan, approving a total capital expenditure level of approximately $767 million remains in effect as approved by the IURC in April 2014. A new seven-year gas TDSIC plan may be filed with IURC once the considerations in the pending TDSIC tracker appeal discussed below are resolved.

On February 27, 2018, NIPSCO filed TDSIC-8 requesting to recover an incremental increase to revenue of $0.8 million (net of the impacts of TCJA) associated with incremental capital investment of $77.9 million made in the second half of 2017. On June 20, 2018, the Indiana Supreme Court issued an order reversing the IURC and the Court of Appeals in NIPSCO's gas TDSIC-4 proceeding. The Indiana Supreme Court order stated that periodic rate increases are available only for specific projects designated in the threshold proceeding and multiple-unit-projects not identified with particularity are not recoverable through the tracker. In the second quarter of 2018, NIPSCO recorded a liability of $2.5 million associated with the TDSIC-4 through TDSIC-8 filings for a related passback of revenue previously billed to customers. A revised TDSIC-8 was filed on July 18, 2018 and reduced the previous February 27, 2018 request by $0.2 million associated with incremental capital investment of approximately $54 million. On August 22, 2018, the IURC issued an order approving the requested rates, subject to refund. On August 28, 2018, NIPSCO filed TDSIC-9 requesting an incremental decrease to revenue of $0.5 million associated with incremental capital investment of $72.9 million through June 30, 2018. The filing included the pass back of the revenue associated with multiple-unit-projects from prior TDSIC filings and the pass back of TCJA revenues of $7.1 million for associated tax expense collected from January 1, 2018 through April 30, 2018. On September 26, 2018, NIPSCO filed a revised TDSIC-9 decreasing the requested revenue amount by an additional $7.6 million to reflect assets being included in the base rate amounts for the step 1 rate implementation discussed above. An IURC order is expected in the fourth quarter of 2018.

Columbia of Massachusetts. On February 2, 2018, the Massachusetts DPU opened an investigation into the effect of the reduction in federal income tax rates on the rates charged by utility companies. Columbia of Massachusetts was directed to account for any revenues associated with the difference between previous and current income tax rates and excess deferred income taxes as regulatory liabilities effective January 1, 2018. Companies were ordered to submit a proposal to revise rates by May 1, 2018. The order indicates that if a company files a base rate case prior to the conclusion of the investigation, it must address the TCJA issues as part of the case. Since CMA filed a base rate case on April 13, 2018, the changes in base rates and the regulatory liability disposition related to the TCJA are reflected in the case. On June 29, 2018, the Massachusetts DPU required companies in a rate case to reduce rates as of July 1, 2018 or, in the alternative, defer this rate reduction to coincide with the effective date of new rates in a rate case, provided that tax savings from July 1, 2018 through the effective date of new rates accrue interest at prime rate. On July 2, 2018, Columbia of Massachusetts filed tariffs reflecting revised rates incorporating the lower federal corporate income tax rate for effect July 1, 2018. In the filing, Columbia of Massachusetts noted the Massachusetts DPU stated it would address the refund of any tax savings accrued from January 1, 2018, through June 30, 2018, in a separate phase of its investigation. On July

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

10, 2018, the Massachusetts DPU approved the tariffs effective July 1, 2018, finding the adjustment is in the public interest, as it provides an immediate benefit to ratepayers.

As noted above, on April 13, 2018, Columbia of Massachusetts filed a rate case with the Massachusetts DPU, seeking approval for an annual revenue increase of approximately $43.8 million which is offset by revenue decreases in other rate factors of $19.7 million, representing a net increase in operating revenues of $24.1 million. Included in the filing was a proposal to adjust rates and address the regulatory liability disposition related to the TCJA. As a result of the incident that occurred on September 13, 2018, involving a series of fires and explosions that occurred in Lawrence, Andover and North Andover, Massachusetts related to the delivery of natural gas by Columbia of Massachusetts (the "Greater Lawrence Incident"), Columbia of Massachusetts filed a motion with the Massachusetts DPU on September 19, 2018, seeking to withdraw its petition for a base rate revenue increase in the interest of focusing its efforts on the on-going service restoration and customer assistance in the area. Refer to Note 16, "Other Commitments and Contingencies," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding the Greater Lawrence Incident. On October 9, 2018, Columbia of Massachusetts filed an application with the Massachusetts DPU, seeking authority to pass back approximately $95.8 million in excess deferred taxes with an effective date of rates to be determined by the Massachusetts DPU.

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, 2017, Columbia of Massachusetts filed its GSEP for the 2018 construction year which proposed to recover incremental revenue of $9.7 million associated with incremental capital investment of $83.9 million to be made during calendar year 2018. The filing included a request for approval of a waiver to allow collection of the $3.1 million revenue requirement that exceeds the GSEP cap provision. On January 29, 2018, Columbia of Massachusetts filed a revision to its GSEP tracker for the 2018 construction season reducing the proposed revenue requirement by $2.4 million to reflect the impact of the TCJA. On June 21, 2018, the Massachusetts DPU issued an order granting the waiver on the revenue cap allowing an incremental revenue requirement of $6.5 million with new rates effective July 1, 2018. On October 31, 2018, Columbia of Massachusetts filed its GSEP for the 2019 construction year, proposing to recover an incremental revenue requirement of $10.7 million associated with incremental capital of $64.0 million. The filing included a request for approval of a waiver to allow collection of the $2.9 million revenue requirement that exceeds the GSEP cap provision. An order is expected from the Massachusetts DPU in the second quarter of 2019, with new rates effective May 1, 2019.

Columbia of Pennsylvania. On February 12, 2018, the Pennsylvania PUC established a docket to investigate the impact of the TCJA on customer rates. The Pennsylvania PUC directed Pennsylvania utilities to account for any revenues associated with the difference between previous and current income tax rates and excess deferred taxes as regulatory liabilities effective January 1, 2018. On May 17, 2018, the Pennsylvania PUC issued an order directing utilities that do not have a pending rate case to implement a negative surcharge in their billings to reflect the annual reduction in federal tax expense and associated revenue requirement for each utility, effective July 1, 2018.

On March 16, 2018, Columbia of Pennsylvania filed a rate case with the Pennsylvania PUC, incorporating the impacts of the TCJA and seeking approval for an annual revenue increase of $46.9 million. On March 21, 2018, Columbia of Pennsylvania filed a supplement to the rate case, under which it proposed to hold the overcollection of taxes during 2018 until the effective date of new base rates as credit to rate base for a period beginning January 2019 not to exceed three years. On August 31, 2018 a partial settlement was filed with the Pennsylvania PUC which included a revenue increase of $26.0 million and provided for the TCJA federal tax expense reduction of $22.5 million to be returned to customers over an 18 month period beginning December 16, 2018. On September 18, 2018 the administrative law judge issued a recommended decision approving the partial settlement without modification. A final order is expected in the fourth quarter of 2018 with new rates anticipated to be implemented in December 2018.

Columbia of Virginia. On January 8, 2018, the VSCC issued an order regarding the TCJA requiring Columbia of Virginia and other Virginia utilities subject to the TCJA to accrue regulatory liabilities reflecting the impacts of the reduced corporate income tax rate effective January 1, 2018. On August 28, 2018 Columbia of Virginia filed a request with the VSCC requesting a $22.2 million increase in base rates. The filing seeks to recover costs associated with ongoing infrastructure investment programs and incorporates the impacts of the TCJA. Columbia of Virginia proposed that the TCJA regulatory liability associated with lower federal income tax expense accrued prior to the implementation of new rates be considered in future VSCC reviews that assess earnings for the associated time period. Rates will be implemented on an interim basis, subject to refund, effective February 1, 2019, with a final order expected from the VSCC in the second half of 2019.

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Columbia of Kentucky. On January 26, 2018, in accordance with the Kentucky PSC investigation related to the TCJA, Columbia of Kentucky filed testimony and proposed a reduction to base rates effective May 1, 2018, to reflect the tax expense reduction as a result of the TCJA. Columbia of Kentucky was directed to account for any revenues associated with the difference between previous and current income tax rates and excess deferred taxes as regulatory liabilities effective January 1, 2018. Columbia of Kentucky proposed to include the impact of the excess deferred taxes in rates effective October 2018 and to return the revenue related to the regulatory liability subsequent to this date. On April 30, 2018 Columbia of Kentucky received an order from the Kentucky PSC requiring implementation of interim proposed rates that are subject to future adjustment effective May 1, 2018. The order directed Columbia of Kentucky to file, by September 1, 2018, revised TCJA adjustment factors reflecting the tax expense savings from January 1, 2018, through April 30, 2018, and an estimate of the annual reduction due to the excess deferred taxes to be effective with the first billing cycle of October 2018. On August 31, 2018, Columbia of Kentucky filed updated rate schedules with the Kentucky PSC for rates proposed to be effective October 1, 2018. On September 27, 2018, Columbia of Kentucky received a PSC order suspending the filing for five months. No procedural time line beyond the five month suspension period has been set.

On October 15, 2018, Columbia of Kentucky filed an application to adjust rates associated with its AMRP, requesting authority to increase annual revenues by $3.6 million associated with incremental capital investment of $30.1 million to be made during calendar year 2019. An order is anticipated from the Kentucky PSC in December 2018, with new rates effective January 2019.

Columbia of Maryland. On February 13, 2018, Columbia of Maryland filed a proposal with the Maryland PSC to reduce rates as a result of TCJA with an annual revenue decrease of $1.3 million. Columbia of Maryland was directed to account for any revenues associated with the difference between previous and current income tax rates and excess deferred taxes as regulatory liabilities effective January 1, 2018. On March 14, 2018, Columbia of Maryland received approval, effective April 2, 2018, to implement new rates and pass-back the overcollection of taxes from the first quarter of 2018.

On April 13, 2018, Columbia of Maryland filed a request with the Maryland PSC to increase base rates by $6.1 million, inclusive of the impacts of the TCJA. On July 31, 2018, Columbia of Maryland filed a settlement with the Maryland PSC. If approved as filed, the settlement would result in an annual revenue increase of $3.7 million. On October 2, 2018, the assigned judge issued a proposed order which recommended that the settlement be approved. A final order from the Maryland PSC is expected in the fourth quarter of 2018 with rates anticipated to be effective November 2018.

On April 6, 2018, Columbia of Maryland filed an application requesting authority to extend its STRIDE plan for an additional five years (2019-2023). The proposed order issued on August 28, 2018 was not appealed or modified and therefore it became final on September 28, 2018.

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 operating 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.

As noted above in the NIPSCO Gas regulatory matters, the IURC initiated an investigation on January 3, 2018, to review and consider the implications of the TCJA on utility rates. The commission ordered a two phase investigation. Phase 1 solely dealt with the prospective changes in rates to reflect the change in tax rates. On March 26, 2018, NIPSCO filed revised electric tariffs reflecting the impact of the change in tax rate for its applicable rates and charges. The IURC approved NIPSCO's phase 1 filing on April 26, 2018. The revised tariffs were effective May 1, 2018. On July 31, 2018, NIPSCO filed an unopposed motion requesting that the over-collection of income taxes from January 1, 2018 through April 30, 2018 be passed back in NIPSCO's TDSIC-4 filing, also filed on July 31, 2018, and requesting that all other phase 2 issues be handled in a rate case filing to be made in the fourth quarter of 2018. On August 15, 2018, the IURC approved the motion to pass back the over-collection and stated that all other phase 2 issues will be addressed in the to-be-filed base rate case, as discussed below.

On October 31, 2018 NIPSCO filed a request for an increase in base rates with the IURC for a proposed $21.4 million increase in revenues in part, to address anticipated revenue loss resulting from the WCE filing discussed below, as well as to address phase 2 issues of the TCJA. The filing also addresses the appropriate depreciation rates for the accelerated retirement of NIPSCO's aging coal fleet, as discussed in the 2018 Integrated Resource Plan below. An order is expected from the IURC in the third quarter of 2019 with rates anticipated to be effective September 2019.

Also on October 31, 2018, NIPSCO submitted its 2018 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 20 years. Refer to Note 16-D, "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information.

On March 29, 2018, WCE, which is currently owned by BP p.l.c ("BP") and BP Products North America, which operates the BP Refinery, filed a petition at the IURC asking that the combined operations of WCE and BP be treated as a single premise, and the WCE generation be dedicated primarily to BP Refinery operations beginning in May 2019 as WCE has self-certified as a qualifying facility at FERC. BP Refinery planned to continue to purchase electric service from NIPSCO at a reduced demand level beginning in May 2019. NIPSCO is currently in discussions with BP.

On January 30, 2018, NIPSCO made a TDSIC-3 rate adjustment mechanism filing requesting a revenue decrease of $1.8 million to be billed over six months, associated with $75.0 million of incremental capital expenditures made from May 1, 2017 to November 30, 2017. The decrease was due to the impact of the TCJA as well as a shorter billing period compared to TDSIC-2. TDSIC-3 was approved on May 30, 2018 and became effective for the first billing cycle of June. Additionally, the TDSIC-2 rates revised for tax reform approved as a part of NIPSCO's Phase 1 filing described above were made effective on May 1, 2018, until TDSIC-3 rates went into effect. The impact of TCJA on TDSIC-2 was an approximate decrease in revenue of $1.2 million for the period from January through May 2018. NIPSCO made a TDSIC-4 rate adjustment mechanism filing on July 31, 2018, which was modified on October 25, 2018, seeking an incremental semi-annual revenue decrease of $11.2 million due primarily to the pass back of a $14.1 million TCJA electric base rate customer refund for the period January through May 2018. The TCJA refund offsets a $2.8 million increase associated with $72.2 million of incremental capital expenditures from December 2017 through May 2018. An order approving the request is expected in the fourth quarter of 2018.

On February 1, 2018, NIPSCO and certain other MISO transmission owners filed with the FERC a request for waiver of tariff provisions to allow for implementation of TCJA provisions into 2018 transmission formula rates as soon as possible. On March 15, 2018, the FERC issued an order granting the request for waiver and set the effective date of the waiver at January 1, 2018. In the March billing cycle, the MISO began billing the new transmission rates reflecting the lower federal tax rate. In addition, the MISO began to re-bill January and February 2018 affected revenues and costs in the March 2018 billing cycle, and completed the re-settlement in the April 2018 billing cycle. The new 2018 transmission formula rates will lower revenue by approximately $8.5 million in 2018 associated with NIPSCO's multi-value projects.

Material Updates to Regulatory Assets and Liabilities Since December 31, 2017

TCJA-Related Regulatory Liabilities. As referenced above, during the nine months ended September 30, 2018, we recorded additional TCJA-related regulatory liabilities of $69.9 million to reflect 2018 collections from customers which we believe are probable of being refunded back to customers once new customer rates are approved by our regulators.

As discussed in Note 12, "Income Taxes," in 2018 we began amortizing regulatory liabilities associated with excess deferred taxes, which resulted in a $6.8 million and $24.6 million income tax benefit for the three and nine months ended September 30, 2018, respectively. Related to this activity, we recorded an offsetting reserve of $3.6 million and $15.9 million (net of tax) in "Customer revenues" to reflect the probable future passback of this earnings benefit to customers for the three and nine months ended September 30, 2018, respectively. In certain jurisdictions, we received additional regulatory guidance on the treatment and passback period of excess deferred income taxes, indicating that such a reserve was not required as of September 30, 2018.

Bailly Generating Station. On February 1, 2018, as previously approved by the MISO, NIPSCO commenced a four-month outage of Bailly Generating Station Unit 8 in order to begin work on converting the unit to a synchronous condenser (a piece of equipment designed to maintain voltage to ensure continued reliability on the transmission system). Approximately $15 million of net book value of Unit 8 remained in "Net Utility Plant" as it is expected to remain used and useful upon completion of the synchronous condenser, while the remaining net book value of approximately $142 million was reclassified to "Regulatory assets (noncurrent)"

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

on the Condensed Consolidated Balance Sheets (unaudited). On May 31, 2018, Units 7 and 8 were retired from service. As a result, the remaining net book value of Unit 7 of approximately $103 million was reclassified to "Regulatory assets (noncurrent)" on the Condensed Consolidated Balance Sheets (unaudited).These amounts continue to be amortized at a rate consistent with their inclusion in customer rates.

8. Risk Management Activities

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

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

(in millions)		**September 30, 2018**		December 31, 2017
Risk Management Assets - Current[(1)]				
Interest rate risk programs	**$**	**21.4**	$	14.0
Commodity price risk programs		**1.0**		0.5
Total	**$**	**22.4**	$	14.5
Risk Management Assets - Noncurrent[(2)]				
Interest rate risk programs	**$**	**32.6**	$	5.6
Commodity price risk programs		**2.6**		1.0
Total	**$**	**35.2**	$	6.6
Risk Management Liabilities - Current				
Interest rate risk programs	**$**	**—**	$	38.6
Commodity price risk programs		**4.8**		4.6
Total	**$**	**4.8**	$	43.2
Risk Management Liabilities - Noncurrent				
Interest rate risk programs	**$**	**—**	$	—
Commodity price risk programs		**45.2**		28.5
Total	**$**	**45.2**	$	28.5

(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).

Commodity Price Risk Management
We, along with our utility customers, are exposed to variability in cash flows associated with natural gas purchases and volatility in natural gas prices. We purchase natural gas for sale and delivery to our 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 our utility subsidiaries offer programs whereby variability in the market price of gas is assumed by the respective utility. The objective of our commodity price risk programs is to mitigate the gas cost variability, for us or on behalf of our 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 twenty 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
As of September 30, 2018, we have 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 2019. These interest rate swaps are designated as cash flow hedges. The effective portions of the gains and losses related to these swaps are

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

recorded to AOCI and are recognized in "Interest expense, net" 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 "Other, net."

In April 2018, we settled forward-starting interest rate swaps with a notional value of $250.0 million. These derivative contracts were accounted for as cash flow hedges. As part of the transaction, the associated net unrealized gain of $21.2 million was recognized immediately in "Other, net" on the Condensed Statements of Consolidated Income (Loss) (unaudited) due to the probability associated with the forecasted borrowing transaction no longer occurring.

There were no amounts excluded from effectiveness testing for derivatives in cash flow hedging relationships at September 30, 2018 and December 31, 2017.

Our derivative instruments measured at fair value as of September 30, 2018 and December 31, 2017 do not contain any credit-risk-related contingent features.

9. 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 our Condensed Consolidated Balance Sheets (unaudited) on a recurring basis and their level within the fair value hierarchy as of September 30, 2018 and December 31, 2017:

Recurring Fair Value Measurements September 30, 2018 *(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, 2018
Assets				
Risk management assets	$ —	$ 57.6	$ —	$ 57.6
Available-for-sale securities	—	143.8	—	143.8
Total	**$ —**	**$ 201.4**	**$ —**	**$ 201.4**
Liabilities				
Risk management liabilities	$ —	$ 50.0	$ —	$ 50.0
Total	**$ —**	**$ 50.0**	**$ —**	**$ 50.0**

Recurring Fair Value Measurements December 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 December 31, 2017
Assets				
Risk management assets	$ —	$ 21.1	$ —	$ 21.1
Available-for-sale securities	—	133.9	—	133.9
Total	**$ —**	**$ 155.0**	**$ —**	**$ 155.0**
Liabilities				
Risk management liabilities	$ —	$ 71.4	$ 0.3	$ 71.7
Total	**$ —**	**$ 71.4**	**$ 0.3**	**$ 71.7**

Risk management assets and liabilities include interest rate swaps, exchange-traded NYMEX futures and NYMEX options and non-exchange-based forward purchase contracts. When utilized, 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, options and treasury lock agreements. In certain instances, these instruments may utilize models to measure fair value. We use 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, 2018 and December 31, 2017, 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 our financial instruments.

We have entered into forward-starting interest rate swaps to hedge the interest rate risk on coupon payments of forecasted issuances of long-term debt. These derivatives are designated as cash flow hedges. Credit risk is considered in the fair value calculation of each agreement. As they are based on observable data and valuations of similar instruments, the hedges are categorized within Level 2 of the fair value hierarchy. There was no exchange of premium at the initial date of the swaps, and we can settle the contracts at any time. For additional information, see Note 8, "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. We value 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 8, "Risk Management Activities."

Available-for-sale securities are investments pledged as collateral for trust accounts related to our wholly-owned insurance company. Available-for-sale securities are included within "Other investments" in the Condensed Consolidated Balance Sheets (unaudited). We value 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. The amortized cost, gross unrealized gains and losses and fair value of available-for-sale securities at September 30, 2018 and December 31, 2017 were:

September 30, 2018 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities				
U.S. Treasury debt securities	$ 29.7	$ —	$ (0.2)	$ 29.5
Corporate/Other debt securities	116.8	0.4	(2.9)	114.3
Total	**$ 146.5**	**$ 0.4**	**$ (3.1)**	**$ 143.8**

December 31, 2017 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities				
U.S. Treasury debt securities	$ 26.9	$ —	$ (0.1)	$ 26.8
Corporate/Other debt securities	106.8	0.9	(0.6)	107.1
Total	**$ 133.7**	**$ 0.9**	**$ (0.7)**	**$ 133.9**

Realized gains and losses on available-for-sale securities were immaterial for the three and nine months ended September 30, 2018 and 2017.

The cost of maturities sold is based upon specific identification. At September 30, 2018, approximately $14.9 million of U.S. Treasury debt securities and approximately $3.0 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, 2018 and 2017.

Non-recurring Fair Value Measurements. There were no significant non-recurring fair value measurements recorded during the three and nine months ended September 30, 2018.

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. Our 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 nine months ended September 30, 2018, 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 September 30, 2018**	**Estimated Fair Value as of September 30, 2018**	Carrying Amount as of Dec. 31, 2017	Estimated Fair Value as of Dec. 31, 2017
Long-term debt (including current portion)	**$ 7,143.1**	**$ 7,280.1**	$ 7,796.5	$ 8,603.4

10. 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 March 2019 and October 2019 and may be further extended if mutually agreed to by the parties thereto.

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 September 30, 2018, the maximum amount of debt that could be recognized related to our accounts receivable programs is $265.0 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 September 30, 2018 and December 31, 2017:

(in millions)	**September 30, 2018**	December 31, 2017
Gross Receivables	**$ 410.9**	$ 635.3
Less: Receivables not transferred	**145.9**	298.6
Net receivables transferred	**$ 265.0**	$ 336.7
Short-term debt due to asset securitization	**$ 265.0**	$ 336.7

For the nine months ended September 30, 2018 and 2017, $71.7 million and $47.8 million, respectively, 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 $0.4 million and $0.6 million for the three months ended September 30, 2018 and 2017, respectively, and $1.9 million for the nine months ended September 30, 2018 and 2017, respectively. We remain responsible for collecting on the receivables securitized, and the receivables cannot be transferred to another party.

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

11. Goodwill

The following presents our goodwill balance allocated by segment as of September 30, 2018:

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

We applied the qualitative "step 0" analysis to our reporting units for the annual impairment test performed as of May 1, 2018. For this test, we assessed various assumptions, events and circumstances that would have affected the estimated fair value of the reporting units as compared to their 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 our reporting unit fair values were less than the reporting unit carrying values, accordingly, no "step 1" analysis was required.

In the third quarter of 2018, we determined the Greater Lawrence Incident (see FN 16, "Other Commitments and Contingencies") represents a triggering event that requires an impairment analysis of goodwill. This incident specifically impacts our Columbia of Massachusetts reporting unit in which the associated goodwill totaled $204.8 million immediately prior to the incident. We performed a quantitative impairment analysis as of September 30, 2018 and determined that the fair value of the Columbia of Massachusetts reporting unit continues to exceed its carrying value. Therefore, no goodwill impairment charges were recorded in the third quarter of 2018. This interim analysis was performed using updated cash flow projections reflecting the estimated ongoing impacts of the Greater Lawrence Incident on Columbia of Massachusetts' operations. We also updated other significant inputs to the fair value calculation (e.g. discount rate, market multiples) to reflect current market conditions and the increased risk and uncertainty resulting from the incident. We will continue to monitor the impacts of the Greater Lawrence Incident for events that could trigger a new impairment analysis including, but not limited to, unfavorable regulatory outcomes, extended customer impacts, and NTSB investigation results.

12. Income Taxes

Our interim effective tax rates reflect the estimated annual effective tax rates for 2018 and 2017, adjusted for tax expense associated with certain discrete items. The effective tax rates for the three months ended September 30, 2018 and 2017 were 21.8% and 15.2%, respectively. The effective tax rates for the nine months ended September 30, 2018 and 2017 were 40.3% and 34.9%, respectively. These effective tax rates differ from the federal statutory tax rate of 21% in 2018 and 35% in 2017, 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 6.6% in 2018 compared to 2017 is due to state tax apportionment benefits recorded in the third quarter of 2017 that were not recorded in the current year period along with the impact of the Greater Lawrence Incident on consolidated state income taxes. These increases were partially offset by the change in the federal statutory rate due to the enactment of the TCJA.

The increase in the nine month effective tax rate of 5.4% in 2018 versus the same period in 2017 is primarily due to the impact of the Greater Lawrence Incident on consolidated state income taxes, partially offset by the change in the federal statutory rate due to the enactment of the TCJA.

In 2018 we began amortizing a portion of our regulatory liability associated with excess deferred taxes which resulted in a current year income tax benefit of $6.8 million and $24.6 million for the three and nine months ended September 30, 2018, respectively. Additionally, we continue to work with the public utility commissions in each of our seven states on the appropriate treatment and resolution of TCJA impacts. Final regulatory orders from our public utility commissions in ongoing proceedings may decrease our TCJA-related regulatory liabilities by up to approximately $150 million. Such decreases would be recorded in the period the respective orders are received. Refer to Note 7, "Regulatory Matters," for additional information.

There were no material changes recorded in 2018 to our uncertain tax positions as of December 31, 2017.

13. Pension and Other Postretirement Benefits

We provide defined contribution plans and noncontributory defined benefit retirement plans that cover certain of our employees. Benefits under the defined benefit retirement plans reflect the employees' compensation, years of service and age at retirement. Additionally, we provide health care and life insurance benefits for certain retired employees. The majority of employees may

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

become eligible for these benefits if they reach retirement age while working for us. 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 nine months ended September 30, 2018, we contributed $2.1 million to our pension plans and $16.8 million to our other postretirement benefit plans.

The following table provides the components of the plans' actuarially determined net periodic benefit cost for the three and nine months ended September 30, 2018 and 2017:

Three Months Ended September 30, *(in millions)*	Pension Benefits 2018	Pension Benefits 2017	Other Postretirement Benefits 2018	Other Postretirement Benefits 2017
Components of Net Periodic Benefit Cost[(1)]				
Service cost	**$ 7.8**	$ 7.4	**$ 1.3**	$ 1.2
Interest cost	**16.8**	17.1	**4.4**	4.4
Expected return on assets	**(35.4)**	(30.8)	**(3.7)**	(3.9)
Amortization of prior service credit	**(0.1)**	(0.1)	**(1.0)**	(1.1)
Recognized actuarial loss	**10.2**	13.2	**0.9**	0.7
Settlement loss	**8.3**	10.6	**—**	—
Total Net Periodic Benefit Cost	**$ 7.6**	$ 17.4	**$ 1.9**	$ 1.3

[(1)]The service cost component, and all non-service cost components, of net periodic benefit cost are presented in "Operation and maintenance" and "Other, net", respectively, on the Condensed Statements of Consolidated Income (Loss) (unaudited).

Nine Months Ended September 30, *(in millions)*	Pension Benefits 2018	Pension Benefits 2017	Other Postretirement Benefits 2018	Other Postretirement Benefits 2017
Components of Net Periodic Benefit Cost[(1)]				
Service cost	**$ 23.6**	$ 22.4	**$ 3.9**	$ 3.6
Interest cost	**50.0**	51.5	**13.2**	13.4
Expected return on assets	**(107.9)**	(91.3)	**(11.1)**	(11.9)
Amortization of prior service credit	**(0.3)**	(0.5)	**(3.0)**	(3.3)
Recognized actuarial loss	**30.6**	40.0	**2.7**	2.2
Settlement loss	**11.8**	10.6	**—**	—
Total Net Periodic Benefit Cost	**$ 7.8**	$ 32.7	**$ 5.7**	$ 4.0

[(1)]The service cost component, and all non-service cost components, of net periodic benefit cost are presented in "Operation and maintenance" and "Other, net", respectively, on the Condensed Statements of Consolidated Income (Loss) (unaudited).

As of May 31, 2018, two of our qualified pension plans paid lump sums in excess of the respective plan's 2018 service cost plus interest cost, thereby meeting the requirement for settlement accounting. A settlement charge of $3.5 million was recorded during the second quarter of 2018. As a result of these settlements, the two pension plans were remeasured. The remeasurements led to an increase to the pension benefit obligation, net of plan assets, of $1.1 million, a net decrease to regulatory assets of $2.3 million, and a net credit to accumulated other comprehensive income (loss) of $0.1 million. Net periodic pension benefit cost for 2018 increased by $1.1 million as a result of the second quarter remeasurement.

As of August 31, 2018, an additional qualified pension plan paid lump sums in excess of its 2018 service cost plus interest cost, thereby meeting the requirement for settlement accounting. A settlement charge of $8.3 million was recorded during the third quarter of 2018. As a result of this settlement, the plan was remeasured, leading to a decrease to the net pension asset of $2.5 million, a net decrease to regulatory assets of $5.3 million, and a net credit to accumulated other comprehensive income (loss) of $0.5 million. Net periodic pension benefit cost for 2018 increased by $1.9 million as a result of the third quarter remeasurement.

The following table provides the key assumptions that were used to calculate the pension benefit obligation and the net periodic benefit cost for the plans that triggered settlement accounting at the measurement dates of August 31, 2018, May 31, 2018 and December 31, 2017:

	August 31, 2018	May 31, 2018	December 31, 2017
Weighted-average Assumption to Determine Benefit Obligation:			
Discount rate	4.08%	4.03%	3.58%
Weighted-average Assumptions to Determine Net Periodic Benefit Costs for the period ended:			
Discount rate - service cost	3.79%	3.79%	4.40%
Discount rate - interest cost	3.15%	3.15%	3.31%
Expected return on assets	6.30%	6.30%	7.25%

14. Long-Term Debt

On March 15, 2018, we redeemed $275.1 million of 6.40% senior unsecured notes at maturity.

In June 2018, we executed a tender offer for $209.0 million of outstanding notes consisting of a combination of our 6.80% notes due 2019, 5.45% notes due 2020 and 6.125% notes due 2022. In conjunction with the debt retired, we recorded a $12.5 million loss on early extinguishment of long-term debt, primarily attributable to early redemption premiums.

On June 11, 2018, we closed our private placement of $350.0 million of 3.65% senior unsecured notes maturing in 2023 which resulted in approximately $346.6 million of net proceeds after deducting commissions and expenses. We used the net proceeds from this private placement to pay a portion of the redemption price for the notes subject to the tender offer described above.

In July 2018, we redeemed $551.1 million of outstanding notes representing the remainder of our 6.80% notes due 2019, 5.45% notes due 2020 and 6.125% notes due 2022. During the third quarter of 2018, we recorded a $33.0 million loss on early extinguishment of long-term debt, primarily attributable to early redemption premiums.

15. Short-Term Borrowings

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

We maintain a revolving credit facility to fund ongoing working capital requirements, including the provision of liquidity support for our commercial paper program, provide for issuance of letters of credit and also for general corporate purposes. Our revolving credit facility has a program limit of $1.85 billion and is comprised of a syndicate of banks led by Barclays. At September 30, 2018 and December 31, 2017, we had no outstanding borrowings under this facility.

Our 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. We had $746.0 million and $869.0 million of commercial paper outstanding as of September 30, 2018 and December 31, 2017, respectively.

As of September 30, 2018 and December 31, 2017, we had $10.2 million and $11.1 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). We had $265.0 million in transfers as of September 30, 2018 and $336.7 million as of December 31, 2017. Refer to Note 10, "Transfers of Financial Assets," for additional information.

On April 18, 2018, we entered into a multiple-draw $600.0 million term loan agreement with a syndicate of banks led by MUFG Bank, Ltd. The term loan matures April 17, 2019, at which point any and all outstanding borrowings under the agreement are due. Interest charged on borrowings depends on the variable rate structure we elected at the time of each borrowing. Under the agreement, we borrowed an initial tranche of $150.0 million on April 18, 2018 with an interest rate of LIBOR plus 50 basis points and a second tranche of $450.0 million on May 31, 2018 with an interest rate of LIBOR plus 55 basis points.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

Short-term borrowings were as follows:

(in millions)	September 30, 2018	December 31, 2017
Commercial paper weighted-average interest rate of 2.57% and 1.97% at September 30, 2018 and December 31, 2017, respectively	$ **746.0**	$ 869.0
Accounts receivable securitization facility borrowings	**265.0**	336.7
Term loan weighted-average interest rate of 2.79% at September 30, 2018	**600.0**	—
Total Short-Term Borrowings	$ **1,611.0**	$ 1,205.7

Other than for the term loan, 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) as their maturities are less than 90 days.

16. Other Commitments and Contingencies

A. Guarantees and Indemnities. We and certain of our subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries as a part of normal business. 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 September 30, 2018 and December 31, 2017, we had issued stand-by letters of credit of $10.2 million and $11.1 million, respectively.

B. Legal Proceedings. On September 13, 2018, a series of fires and explosions occurred in Lawrence, Andover and North Andover, Massachusetts related to the delivery of natural gas by Columbia of Massachusetts (referred to herein as the "Greater Lawrence Incident"). The Greater Lawrence Incident resulted in one fatality and a number of injuries, damaged multiple homes and businesses, and caused the temporary evacuation of significant portions of each municipality. The Massachusetts Governor's office declared a state of emergency, authorizing the Massachusetts DPU to order another utility company to coordinate the restoration of utility services in Lawrence, Andover and North Andover. The incident resulted in the interruption of gas and other utility service for approximately 8,500 gas meters, of which approximately 700 serve businesses. Columbia of Massachusetts is currently in the process of replacing the cast iron and bare steel gas pipeline system to restore service to these meters. See " - D. Other Matters - Greater Lawrence Pipeline Replacement" below for more information.

The NTSB is investigating the Greater Lawrence Incident. The parties to the investigation include the PHMSA, the Massachusetts DPU, Columbia of Massachusetts, and police and fire first responders. The Company and Columbia of Massachusetts are cooperating with the NTSB and have provided information to assist in its ongoing investigation into relevant facts related to the event, the probable cause, and its development of safety recommendations. According to the preliminary public report that the NTSB issued on October 11, 2018, an over pressurization of a low pressure gas distribution system occurred which appears to have been related to work being done on behalf of Columbia of Massachusetts on a pipeline replacement project in Lawrence. In addition, according to the report, sensing lines detected a drop in pressure in a portion of mainline that was being abandoned, causing a regulator to open up and increase pressure in the system to a level that exceeded the maximum allowable operating pressure of the distribution system. While the NTSB investigation is pending, the Company and Columbia of Massachusetts are prohibited from disclosing information related to the investigation without approval from the NTSB.

The Massachusetts DPU has announced its intent to hire an independent evaluator to conduct a statewide examination of the safety of the natural gas distribution systems within the Commonwealth of Massachusetts. Through authority granted by the Massachusetts Governor under the state of emergency, the Chair of the Massachusetts DPU will direct all natural gas distribution companies operating in the Commonwealth to fund the statewide examination. The examination is expected to complement, but not duplicate, the NTSB's investigation. Following the release of the NTSB's preliminary report, the Massachusetts DPU placed a moratorium on Columbia of Massachusetts, which prohibits the company from performing any work in the state through at least December 1, 2018. The ban does not apply to compliance and emergency work, including the restoration of service in Lawrence, Andover and North Andover.

Under Massachusetts law, the DPU is authorized to investigate potential violations of pipeline safety regulations and to assess a civil penalty of up to $209,000 for a violation of federal pipeline safety regulations. A separate violation occurs for each day of violation up to $2.1 million for a related series of violations. The Massachusetts DPU also is authorized to investigate potential violations of the Columbia of Massachusetts emergency response plan and to assess penalties of up to $250,000 per violation, or

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

up to $20 million per related series of violations. Further, as a result of the declaration of emergency by the Governor, the DPU is authorized to investigate potential violations of the DPU's operational directives during the restoration efforts and assess penalties of up to $1 million per violation. The timing and outcome of any such investigations are uncertain at this time.

Various lawsuits, including several purported class action lawsuits, have been filed by various affected residents or businesses in Massachusetts state courts against the Company and/or Columbia of Massachusetts in connection with the Greater Lawrence Incident. The class action lawsuits allege varying causes of action, including those for strict liability for ultra-hazardous activity, negligence, private nuisance, public nuisance, premises liability, trespass, breach of implied warranty of merchantability, breach of contract and gross negligence, and seek punitive damages. Many residents and business owners have submitted individual damage claims to Columbia of Massachusetts. We also have received notice from two parties indicating an intent to assert wrongful death claims. In addition, the Commonwealth of Massachusetts and the municipalities of Lawrence, Andover and North Andover are seeking reimbursement from Columbia of Massachusetts for their respective expenses incurred in connection with the Greater Lawrence Incident.

The Company and Columbia of Massachusetts are subject to a criminal investigation being conducted under the supervision of the U.S. Attorney's Office for the District of Massachusetts. The initial grand jury subpoenas were served on the Company and Columbia of Massachusetts on September 24, 2018. The Company and Columbia of Massachusetts are cooperating with the investigation.

During the quarter ended September 30, 2018, Columbia of Massachusetts expensed approximately $415 million for estimated third-party claims related to the Greater Lawrence Incident, including personal injury and property damage claims, damage to infrastructure, and other damage claims, which include mutual aid payments to other utilities assisting with the restoration effort, gas-fueled appliance replacement and related services for impacted customers, temporary lodging for displaced customers, and claims-related legal fees. We estimate that total costs related to third-party claims resulting from the incident will range from $415 million to $450 million, depending on the final outcome of open investigations and the number, nature, and value of third-party claims. We also expect to incur losses for third party business interruption claims, the costs for which are not included in the amounts disclosed above due to insufficient information to reasonably estimate the damages from such claims. The amounts set forth above do not include non-claims related expenses resulting from the incident or the estimated capital cost of the pipeline replacement, which are set forth in " - D. Other Matters - Greater Lawrence Incident Restoration" and " - Greater Lawrence Pipeline Replacement," respectively, below.

The process for estimating costs associated with third-party claims relating to the Greater Lawrence Incident requires management to exercise significant judgment based on a number of assumptions and subjective factors. As more information becomes known, including information resulting from the NTSB investigation, management's estimates and assumptions regarding the financial impact of the Greater Lawrence Incident may change.

Further, it is not possible at this time to reasonably estimate the amount of any fines, penalties or settlements with governmental authorities, including the Massachusetts DPU and other regulators, that the Company or Columbia of Massachusetts may incur in connection with the Greater Lawrence Incident. Therefore, the foregoing amounts do not include estimates for any such fines, penalties or settlements.

The current and noncurrent portions of the remaining liability as of September 30, 2018 are presented within "Claims accrued" and "Other noncurrent liabilities," respectively, in the Company's Condensed Consolidated Balance Sheets (unaudited). The expenses above are presented within "Operation and maintenance" in our Condensed Statement of Consolidated Income (unaudited).

The Company maintains liability insurance for damages in the approximate amount of $800 million. The Company and Columbia of Massachusetts believe that third-party claims related to the Greater Lawrence Incident will be substantially covered by this insurance, other than any fines, penalties or settlements with governmental authorities that the Company or Columbia of Massachusetts may incur. However, no amounts for insurance recoveries have been recorded as of September 30, 2018. The Company and Columbia of Massachusetts are currently unable to predict the amount and timing of insurance recoveries.

In addition, we are party to certain other claims and legal proceedings arising in the ordinary course of business, none of which are 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 our results of operations, financial position or liquidity. If one or more of such matters were decided against us, the effects could be material to our results of operations in the period in which we would be required to

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

record or adjust the related liability and could also be material to our cash flows in the periods that we would be required to pay such liability.

C. Environmental Matters. Our operations are subject to environmental statutes and regulations related to air quality, water quality, hazardous waste and solid waste. We believe that we are in substantial compliance with the environmental regulations currently applicable to our 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 of our companies.

As of September 30, 2018 and December 31, 2017, we had recorded a liability of approximately $107.1 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). We recognize 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 and the method of remediation. These expenditures are not currently estimable at some sites. We periodically adjust our 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 October 31, 2018. See section D, "Other Matters," below for additional information.

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

Future legislative and regulatory programs 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. We carefully monitor all GHG reduction proposals and regulations.

CPP and ACE Rules. On October 23, 2015, the EPA issued the CPP to regulate CO_2 emissions from existing fossil-fuel EGUs under section 111(d) of the CAA. The U.S. Supreme Court has stayed implementation of the CPP until litigation is decided on its merits, and the EPA has proposed to repeal the CPP. On August 31, 2018, the EPA published a proposal to replace the CPP with the ACE rule, which establishes guidelines for states to use when developing plans to reduce CO_2 emissions from existing coal-fired EGUs. The proposal would provide states three years after a final rule is issued to develop state-specific plans, and the EPA would have twelve months to act on a complete state plan submittal. Within two years after a finding of failure to submit a complete plan, or disapproval of a state plan, the EPA would issue a federal plan. NIPSCO will continue to monitor this matter and cannot estimate its impact at this time.

Waste
CERCLA. Our subsidiaries are potentially responsible parties at waste disposal sites under the CERCLA (commonly known as Superfund) and similar state laws. Under CERCLA, each potentially responsible party can be held jointly, severally and strictly liable for the remediation costs as the EPA, or state, can allow the parties to pay for remedial action or perform remedial action themselves and request reimbursement from the potentially responsible parties. Our affiliates have retained CERCLA environmental liabilities, including remediation liabilities, associated with certain current and former operations. These liabilities are not material to the Condensed Consolidated Financial Statements *(unaudited)*.

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.

We utilize a probabilistic model to estimate future remediation costs related to our MGP sites. The model was prepared with the assistance of a third party and incorporates our experience and general industry experience with remediating MGP sites. We complete an annual refresh of the model in the second quarter of each fiscal year. No material changes to the estimated future

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
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remediation costs were noted as a result of the refresh completed as of June 30, 2018. Our total estimated liability related to the facilities subject to remediation was $103.3 million and $106.9 million at September 30, 2018 and December 31, 2017, respectively. The liability represents our best estimate of the probable cost to remediate the facilities. We believe 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 is incurring 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. The IURC approved the settlement in an order on December 13, 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 25, 2017, the EPA published notice in the Federal Register that the EPA is reconsidering the ELG in response to several petitions for reconsideration. On September 18, 2017, the EPA postponed the earliest compliance dates for flue gas desulfurization wastewater and bottom ash transport water requirements from 2018 to 2020 to potentially consider revisions to technology and numeric limits achievable. NIPSCO is unable to estimate the financial impact of the EPA reconsideration at this time. Based upon a preliminary study of the November 3, 2015 final rule, capital compliance costs were expected to be approximately $170 million. However, NIPSCO does not anticipate material ELG compliance costs based on the most viable option for customers announced as part of NIPSCO's 2018 Integrated Resource Plan (discussed below).

D. Other Matters.

NIPSCO 2018 Integrated Resource Plan. Multiple factors, but primarily economic ones, including low natural gas prices, advancing cost effective renewable technology and increasing capital and operating costs associated with existing coal plants, have led NIPSCO to conclude in its Integrated Resource Plan submission that NIPSCO's current fleet of coal generation facilities will be retired earlier than previous Integrated Resource Plan's had indicated.

On October 31, 2018, NIPSCO submitted its 2018 Integrated Resource Plan to 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 20 years. The preferred option within the Integrated Resource Plan retires R.M. Schahfer Generating Station (Units 14, 15, 17, and 18) by 2023 and Michigan City Generating Station (Unit 12) by 2028. The replacement plan is still being defined, but currently points to renewable sources of energy, including wind, solar, and battery storage.

NIPSCO Pure Air. NIPSCO had a service agreement with Pure Air, a general partnership between Air Products and Chemicals, Inc. and First Air Partners LP, under which Pure Air provided 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. We made an exhaustive effort to obtain information needed from Pure Air to determine the status of Pure Air as a VIE. However, NIPSCO was not able to obtain this information and, as a result, it was not determined whether Pure Air was a VIE and whether NIPSCO was the primary beneficiary. Payments under this agreement were $8.3 million and $16.5 million for the nine months ended September 30, 2018 and 2017, respectively. In accordance with GAAP, the renewed agreement was evaluated to determine whether the arrangement qualified 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, we capitalized this lease beginning in the third quarter of 2012.

NIPSCO retired the generation station units serviced by Pure Air on 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. In connection with the closure of Bailly Units 7 and 8, NIPSCO paid the termination payment to Pure Air during the second quarter of 2018. Cash flows associated with this payment are presented within operating activities on the Condensed Statements of Consolidated Cash Flows (unaudited).

Greater Lawrence Incident Restoration. During the quarter ended September 30, 2018, Columbia of Massachusetts recorded a loss of approximately $460 million in connection with the Greater Lawrence Incident. This amount includes approximately $415 million for estimated third-party claims associated with the incident as described above in " - B. Legal Proceedings." The additional $45 million included in the loss recorded includes certain consulting costs, administration costs, charitable contributions, and other labor and related expenses in connection with the incident. We expect to incur a total of $180 million to $210 million in such incident-related costs, depending on the incurrence of future restoration work, substantially all of which we expect to incur by the end of 2018. The amounts set forth above do not include the estimated capital cost of the pipeline replacement, which is set forth below.

The Company maintains liability insurance for damages in the approximate amount of $800 million. The Company and Columbia of Massachusetts believe that third-party claims and other expenses related to the Greater Lawrence Incident will be substantially covered by insurance, other than any fines, penalties or settlements with governmental authorities that the Company or Columbia of Massachusetts may incur. However, no amounts for insurance recoveries have been recorded as of September 30, 2018. The Company and Columbia of Massachusetts are currently unable to predict the amount and timing of insurance recoveries.

The current and noncurrent portions of the remaining liability as of September 30, 2018 are presented within "Claims accrued" and "Other noncurrent liabilities," respectively, in the Company's Condensed Consolidated Balance Sheets (unaudited). Costs associated with charitable contributions are presented within "Other, Net" in our Condensed Statement of Consolidated Income (unaudited). All other losses incurred are presented within "Operation and maintenance."

Greater Lawrence Pipeline Replacement. In connection with the Greater Lawrence Incident, Columbia of Massachusetts, in cooperation with the Massachusetts Governor's office, replaced the entire affected 45-mile cast iron and bare steel pipeline system that delivers gas to approximately 8,500 gas meters, of which approximately 700 serve businesses impacted in the Greater Lawrence Incident. This system was replaced with plastic distribution mains and service lines, as well as enhanced safety features such as pressure regulation and excess flow valves at each premise. Columbia of Massachusetts is aiming to restore gas service to all homes and workplaces by December 16, 2018. At the request of the Massachusetts DPU, which was instructed by the Massachusetts Governor through his executive authority under a state of emergency, Columbia of Massachusetts has hired an outside contractor to serve as the Chief Recovery Officer for the Greater Lawrence Incident, responsible for command, control and communications. The estimated capital cost of the pipeline replacement is between $135 - $165 million. The recovery of this capital investment will be addressed in a future regulatory proceeding.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

17. Accumulated Other Comprehensive Income (Loss)

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

Three Months Ended September 30, 2018 *(in millions)*	Gains and Losses on Securities[1]	Gains and Losses on Cash Flow Hedges[1]	Pension and OPEB Items[1]	Accumulated Other Comprehensive Income (Loss)[1]
Balance as of July 1, 2018	$ (2.2)	$ (1.7)	$ (17.0)	$ (20.9)
Other comprehensive income before reclassifications	—	21.6	1.0	22.6
Amounts reclassified from accumulated other comprehensive loss	0.1	0.9	(0.2)	0.8
Net current-period other comprehensive income	0.1	22.5	0.8	23.4
Balance as of September 30, 2018	**$ (2.1)**	**$ 20.8**	**$ (16.2)**	**$ 2.5**

Nine Months Ended September 30, 2018 *(in millions)*	Gains and Losses on Securities[1]	Gains and Losses on Cash Flow Hedges[1]	Pension and OPEB Items[1]	Accumulated Other Comprehensive Income (Loss)[1]
Balance as of January 1, 2018	$ 0.2	$ (29.4)	$ (14.2)	$ (43.4)
Other comprehensive income (loss) before reclassifications	(2.5)	70.8	1.0	69.3
Amounts reclassified from accumulated other comprehensive loss[2]	0.2	(14.3)	0.2	(13.9)
Net current-period other comprehensive income (loss)	(2.3)	56.5	1.2	55.4
Reclassification due to adoption of ASU 2018-02 (Refer to Note 2)	—	(6.3)	(3.2)	(9.5)
Balance as of September 30, 2018	**$ (2.1)**	**$ 20.8**	**$ (16.2)**	**$ 2.5**

Three Months Ended September 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 July 1, 2017	$ 0.4	$ (18.8)	$ (17.2)	$ (35.6)
Other comprehensive income (loss) before reclassifications	0.1	(9.7)	—	(9.6)
Amounts reclassified from accumulated other comprehensive loss	—	0.4	1.1	1.5
Net current-period other comprehensive income (loss)	0.1	(9.3)	1.1	(8.1)
Balance as of September 30, 2017	$ 0.5	$ (28.1)	$ (16.1)	$ (43.7)

Nine Months Ended September 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	1.1	(23.3)	0.2	(22.0)
Amounts reclassified from accumulated other comprehensive loss	—	2.1	1.3	3.4
Net current-period other comprehensive income (loss)	1.1	(21.2)	1.5	(18.6)
Balance as of September 30, 2017	$ 0.5	$ (28.1)	$ (16.1)	$ (43.7)

(1) All amounts are net of tax. Amounts in parentheses indicate debits.

(2) Reclassification from accumulated other comprehensive loss for cash flow hedges relates primarily to the interest rate swap settlement gain. Refer to Note 8 "Risk Management Activities" for additional information.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

18. Other, Net

(in millions)	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Interest Income	$ **1.4**	$ 1.4	$ **4.2**	$ 3.2
AFUDC Equity	**5.0**	4.3	**12.6**	10.5
Charitable Contributions	**(11.1)**	(0.8)	**(13.9)**	(3.5)
Pension and other postretirement non-service cost	**2.4**	(11.8)	**14.7**	(10.1)
Interest rate swap settlement gain[(1)]	**—**	—	**21.2**	—
Miscellaneous	**0.6**	0.1	**3.6**	(0.4)
Total Other, net	$ **(1.7)**	$ (6.8)	$ **42.4**	$ (0.3)

[(1)]See Note 8, "Risk Management Activities," for additional information.

19. Business Segment Information

Our 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 our business segments. We use operating income as our primary measurement for each of the reported segments and make 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.

(in millions)	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Operating Revenues				
Gas Distribution Operations				
Unaffiliated	$ **418.6**	$ 431.1	$ **2,347.8**	$ 2,139.9
Intersegment	**3.3**	3.5	**9.8**	10.6
Total	**421.9**	434.6	**2,357.6**	2,150.5
Electric Operations				
Unaffiliated	**476.2**	485.8	**1,304.4**	1,365.5
Intersegment	**0.2**	0.2	**0.6**	0.6
Total	**476.4**	486.0	**1,305.0**	1,366.1
Corporate and Other				
Unaffiliated	**0.2**	0.1	**0.6**	0.9
Intersegment	**116.4**	126.4	**346.6**	367.7
Total	**116.6**	126.5	**347.2**	368.6
Eliminations	**(119.9)**	(130.1)	**(357.0)**	(378.9)
Consolidated Operating Revenues	$ **895.0**	$ 917.0	$ **3,652.8**	$ 3,506.3
Operating Income (Loss)				
Gas Distribution Operations	$ **(455.2)**	$ (15.4)	$ **(94.4)**	$ 367.1
Electric Operations	**134.9**	125.1	**300.4**	288.3
Corporate and Other	**4.4**	1.5	**(2.9)**	(4.8)
Consolidated Operating Income	$ **(315.9)**	$ 111.2	$ **203.1**	$ 650.6

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

NiSource Inc.

EXECUTIVE SUMMARY

This Management's Discussion and Analysis of Financial Condition and Results of Operations (Management's Discussion) analyzes our financial condition, results of operations and cash flows and those of our 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. See "Note regarding forward-looking statements" at the beginning of this report for a list of factors that may cause results to differ materially.

Management's Discussion is designed to provide an understanding of our operations and financial performance and should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

We are 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. We generate substantially all of our 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 our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 for further discussion of our regulated utility business segments.

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

Greater Lawrence Incident: On September 13, 2018, a series of fires and explosions occurred in Lawrence, Andover and North Andover, Massachusetts related to the delivery of natural gas by Columbia of Massachusetts (the "Greater Lawrence Incident"). During the quarter ended September 30, 2018, we recorded a loss of approximately $415 million for third-party claims and approximately $45 million for other incident-related expenses in connection with the Greater Lawrence Incident.

We estimate that total costs related to third-party claims will range from $415 million to $450 million, depending on the final outcome of open investigations and the number, nature, and value of third-party claims. We expect to incur a total of $180 million to $210 million in such other incident-related costs, substantially all of which would be incurred by the end of 2018.

We also expect to incur expenses for which we cannot estimate the amounts of or the timing at this time, including expenses associated with business interruption claims and fines, penalties or settlements with governmental authorities in connection with the Greater Lawrence Incident. We expect these expenses and other expenses related to various lawsuits, including class action suits, to extend beyond 2018.

Columbia of Massachusetts expects to record recoveries from third party insurance, resulting in increases to operating income in future periods as such amounts are recorded. The timing and amount of such recoveries is uncertain.

As discussed in Note 7, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited), Columbia of Massachusetts withdrew its petition for a base rate revenue increase, resulting in delayed increases in forecasted revenues and cash flows beginning the first quarter of 2019. Columbia of Massachusetts expects to invest between $135 - $165 million for replacement of the entire affected 45-mile cast iron and bare steel pipeline system that delivers gas to those impacted in the Greater Lawrence Incident. The recovery of this capital investment will be addressed in a future regulatory proceeding. If at any point Columbia of Massachusetts concludes it is probable that any portion of this capital investment is not recoverable through customer rates, that portion of the capital investment, if estimable, would be immediately charged to earnings.

Additionally, as discussed in Note 11, "Goodwill," we concluded the Greater Lawrence Incident was a triggering event requiring a quantitative analysis of goodwill for the Columbia of Massachusetts reporting unit. Future unfavorable events that transpire at Columbia of Massachusetts could trigger the need for another quantitative analysis and a goodwill impairment loss would be required if it's determined Columbia of Massachusetts fair value is less than its book value.

Refer to Note 16-B and D, "Legal Proceedings" and "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited), "Summary of Consolidated Financial Results," "Results and Discussion of Segment Operation - Gas Distribution

Operations," and "Liquidity and Capital Resources" in this Management's Discussion, and Part II. Item 1A. "Risk Factors" for additional information related to the Greater Lawrence Incident.

Summary of Consolidated Financial Results

Our operations are affected by the cost of sales. Cost of sales for the Gas Distribution Operations segment is principally comprised of the cost of natural gas used while providing transportation and distribution services to customers. Cost of sales for the Electric Operations segment is 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 operating revenues. As a result, we believe net revenues, a non-GAAP financial measure defined as operating revenues less cost of sales (excluding depreciation and amortization), provides management and investors a useful measure to analyze profitability. The presentation of net revenues herein is intended to provide supplemental information for investors regarding operating performance. Net revenues do not intend to represent operating income, the most comparable GAAP measure, as an indicator of operating performance and are not necessarily comparable to similarly titled measures reported by other companies.

For the three and nine months ended September 30, 2018 and 2017, operating income and a reconciliation of net revenues to the most directly comparable GAAP measure, operating income, was as follows:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions)	**2018**	2017	2018 vs. 2017	**2018**	2017	2018 vs. 2017
Operating Income (Loss)	**$ (315.9)**	$ 111.2	$ (427.1)	**$ 203.1**	$ 650.6	$ (447.5)

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions, except per share amounts)	**2018**	2017	2018 vs. 2017	**2018**	2017	2018 vs. 2017
Operating Revenues	**$ 895.0**	$ 917.0	$ (22.0)	**$ 3,652.8**	$ 3,506.3	$ 146.5
Cost of Sales (excluding depreciation and amortization)	**222.0**	233.6	(11.6)	**1,259.7**	1,062.7	197.0
Total Net Revenues	**673.0**	683.4	(10.4)	**$ 2,393.1**	$ 2,443.6	$ (50.5)
Other Operating Expenses	**988.9**	572.2	416.7	**2,190.0**	1,793.0	397.0
Operating Income (Loss)	**(315.9)**	111.2	(427.1)	**203.1**	650.6	(447.5)
Total Other Deductions, net	**(118.1)**	(94.7)	(23.4)	**(268.3)**	(372.6)	104.3
Income Taxes	**(94.5)**	2.5	(97.0)	**(26.3)**	97.1	(123.4)
Net Income (Loss)	**(339.5)**	14.0	(353.5)	**(38.9)**	180.9	(219.8)
Preferred dividends	**(5.6)**	—	(5.6)	**(6.9)**	—	(6.9)
Net Income (Loss) Available to Common Shareholders	**(345.1)**	14.0	(359.1)	**(45.8)**	180.9	(226.7)
Basic Earnings (Loss) Per Share	**$ (0.95)**	$ 0.04	$ (0.99)	**$ (0.13)**	$ 0.55	$ (0.68)
Basic Average Common Shares Outstanding	**363.9**	331.1	32.8	**352.1**	326.7	25.4

On a consolidated basis, we reported a net loss available to common shareholders of $345.1 million, or $0.95 per basic share for the three months ended September 30, 2018, compared to net income available to common shareholders of $14.0 million, or $0.04 per basic share for the same period in 2017. The decrease in income available to common shareholders during 2018 was primarily due to expenses related to the Greater Lawrence Incident restoration, losses on early extinguishment of long-term debt in 2018, other changes in operating income, as discussed below, and dilution resulting from preferred stock dividend commitments.

For the three months ended September 30, 2018, we reported an operating loss of $315.9 million compared to operating income of $111.2 million for the same period in 2017. The decreased operating income was primarily due to increased operation and maintenance expenses related to the Greater Lawrence Incident restoration, increased depreciation expense due to capital expenditures placed in service and decreased net revenues resulting from TCJA impacts on revenue. These increases were partially offset by decreased employee and administrative expenses and outside service costs, higher rates from investments in infrastructure replacement programs and net favorable effects of year-over-year weather variations, which increased revenue in 2018.

On a consolidated basis, we reported a net loss available to common shareholders of $45.8 million, or $0.13 per basic share for the nine months ended September 30, 2018, compared to net income available to common shareholders of $180.9 million, or $0.55 per basic share for the same period in 2017. The decrease in net income available to common shareholders during 2018 was due primarily to expenses related to the Greater Lawrence Incident restoration, dilution resulting from preferred stock dividend commitments and other changes in operating income, as described below, partially offset by higher losses on early extinguishment of long-term debt expenses in 2017.

For the nine months ended September 30, 2018, we reported operating income of $203.1 million compared to $650.6 million for the same period in 2017. The lower operating income was primarily due to operation and maintenance expenses related to the Greater Lawrence Incident restoration, decreased net revenues attributable to TCJA impacts on revenue as well as higher depreciation expense. These decreases were offset by increased net revenues due to weather variability between the nine months ended September 30, 2018 compared to the same period in 2017 and decreased outside service costs and employee and administrative expenses. Additionally, net revenues increased in 2018 due to new rates from infrastructure replacement programs and base rate proceedings.

Other Deductions, net

Other deductions, net reduced income by $118.1 million in the third quarter of 2018 compared to a reduction in income of $94.7 million in the prior year. This change is primarily due to a loss on early extinguishment of long-term debt of $33.0 million during the third quarter of 2018 and charitable contributions of $10.3 million related to the Greater Lawrence Incident. These reductions were partially offset by higher actuarial investment returns resulting from pension contributions made in the third quarter of 2017.

Other deductions, net reduced income by $268.3 million in the nine months ended September 30, 2018 compared to a reduction in income of $372.6 million in the prior year. This change is primarily due to lower losses on early extinguishment of long-term debt in 2018 of $66.0 million, as well as higher actuarial investment returns resulting from pension contributions made in the third quarter of 2017 and an interest rate swap settlement gain recognized in the first quarter of 2018 of $21.2 million. These favorable variances were partially offset by charitable contributions of $10.3 million made in the third quarter of 2018 related to the Greater Lawrence Incident.

Income Taxes

On December 22, 2017, the President signed into law the TCJA, which, among other things, enacted significant changes to the Internal Revenue Code of 1986, as amended, including a reduction in the maximum U.S. federal corporate income tax rate from 35% to 21%, and certain other provisions related specifically to the public utility industry, including the continuation of certain interest expense deductibility and excluding 100% expensing of capital investments. These changes were effective January 1, 2018.

The decrease in income tax expense from 2017 to 2018 is primarily attributable to the decrease in the federal corporate income tax rate, the effect of amortizing the regulatory liability associated with excess deferred income taxes and lower pre-tax income resulting from expenses incurred for the Greater Lawrence Incident.

Refer to "Liquidity and Capital Resources" below and Note 12, "Income Taxes," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on income taxes and the change in the effective tax rate.

Capital Investment

For the nine months ended September 30, 2018, we invested $1,296.6 million in capital expenditures across our gas and electric utilities. These expenditures were primarily aimed at furthering the safety and reliability of our gas distribution system, construction of new electric transmission assets and maintaining our existing electric generation fleet.

In connection with the Greater Lawrence Incident described above, Columbia of Massachusetts, in cooperation with the Massachusetts Governor's office, replaced the entire affected 45-mile cast iron and bare steel pipeline system that delivers gas to approximately 8,500 gas meters, of which approximately 700 serve businesses impacted in the Greater Lawrence Incident. This system was replaced with plastic distribution mains and service lines, as well as enhanced safety features such as pressure regulation and excess flow valves at each premise. Columbia of Massachusetts is aiming to restore gas service to all homes and workplaces by December 16, 2018. At the request of the Massachusetts DPU, which was instructed by the Massachusetts Governor through his executive authority under a state of emergency, Columbia of Massachusetts has hired an outside contractor to serve as the Chief Recovery Officer for the Greater Lawrence Incident, responsible for command, control and communications. The estimated capital cost of the pipeline replacement is between $135 - $165 million. The recovery of this capital investment will be addressed in a future regulatory proceeding.

We continue to execute on an estimated $30 billion in total projected long-term regulated utility infrastructure investments and expect to invest a total of approximately $1.7 to $1.8 billion in capital during 2018 to continue to modernize and improve our system across all seven states.

Liquidity

As discussed in further detail below in "Liquidity and Capital Resources," the enactment of the TCJA has and will continue to have an unfavorable impact on our liquidity in 2018; however, through income generated from operating activities, amounts available under our short-term revolving credit facility, commercial paper program, accounts receivable securitization facilities, term loan borrowings, long-term debt agreements and our ability to access the capital markets, we believe there is adequate capital available to fund our operating activities, capital expenditures and the effects of the Greater Lawrence Incident in 2018 and beyond. As of September 30, 2018 and December 31, 2017, we had $1,135.6 million and $998.9 million, respectively, of net liquidity available, consisting of cash and available capacity under credit facilities.

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

Regulatory Developments

During the quarter ended September 30, 2018, we continued to move forward on core infrastructure and environmental investment programs supported by complementary regulatory and customer initiatives across all seven states of our operating area. The discussion below summarizes significant regulatory developments that transpired during the third quarter of 2018:

Gas Distribution Operations

- On October 1, 2018, the first step of a three step implementation of new rates went into effect at NIPSCO following IURC approval of a settlement with parties on its gas base rate case. The settlement supports continued investment in system upgrades, technology improvements and other measures to increase pipeline safety and system reliability and will ultimately result in an annual revenue increase of $107.3 million, inclusive of amounts being recovered through various tracker programs and reflecting the impact of the TCJA.
- On August 31, 2018, Columbia of Pennsylvania filed a settlement agreement in its base rate case with the Pennsylvania PUC. If approved as filed, the settlement supports an annual revenue increase of $26.0 million to upgrade and replace natural gas distribution pipelines and reflects the impact of the TCJA. An order is expected in the fourth quarter of 2018 with new rates to be implemented in December 2018.
- On October 25, 2018, Columbia of Ohio filed a settlement agreement in its CEP application pending before the PUCO. If approved as filed, the initial $74.5 million CEP rider would allow recovery of deferred capital investments made between 2011 and 2017 that are not currently recovered through its IRP modernization tracker. The settlement also benefits customers by reducing base rates by approximately $23 million to reflect the impact of the TCJA.
- On August 28, 2018, Columbia of Virginia filed a base rate case with the VSCC to recover costs associated with ongoing infrastructure investment programs and to incorporate changes from the TCJA. If approved as filed, the request would result in an annual revenue increase of $22.2 million. A VSCC order is expected in the second half of 2019 with interim rates to be implemented February 1, 2019.
- On September 19, 2018, Columbia of Massachusetts' withdrew its base rate case pending before the Massachusetts DPU to focus on service restoration and assisting customers impacted by the Greater Lawrence Incident.
- A settlement of Columbia of Maryland's base rate case remains pending before the Maryland PSC. The settlement supports continued replacement of gas pipelines and pipeline safety upgrades, and reflects the impact of federal tax reform. If approved as filed, the settlement would result in an annual revenue increase of $3.7 million. A Maryland PSC order is expected in the fourth quarter of 2018 with rates anticipated to be effective November 2018.

Electric Operations

- On October 31, 2018, NIPSCO submitted its 2018 Integrated Resource Plan to 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 20 years. The Integrated Resource Plan proposes to retire R.M. Schahfer Generating Station

(Units 14, 15, 17, and 18) by 2023 and Michigan City Generating Station (Unit 12) by 2028. The replacement plan is still being defined, but currently points to renewable sources of energy, including wind, solar and battery storage.

- Also on October 31, 2018 NIPSCO filed an electric base rate case with the IURC to address anticipated revenue loss resulting from the WCE filing, as well as to address impacts of the TCJA on customer rates. If approved as filed, the request is expected to increase annual revenues by $21.4 million. An IURC order is anticipated in the third quarter of 2019, with rates effective in September 2019.
- 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. A settlement was filed on October 25, 2018, in NIPSCO's latest tracker update request which remains pending before the IURC. It seeks a semi-annual incremental rate decrease of $11.2 million, due primarily to the pass-back to customers of a $14.1 million base rate refund for the January through May 2018 period related to the TCJA. An order is expected in the fourth quarter of 2018.

Refer to Note 7, "Regulatory Matters," as well as to Note 16, "Other Commitments and Contingencies," in the Notes to Condensed Consolidated Financial Statements (unaudited) for a complete discussion of key regulatory matters.

RESULTS AND DISCUSSION OF SEGMENT OPERATIONS

Presentation of Segment Information

Our operations are divided into two primary reportable segments: Gas Distribution Operations and Electric Operations.

NiSource Inc.
Gas Distribution Operations

For the three and nine months ended September 30, 2018 and 2017, operating income and a reconciliation of net revenues to the most directly comparable GAAP measure, operating income, was as follows:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions)	**2018**	2017	2018 vs. 2017	**2018**	2017	2018 vs. 2017
Operating Income (Loss)	**$ (455.2)**	$ (15.4)	$ (439.8)	**$ (94.4)**	$ 367.1	$ (461.5)

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions)	**2018**	2017	2018 vs. 2017	**2018**	2017	2018 vs. 2017
Net Revenues						
Operating Revenues	**$ 421.9**	$ 434.6	$ (12.7)	**$ 2,357.6**	$ 2,150.5	$ 207.1
Less: Cost of gas sold (excluding depreciation and amortization)	**85.7**	94.6	(8.9)	**875.1**	662.0	213.1
Net Revenues	**336.2**	340.0	(3.8)	**1,482.5**	1,488.5	(6.0)
Operating Expenses						
Operation and maintenance	**678.5**	249.6	428.9	**1,214.2**	787.3	426.9
Depreciation and amortization	**72.5**	67.9	4.6	**215.0**	199.5	15.5
Other taxes	**40.4**	37.9	2.5	**147.7**	134.6	13.1
Total Operating Expenses	**791.4**	355.4	436.0	**1,576.9**	1,121.4	455.5
Operating Income (Loss)	**$ (455.2)**	$ (15.4)	$ (439.8)	**$ (94.4)**	$ 367.1	$ (461.5)
Revenues						
Residential	**$ 260.2**	$ 264.2	$ (4.0)	**$ 1,540.8**	$ 1,404.4	$ 136.4
Commercial	**81.8**	80.9	0.9	**517.6**	456.0	61.6
Industrial	**39.2**	39.7	(0.5)	**161.7**	156.5	5.2
Off-System	**22.0**	30.4	(8.4)	**65.2**	97.1	(31.9)
Other	**18.7**	19.4	(0.7)	**72.3**	36.5	35.8
Total	**$ 421.9**	$ 434.6	$ (12.7)	**$ 2,357.6**	$ 2,150.5	$ 207.1
Sales and Transportation (MMDth)						
Residential	**13.8**	14.5	(0.7)	**187.9**	157.2	30.7
Commercial	**17.5**	17.3	0.2	**129.7**	111.3	18.4
Industrial	**132.1**	125.9	6.2	**417.7**	380.3	37.4
Off-System	**7.5**	11.1	(3.6)	**21.9**	33.8	(11.9)
Other	**—**	0.3	(0.3)	**0.3**	0.2	0.1
Total	**170.9**	169.1	1.8	**757.5**	682.8	74.7
Heating Degree Days	**51**	75	(24)	**3,498**	2,911	587
Normal Heating Degree Days	**85**	85	—	**3,576**	3,576	—
% Warmer than Normal	**(40)%**	(12)%		**(2)%**	(19)%	
Gas Distribution Customers						
Residential				**3,140,942**	3,114,223	26,719
Commercial				**276,832**	275,424	1,408
Industrial				**6,174**	6,163	11
Other				**5**	3	2
Total				**3,423,953**	3,395,813	28,140

NiSource Inc.
Gas Distribution Operations

Comparability of line item operating results may 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. Therefore, increases in these tracked operating expenses are generally offset by increases in net revenues and have essentially no impact on net income.

Three months ended September 30, 2018 vs. September 30, 2017 Operating Income

For the three months ended September 30, 2018, Gas Distribution Operations reported an operating loss of $455.2 million, compared to an operating loss of $15.4 million from the comparable 2017 period.

Net revenues for the three months ended September 30, 2018 were $336.2 million, a decrease of $3.8 million from the same period in 2017. The change in net revenues was primarily driven by:

- A revenue reserve in 2018 resulting from the probable future refund of certain collections from customers as a result of the lower income tax rate from the TCJA of $11.8 million.
- Decreased rates from implementation of regulatory outcomes related to the TCJA of $7.0 million.

Partially offset by:

- New rates from infrastructure replacement programs and base rate proceedings of $13.0 million.

Operating expenses were $436.0 million higher for the three months ended September 30, 2018 compared to the same period in 2017. This change was primarily driven by:

- Expenses related to third-party claims and other costs following the Greater Lawrence Incident of $451.6 million.
- Increased depreciation of $4.8 million due to higher capital expenditures placed in service.

Partially offset by:

- Lower employee and administrative expenses of $13.8 million.
- Decreased outside services of $8.5 million primarily due to IT service provider transition costs in 2017.

Nine months ended September 30, 2018 vs. September 30, 2017 Operating Income

For the nine months ended September 30, 2018, Gas Distribution Operations reported an operating loss of $94.4 million, compared to operating income of $367.1 million from the comparable 2017 period.

Net revenues for the nine months ended September 30, 2018 were $1,482.5 million, a decrease of $6.0 million from the same period in 2017. The change in net revenues was primarily driven by:

- A revenue reserve in 2018 resulting from the probable future refund of certain collections from customers as a result of the lower income tax rate from the TCJA of $78.2 million.
- Decreased rates from implementation of regulatory outcomes related to the TCJA of $13.4 million.

Partially offset by:

- Higher revenues from the effects of colder weather in 2018 of $34.8 million.
- New rates from infrastructure replacement programs and base rate proceedings of $34.7 million.
- Increased customer growth and usage of $13.1 million.
- Higher regulatory, tax and depreciation trackers, which are offset in expense, of $3.1 million.

Operating expenses were $455.5 million higher for the nine months ended September 30, 2018 compared to the same period in 2017. This change was primarily driven by:

- Expenses related to third-party claims and other costs following the Greater Lawrence Incident of $451.6 million.
- Increased depreciation of $15.1 million due to higher capital expenditures placed in service.
- Increased property taxes of $5.1 million.

Partially offset by:

- Lower outside services expenses of $12.2 million primarily due to IT service provider transition costs in 2017 and ongoing savings related to the new IT service agreements.

- Decreased employee and administrative expenses of $9.5 million.

Weather
In general, we calculate the weather-related revenue variance based on changing customer demand driven by weather variance from normal heating degree days. Our 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 our aggregated composite heating degree day comparison.

Weather in the Gas Distribution Operations service territories for the third quarter of 2018 was about 40% warmer than normal and about 32% warmer than 2017, leading to decreased net revenues of $0.1 million for the quarter ended September 30, 2018 compared to the same period in 2017. This nominal weather-related impact on net revenues for the period is expected as gas usage by customers is traditionally low in the third quarter cooling season

Weather in the Gas Distribution Operations service territories for the nine months ended September 30, 2018 was about 2% warmer than normal and about 20% colder than in 2017, leading to increased net revenues of $34.8 million for the nine months ended September 30, 2018 compared to the same period in 2017.

Throughput
Total volumes sold and transported for the third quarter of 2018 were 170.9 MMDth, compared to 169.1 MMDth for the same period in 2017.

Total volumes sold and transported for the nine months ended September 30, 2018 were 757.5 MMDth, compared to 682.8 MMDth for the same period in 2017. This 11% increase is primarily attributable to the effects of colder weather and increased industrial usage due to energy production from electric generating customers in 2018.

Economic Conditions
All of our 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.

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 our exposure to gas prices.

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

NiSource Inc.
Electric Operations

For the three and nine months ended September 30, 2018 and 2017, operating income and a reconciliation of net revenues to the most directly comparable GAAP measure, operating income, was as follows:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions)	**2018**	2017	2018 vs. 2017	**2018**	2017	2018 vs. 2017
Operating Income	$ **134.9**	$ 125.1	$ 9.8	$ **300.4**	$ 288.3	$ 12.1

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions)	**2018**	2017	2018 vs. 2017	**2018**	2017	2018 vs. 2017
Net Revenues						
Operating revenues	$ **476.4**	$ 486.0	$ (9.6)	$ **1,305.0**	$ 1,366.1	$ (61.1)
Less: Cost of sales (excluding depreciation and amortization)	**136.3**	139.0	(2.7)	**384.6**	400.9	(16.3)
Net Revenues	**340.1**	347.0	(6.9)	**920.4**	965.2	(44.8)
Operating Expenses						
Operation and maintenance	**123.4**	136.0	(12.6)	**377.9**	420.1	(42.2)
Depreciation and amortization	**66.3**	69.8	(3.5)	**196.3**	212.0	(15.7)
Other taxes	**15.5**	16.1	(0.6)	**45.8**	44.8	1.0
Total Operating Expenses	**205.2**	221.9	(16.7)	**620.0**	676.9	(56.9)
Operating Income	$ **134.9**	$ 125.1	$ 9.8	$ **300.4**	$ 288.3	$ 12.1
Revenues						
Residential	$ **154.7**	$ 138.0	$ 16.7	$ **382.3**	$ 363.7	$ 18.6
Commercial	**140.7**	134.6	6.1	**374.2**	379.0	(4.8)
Industrial	**153.8**	171.5	(17.7)	**468.7**	531.4	(62.7)
Wholesale	**3.8**	3.7	0.1	**12.4**	9.0	3.4
Other	**23.4**	38.2	(14.8)	**67.4**	83.0	(15.6)
Total	$ **476.4**	$ 486.0	$ (9.6)	$ **1,305.0**	$ 1,366.1	$ (61.1)
Sales (Gigawatt Hours)						
Residential	**1,121.5**	1,002.3	119.2	**2,754.6**	2,523.9	230.7
Commercial	**1,079.6**	1,042.7	36.9	**2,929.0**	2,868.1	60.9
Industrial	**2,223.3**	2,390.9	(167.6)	**6,785.8**	7,192.7	(406.9)
Wholesale	**2.5**	6.1	(3.6)	**94.8**	28.0	66.8
Other	**34.7**	31.2	3.5	**95.2**	96.3	(1.1)
Total	**4,461.6**	4,473.2	(11.6)	**12,659.4**	12,709.0	(49.6)
Cooling Degree Days	**739**	540	199	**1,131**	804	327
Normal Cooling Degree Days	**570**	570		**799**	799	
% Warmer (Colder) than Normal	**30%**	(5)%		**42%**	1%	
Electric Customers						
Residential				**410,848**	407,998	2,850
Commercial				**56,426**	55,912	514
Industrial				**2,285**	2,311	(26)
Wholesale				**736**	740	(4)
Other				**2**	2	—
Total				**470,297**	466,963	3,334

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NiSource Inc.
Electric Operations

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

Three months ended September 30, 2018 vs. September 30, 2017 Operating Income
For the three months ended September 30, 2018, Electric Operations reported operating income of $134.9 million, an increase of $9.8 million from the comparable 2017 period.

Net revenues for the three months ended September 30, 2018 were $340.1 million, a decrease of $6.9 million from the same period in 2017. The change in net revenues was primarily driven by:

- Decreased rates from implementation of regulatory outcomes related to the TCJA of $14.1 million.
- Lower regulatory and depreciation trackers, which are offset in operating expense, of $9.9 million.
- Decreased industrial usage of $4.6 million.

Partially offset by:

- The effects of warmer weather of $14.7 million.
- Increased rates from infrastructure replacement programs of $6.2 million.

Operating expenses were $16.7 million lower for the three months ended September 30, 2018 compared to the same period in 2017. This change was primarily driven by:

- Lower regulatory and depreciation trackers, which are offset in net revenues, of $9.9 million.
- Decreased employee and administrative costs of $6.6 million.
- Decreased outside service costs of $5.1 million on lower generation-related maintenance activities.

Partially offset by:

- Increased depreciation of $2.8 million due to higher capital expenditures placed in service.

Nine months ended September 30, 2018 vs. September 30, 2017 Operating Income
For the nine months ended September 30, 2018, Electric Operations reported operating income of $300.4 million, an increase of $12.1 million from the comparable 2017 period.

Net revenues for the nine months ended September 30, 2018 were $920.4 million, a decrease of $44.8 million from the same period in 2017. The change in net revenues was primarily driven by:

- Lower regulatory and depreciation trackers, which are offset in operating expense, of $34.1 million.
- Decreased rates from implementation of regulatory outcomes related to the TCJA of $22.7 million.
- A revenue reserve in 2018 resulting from the probable future refund of certain collections from customers as a result of the lower income tax rate from the TCJA of $16.3 million.
- Decreased industrial usage of $10.1 million.
- Increased fuel handling costs of $5.9 million.

Partially offset by:

- The effects of warmer weather of $24.2 million.
- Increased rates from infrastructure replacement programs of $17.6 million.

Operating expenses were $56.9 million lower for the nine months ended September 30, 2018 compared to the same period in 2017. This change was primarily driven by:

- Decreased regulatory and depreciation trackers, which are offset in net revenues, of $34.1 million.
- Lower outside service costs of $20.8 million and lower materials and supplies costs of $5.3 million primarily related to lower generation-related maintenance activities.
- Decreased employee and administrative costs of $10.1 million.

Partially offset by:

- Increased depreciation of $8.1 million due to higher capital expenditures placed in service.

Weather

In general, we calculate the weather-related revenue variance based on changing customer demand driven by weather variance from normal heating or cooling degree days. Our 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 our aggregated composite heating or cooling degree day comparison.

Weather in the Electric Operations' territories for the third quarter of 2018 was about 30% warmer than normal and about 37% warmer than in 2017, resulting in increased net revenues of $14.7 million for the quarter ended September 30, 2018 compared to the same period in 2017.

Weather in the Electric Operations' territories for the nine months ended September 30, 2018 was about 42% warmer than normal and about 41% warmer than 2017, resulting in increased net revenues of $24.2 million for the nine months ended September 30, 2018 compared to 2017.

Sales

Electric Operations sales for the third quarter of 2018 were 4,461.6 gwh, a decrease of 11.6 gwh compared to the same period in 2017. This decrease was primarily attributable to higher internal generation from large industrial customers during the third quarter of 2018, partially offset by increased volumes for residential and commercial customers resulting from warmer weather.

Electric Operations sales for the nine months ended September 30, 2018 were 12,659.4 gwh, a decrease of 49.6 gwh compared to the same period in 2017. This decrease was primarily attributable to higher internal generation from large industrial customers during 2018, partially offset by increased volumes for residential and commercial customers resulting from warmer weather.

BP Products North America. On March 29, 2018, WCE, which is currently owned by BP p.l.c ("BP") and BP Products North America, which operates the BP Refinery, filed a petition at the IURC asking that the combined operations of WCE and BP be treated as a single premise, and the WCE generation be dedicated primarily to BP Refinery operations beginning in May 2019 as WCE has self-certified as a qualifying facility at FERC. BP Refinery plans to continue to purchase electric service from NIPSCO at a reduced demand level beginning May 2019. Refer to Note 7, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information.

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.

Electric Supply

NIPSCO 2018 Integrated Resource Plan. On October 31, 2018, NIPSCO submitted its 2018 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 20 years. Refer to Note 16-D, "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information on the NIPSCO Integrated Resource Plan.

Liquidity and Capital Resources

Greater Lawrence Incident: As discussed in "Executive Summary" and Note 16, "Other Commitments and Contingencies," we have recorded losses associated with the Greater Lawrence Incident and expect to invest capital to replace the entire affected 45-mile cast iron and bare steel pipeline system that delivers gas to the impacted area. As discussed in the Executive Summary and Note 16 referenced earlier in this paragraph, and Part II, Item 1A "Risk Factors," in this report, we may incur additional expenses and liabilities in excess of our recorded liabilities and estimated additional costs associated with the Greater Lawrence Incident. The timing and amount of future financing needs, if any, will depend on the ultimate timing and amount of payments made to third parties in connection with the Greater Lawrence Incident and the timing and amount of associated insurance recoveries. Through income generated from operating activities, amounts available under our short-term revolving credit facility, commercial paper program, accounts receivable securitization facilities, term loan borrowings, long-term debt agreements and our ability to access the capital markets, we believe there is adequate capital available to fund these expenditures.

Operating Activities

Net cash from operating activities for the nine months ended September 30, 2018 was $927.2 million, an increase of $397.6 million compared to the nine months ended September 30, 2017. This increase was driven by decreased pension plan contributions as discussed below as well as changes in gas prices, which impacted working capital. Additionally, cash from operations increased as a result of higher sales due to colder weather during the 2018 winter heating season compared to 2017 and increased rates from infrastructure replacement programs.

Pension and Other Postretirement Plan Funding. During the nine months ended September 30, 2017, we contributed $281.6 million to our pension plans (including a $277 million discretionary contribution made during the third quarter of 2017) and $21.8 million to our other postretirement benefit plans.

For the nine months ended September 30, 2018, we contributed $2.1 million to our pension plans and $16.8 million to our other postretirement benefit plans.

Income Taxes. Rates for our regulated customers include provisions for the collection of U.S. federal income taxes. The reduction in the U.S. federal corporate income tax rate as a result of the TCJA has, and is expected to continue to lead to a decrease in the amount billed to customers through rates, ultimately resulting in lower cash collections from operating activities. As discussed in further detail in Note 7, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited), our regulated subsidiaries are engaged with the relevant state utility commissions to address the impacts of the TCJA on future customer rates. Through the first nine months of 2018, billings to customers decreased approximately $36.1 million compared to the same period in 2017 as a result of adjustments to certain rates in our Kentucky, Ohio, Maryland, Massachusetts and Indiana jurisdictions. Additionally, during the first nine months of 2018, we recorded additional TCJA-related regulatory liabilities of $69.9 million related to 2018 collections from customers, which we believe are probable of being refunded back to customers once new customer rates are approved by our regulators.

In addition, we will be required to pass back to customers "excess deferred taxes," which represent amounts collected from customers in the past to cover deferred tax liabilities that, as a result of the passage of the TCJA, are now expected to be less than the originally billed amounts. Approximately $1.5 billion of excess deferred taxes related to implementation of the TCJA were recorded within "Regulatory liabilities (noncurrent)" on the Condensed Consolidated Balance Sheets (unaudited) as of December 31, 2017. The majority of these balances relate to temporary book-to-tax differences on utility property protected by IRS normalization rules. Once modified rates are approved by our regulators, we expect this portion of the balance will be passed back to customers over the remaining average useful life of the associated property. The pass back period for the remainder of the balance will be determined by our state utility commissions in future proceedings. Our estimate of the amount and pass-back period of excess deferred taxes is subject to change pending final review by the utility commissions of the states in which we operate.

As of September 30, 2018, we had a recorded deferred tax asset of $574.9 million related to a Federal NOL carryforward. As a result of being in an NOL position, we were not required to make any cash payments for Federal income tax purposes during the nine months ended September 30, 2018 or 2017. This NOL carryforward expires in 2030; however, we expect to fully utilize the carryforward benefit prior to its expiration.

Investing Activities

Net cash used for investing activities for the nine months ended September 30, 2018 was $1,376.5 million, an increase of $69.8 million compared to the nine months ended September 30, 2017. This increase was mostly attributable to increased capital expenditures in 2018.

Our capital expenditures for the nine months ended September 30, 2018 were $1,296.6 million compared to $1,216.4 million for the comparable period in 2017. The increase was driven by an increase in planned capital expenditures in the current year and the timing of payments through September 2018 compared to September 2017. We project total 2018 capital expenditures to be approximately $1.7 to $1.8 billion.

Financing Activities

Common Stock and Preferred Stock. Refer to Note 5, "Equity," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on common and preferred stock activity.

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 activity.

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 activity.

Net Available Liquidity. As of September 30, 2018, an aggregate of $1,135.6 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 our liquidity position as of September 30, 2018 and December 31, 2017:

(in millions)	**September 30, 2018**	December 31, 2017
Current Liquidity		
Revolving Credit Facility	**$ 1,850.0**	$ 1,850.0
Accounts Receivable Program[1]	**265.0**	336.7
Less:		
Commercial Paper	**746.0**	869.0
Accounts Receivable Program Utilized	**265.0**	336.7
Letters of Credit Outstanding Under Credit Facility	**10.2**	11.1
Add:		
Cash and Cash Equivalents	**41.8**	29.0
Net Available Liquidity	**$ 1,135.6**	$ 998.9

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

Debt Covenants. We are subject to financial covenants under our revolving credit facility and term loan agreement, which require us to maintain a debt to capitalization ratio that does not exceed 70%. A similar covenant in a 2005 private placement note purchase agreement requires us to maintain a debt to capitalization ratio that does not exceed 75%. As of September 30, 2018, the ratio was 63.3%.

Sale of Trade Accounts Receivables. Refer to Note 10, "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 our ratings, taking into account factors such as our capital structure and earnings profile. The following table includes our and certain of our subsidiaries' credit ratings and ratings outlook as of September 30, 2018. In June 2018, Fitch upgraded the NiSource Commercial Paper rating to 'F2' from 'F3'. In September 2018, as a result of potential impacts of the Greater Lawrence Incident, S&P changed our outlook from Stable to Negative. In October 2018, Fitch affirmed both NiSource and NIPSCO ratings of BBB. There were no other changes to the below credit ratings or outlooks since December 31, 2017.

	S&P		Moody's		Fitch	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
NiSource	BBB+	Negative	Baa2	Stable	BBB	Stable
NIPSCO	BBB+	Negative	Baa1	Stable	BBB	Stable
Columbia of Massachusetts	BBB+	Negative	Baa2	Stable	Not rated	Not rated
Commercial Paper	A-2	Negative	P-2	Stable	F2	Stable

Certain of our subsidiaries have agreements that contain "ratings triggers" that require increased collateral if our credit rating or the credit ratings of certain of our subsidiaries are below investment grade. These agreements are primarily for insurance purposes and for the physical purchase or sale of power. As of September 30, 2018, the collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately $56.1 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. Our authorized capital stock 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 September 30, 2018, 363,167,067 shares of common stock and 400,000 shares of preferred stock were outstanding.

Contractual Obligations. Aside from the previously referenced issuances and repayments of long-term debt and payments associated with the Greater Lawrence Incident, there were no material changes recorded during the nine months ended September 30, 2018 to our contractual obligations as of December 31, 2017.

Off Balance Sheet Arrangements

We, along with certain of our 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 16, "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 our businesses. The extent to which we properly and effectively identify, assess, monitor and manage each of the various types of risk involved in our businesses is critical to our profitability. We seek to identify, assess, monitor and manage, in accordance with defined policies and procedures, the following principal market risks that are involved in our businesses: commodity price risk, interest rate risk and credit risk. Risk management for us is a multi-faceted process with oversight by the Risk Management Committee that requires constant communication, judgment and knowledge of specialized products and markets. Our 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, our risk management process, policies and procedures continue to evolve and are subject to ongoing review and modification.

Commodity Price Risk

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

Commodity price risk resulting from derivative activities at our 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.

Our 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, some of which is reflected in our restricted cash balance, may fluctuate significantly during periods of high volatility in the energy commodity markets.

Refer to Note 8, "Risk Management Activities," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further information on our commodity price risk assets and liabilities as of September 30, 2018 or December 31, 2017.

Interest Rate Risk

We are exposed to interest rate risk as a result of changes in interest rates on borrowings under our 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 $3.1 million and $9.1 million for the three and nine months ended September 30, 2018, and $3.7 million and $12.6 million for the three and nine months ended September 30, 2017, respectively. We are 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 8, "Risk Management Activities," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further information on our interest rate risk assets and liabilities as of September 30, 2018 and December 31, 2017.

Credit Risk

Due to the nature of the industry, credit risk is embedded in many of our business activities. Our 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 us 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.

We closely monitor the financial status of our banking credit providers. We evaluate the financial status of our 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 Estimates

Refer to Note 16, "Other Commitments and Contingencies," in the Notes to Condensed Consolidated Financial Statements (unaudited) and Item 1A, "Risk Factors," for additional information about management judgment used in the development of estimates related to the Greater Lawrence Incident.

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 and adopted 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

Our chief executive officer and our 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)). Our 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 our 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, our 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 our internal control over financial reporting during the fiscal quarter covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II

ITEM 1. LEGAL PROCEEDINGS

NiSource Inc.

For a description of the Company's legal proceedings, see Note 16-B, "Legal Proceedings," in the Notes to Condensed Consolidated Financial Statements (unaudited).

ITEM 1A. RISK FACTORS

Our operations and financial results are subject to various risks and uncertainties, including those disclosed in our most recent Annual Report on Form 10-K for the year ended December 31, 2017, and as set forth below.

The Greater Lawrence Incident may have a material adverse impact on the Company's and Columbia of Massachusetts' financial condition, results of operations and cash flows.

In connection with the Greater Lawrence Incident, the Company has incurred and will incur various costs and expenses as set forth in Note 16, "Other Commitments and Contingencies - B. Legal Proceedings," and " - D. Other Matters" in the Notes to Condensed Consolidated Financial Statements (unaudited). As more information becomes known, including information resulting from the NTSB investigation, management's estimates and assumptions regarding the financial impact of the Greater Lawrence Incident may change. A change in management's estimates or assumptions could result in an adjustment that would have a material impact on the Company's and Columbia of Massachusetts' financial condition and results of operations during the period in which such change occurred.

In addition, the Company is unable to predict the timing and amount of insurance recoveries. If Columbia of Massachusetts is ultimately unable to recover losses related to the Greater Lawrence Incident from insurance, the Company's and Columbia of Massachusetts' financial condition, results of operations and cash flows could be materially adversely affected.

Columbia of Massachusetts also may incur costs, beyond the amount currently anticipated, in response to NTSB, Massachusetts DPU or other orders or requests as the investigations continue. Further, state or federal legislation may be enacted that would require Columbia of Massachusetts to incur additional costs by mandating various changes, including changes to its operating practice standards for natural gas distribution operations and safety. If Columbia of Massachusetts is unable to recover the capital cost of the gas pipeline replacement in the impacted area or incurs a material amount of other costs that it is unable to recover through rates or offset through operational or other cost savings, the Company's and Columbia of Massachusetts' financial condition, results of operations, and cash flows would be materially and adversely affected.

Further, if it is determined that Columbia of Massachusetts did not comply with applicable statutes, regulations, rules, tariffs, or orders in connection with the Greater Lawrence Incident or in connection with the operations or maintenance of Columbia of Massachusetts' natural gas system, and Columbia of Massachusetts is ordered to pay a material amount in customer refunds, penalties, or other amounts, the Company's and Columbia of Massachusetts' financial condition, results of operations, and cash flows would be materially and adversely affected.

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.

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ITEM 6. EXHIBITS

NiSource Inc.

(10.1)	Amended and Restated NiSource Inc. Supplemental Executive Retirement Plan effective August 10, 2017.*
(10.2)	Amended and Restated Pension Restoration Plan for NiSource Inc. and Affiliates effective August 10, 2017.*
(10.3)	Amended Restated Savings Restoration Plan for NiSource Inc. and Affiliates effective August 10, 2017.*
(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, 2018

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

Exhibit 10.1

NISOURCE INC.

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

As Amended and Restated Effective August 10, 2017

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NISOURCE INC.

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

As Amended and Restated Effective August 10, 2017

ARTICLE I

Background and Purpose

1.1 Background. Northern Indiana Public Service Company adopted the Northern Indiana Public Service Company Supplemental Executive Retirement Plan effective as of December 23, 1982. The Plan was amended as of January 1, 1989. The Plan was subsequently adopted by NIPSCO Industries, Inc., the successor to Northern Indiana Public Service Company, effective as of January 1, 1991. The Plan was amended and restated, effective January 1, 1993 and September 1, 1994. Effective June 1, 2002, NiSource Inc., the parent company of NIPSCO Industries, Inc., assumed sponsorship of the Plan and the Plan was further amended and restated to make administrative and technical changes. The Plan was further amended, effective January 1, 2004, to reflect changes in the structure of benefits under the Plan. The Plan was again amended and restated, effective January 1, 2005, to comply with Internal Revenue Code Section 409A with respect to benefits earned under the Plan from and after January 1, 2005. Benefits under the Plan earned and vested prior to January 1, 2005 shall be administered without giving effect to Code Section 409A, and guidance and regulations thereunder. The Plan was again amended and restated, effective January 1, 2008, to incorporate special transition relief under Internal Revenue Service Notice 2007-86 to allow Participants to elect to change the time and form of payment of certain Post-2004 Benefits. The Plan was further amended and restated, effective January 1, 2010, to clarify how certain supplemental death benefits will be paid to Participants who have reached Retirement. The Plan was further amended and restated effective May 13, 2011 to transfer all administrative authority with respect to the Plan (including the authority to render decisions on claims and appeals and make administrative or ministerial amendments) from the ONC Committee to the Benefits Committee. The Plan is hereby amended and restated again, effective August 10, 2017, to revise the procedures for determining Disability under the Plan.

1.2 Purpose. The purpose of the Plan is to provide selected key executives and employees with additional security in order to aid the Company (as defined herein and including its predecessors) in retaining its present management and, should circumstances require it, to aid the Company in attracting additions to management. The Company, by providing such additional benefits, expects such key executives and employees to be available for consulting assignments to the Company after retirement, at the Company's request.

It is intended that the Plan be exempt from the reporting and disclosure requirements of Title I of the Employee Retirement Income Security Act of 1974 because it is an unfunded plan maintained by an employer for the purpose of providing benefits for a select group of management or highly compensated employees.

ARTICLE II

Definitions

For the purposes of the Plan, the following terms shall have the meanings indicated, unless the context clearly indicates otherwise. Except when otherwise required by the context, any masculine terminology in this document shall include the feminine, and any singular terminology shall include the plural. The headings of Articles and Sections are included solely for convenience, and if there is any conflict between such headings and the text of the Plan, the text shall control.

2.1 Affiliate. Any corporation that is a member of a controlled group of corporations (as defined in Code Section 414(b)) that includes the Company; any trade or business (whether or not incorporated) that is under common control (as defined in Code Section 414(c)) with the Company; any organization (whether or not incorporated) that is a member of an affiliated service group (as defined in Code Section 414(m)) that includes the Company; any leasing organization, to the extent that its employees are required to be treated as if they were employed by the Company pursuant to Code Section 414(n) and the regulations thereunder; and any other entity required to be aggregated with the Company pursuant to regulations under Code Section 414(o). An entity shall be an Affiliate only with respect to the existing period as described in the preceding sentence.

2.2 Benefits Committee. The NiSource Benefits Committee.

2.3 Board. The Board of Directors of NiSource Inc.

2.4 Code. The Internal Revenue of Code of 1986, as amended.

2.5 Company. NiSource Inc. and its subsidiaries and affiliates that adopt the Plan for the benefit of key employees, or its successor or successors.

2.6 Compensation. As defined in the NiSource Pension Plan, but disregarding the definition of Taxable Compensation and the limitations required by Code Section 401(a)(17), or any successor Section. In addition, for purposes of the Plan, bonuses shall be considered in full as Compensation and not limited to 50% of base pay.

2.7 Disability or Disabled. A Participant has a Disability or is Disabled if he or she has a condition that (a) causes a Participant, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, to receive income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company or an Affiliate or (b) causes a Participant to be eligible to receive Social Security disability payments.

2.8 Early Retirement. Separation from Service for reasons other than death or Disability after the Participant has both attained age 55 and completed at least 10 years of Service, but before the Participant's Normal Retirement, except as otherwise provided.

2.9 Effective Date. August 10, 2017, the date on which the provisions of this amended and restated Plan become effective, except as otherwise provided herein. The original Effective Date of the Plan was December 23, 1982.

2.10 Final Average Compensation. The result obtained by dividing the total Compensation paid to a Participant during a considered period by the number of months for which such Compensation was received. The considered period shall be the 60 consecutive calendar months within the last 120 months of service that produces the highest result.

2.11 NiSource Pension Plan. The NiSource Salaried Pension Plan, as amended from time to time.

2.12 Normal Retirement. Separation from Service for reasons other than death or Disability after a Participant has: (1) attained age 62; or (2) attained age 60 and completed at least 25 years of Service, except as otherwise provided.

2.13 ONC Committee. The Officer Nomination and Compensation Committee of the Board, which has certain specific duties with respect to the Plan.

2.14 Participant. An employee or retiree participating in the Plan in accordance with the provisions of Article III.

2.15 Pension Restoration Plan. Pension Restoration Plan for NiSource Inc. and Affiliates, as amended from time to time.

2.16 Plan. NiSource Inc. Supplemental Executive Retirement Plan.

2.17 Plan Administrator. The Benefits Committee, or such delegate of the Benefits Committee delegated to carry out the administrative functions of the Plan.

2.18 Post-2004 Benefit. The portion of a Participant's Supplemental Retirement Pension or Supplemental Retirement Account, as applicable, equal to the present value, determined as of a Participant's date of separation from Service after December 31, 2004, of the excess of such benefit or account balance to which a Participant would be entitled under the Plan if he or she voluntarily separated from Service without cause after December 31, 2004 over his or her Pre-2005 Benefit and received a full payment of benefits from the Plan on the earliest possible date allowed under the Plan following the separation from Service, pursuant to Articles IV and V, calculated from and after January 1, 2005 to the date of separation from Service.

2.19 Pre-2005 Benefit. The portion of a Participant's Supplemental Retirement Pension or Supplemental Retirement Account, as applicable, equal to the present value of the benefit or account balance, determined as of December 31, 2004, to which a Participant would be entitled under the Plan if he or she voluntarily separated from Service without cause on December 31, 2004 and received a full payment of benefits from the Plan on the earliest possible date allowed under the Plan following separation from Service, pursuant to Articles IV and V, calculated as of December 31, 2004.

2.20 Primary Social Security Benefit. The monthly amount available to a Participant at age 65 (or at Retirement, if later) under the provisions of Title II of the Social Security Act in effect at the time of separation from Service, assuming the following:

(a) The Participant attained age 65 in the year of Retirement, and

(b) The Participant earned maximum taxable wages under Code Section 3121(a)(1) in all years prior to the year of Retirement. A Participant's Primary Social Security Benefit will be deducted in accordance with Article IV, even though he or she may not be receiving or may not be eligible to receive Social Security benefits.

2.21 Qualified Pension Plan. The NiSource Pension Plan and any other tax-qualified defined benefit pension plan maintained by the Company or any Affiliate.

2.22 Retirement. A Participant's Normal or Early Retirement.

2.23 Service. A Participant's or employee's employment or service with the Company, as defined in the NiSource Pension Plan, or such other employment or service date as determined by the Board.

ARTICLE III

Eligibility and Participation

The ONC Committee shall select which key employees of the Company will be eligible to participate in the Plan. In accordance with Article I, it is intended that officers and certain other employees be eligible for participation.

After the ONC Committee approves participation for an individual, the Company or the Benefits Committee shall provide the individual with a notice of participation in the Plan and a description of the Plan.

ARTICLE I

Supplemental Retirement Pension

4.1 Applicability. This Article IV shall apply to each Participant or former Participant who first participated in the Plan prior to January 23, 2004.

4.2 Supplemental Retirement Pension. Upon Normal Retirement, a Participant shall receive a monthly Supplemental Retirement Pension calculated on a single-life basis equal to the larger of (a) or (b) below, reduced in each case by the accrued benefit (stated in the form of a single-life pension and excluding any supplements related to eligibility for a Social Security benefit) the Participant is eligible to receive under (1) either the FAP Benefit or the AB I or AB II Benefit

Option, as applicable, of the NiSource Pension Plan or other Qualified Pension Plan (as such terms are defined in the respective plan) and (2) the Pension Restoration Plan.

(a) The sum of:

(i) 1.7% of the Participant's Final Average Compensation multiplied by the Participant's Service to a maximum of 30 years; plus

(ii) 0.6% of the Participant's Final Average Compensation multiplied by the Participant's Service in excess of 30 years.

(b) The sum of:

(i) 3% of the Participant's Final Average Compensation multiplied by the Participant's Service to a maximum of 20 years; plus

(ii) 0.5% of the Participant's Final Average Compensation multiplied by the Participant's Service in excess of 20 years, to a maximum of 30 years;

(iii) less 5% of the Participant's Primary Social Security Benefit, multiplied by the Participant's Service to a maximum of 20 years.

Upon Early Retirement, a Participant shall receive a monthly Supplemental Retirement Pension in a reduced amount (as described in Section 4.3 below).

4.3 <u>Reduction for Early Retirement</u>. A Participant who experiences a separation from Service prior to Normal Retirement, but after Early Retirement, shall receive a monthly Supplemental Retirement Pension in an amount determined in accordance with Section 4.2 above, but reduced as follows: (1) by 6% for each of the first two (2) years and 4% for each of the next five years that commencement of the Participant's Supplemental Retirement Pension precedes the date that the Participant would attain age 62; or (2) if the Participant had completed 25 years of Service at the time of his or her separation, by 6% for the first year and 4% for each of the next four years that commencement of the Participant's Supplemental Retirement Pension precedes the date that the Participant would attain age 60, with a pro rata reduction for any fraction of a year.

Payment of the Participant's monthly reduced Supplemental Retirement Pension shall normally commence within 45 days following a separation from Service, or, if later, within such timeframe permitted under Code Section 409A, and guidance and regulations thereunder. Notwithstanding the preceding sentence, a Participant may elect to defer the commencement of the portion of his or her reduced Supplemental Retirement Pension that constitutes the Pre-2005 Benefit to any date between Early Retirement and attainment of age 62 by a written election delivered to the Plan Administrator on or before the last day of the calendar year preceding the calendar year of Early Retirement. A Participant may elect to defer the commencement of the portion of his or her reduced Supplemental Retirement Pension that constitutes the Post-2004 Benefit to any date between Early Retirement and attainment of age 62 by a written election delivered to the Plan Administrator only if such election (i) constitutes a delay in payment or change in the form of payment, (ii) does not take effect until at least 12 months after the date on which the election is made, (iii) defers the first payment with respect to which such new election is effective for a period of not less than five years from the date such payment would otherwise have been made, and (iv) is not made less than 12 months prior to the date of the first scheduled payment.

4.4 Separation from Service Prior to Early Retirement. Upon separation from Service prior to Early Retirement, a Participant shall receive a monthly Supplemental Retirement Pension, calculated on a single-life basis equal to the excess, if any, of the single-life pension the Participant would be eligible to receive under either the FAP Benefit option or the Account Balance Option of the NiSource Pension Plan, or any other Qualified Pension Plan, if the limitations required by Code Sections 401(a)(17) and 415, or any other limitation imposed by the Code, the limitation on bonuses to 50% of base pay and the potential limitations relating to Taxable Compensation were not applied, reduced by the single-life pension the Participant is eligible to receive under (1) either such option of the NiSource Pension Plan, or any other Qualified Pension Plan and (2) the Pension Restoration Plan.

Payment of the Pre-2005 Benefit to a Participant or his or her beneficiary in accordance with this Section shall commence on the same date as the pension under the NiSource Pension Plan or any other Qualified Pension Plan. Payment of the Post-2004 Benefit to a Participant or his or her beneficiary in accordance with this Section, shall commence within 45 days after (i) the Participant attains (or would have attained) age 62, if the Participant has not completed at least 25 years of Service, or (ii) if the Participant has completed at least 25 years of Service, the Participant attains (or would have attained) age 60, or, if later, within such timeframe permitted under Code Section 409A, and guidance and regulations thereunder.

4.5 Supplemental Disability Pension. If a Participant becomes Disabled while in the active employment of the Company prior to age 65, the Participant shall be eligible for a monthly Supplemental Disability Pension commencing on the date the Disability begins and continuing to the first to occur of the Participant's death or attainment of age 65, calculated on a single-life basis, and equal to the larger of (a) or (b) below, reduced in each case by the basic benefit the Participant is eligible to receive under the long-term group disability insurance coverage provided under any long term disability plan maintained by the Company or any Affiliate.

(a) The sum of:

(i) 1.7% of the Participant's Final Average Compensation multiplied by the Participant's Service to a maximum of 30 years, plus

(ii) 0.6% of the Participant's Final Average Compensation multiplied by the Participant's Service in excess of 30 years.

(b) The sum of:

(i) 3% of the Participant's Final Average Compensation multiplied by the Participant's Service to a maximum of 20 years; plus

(ii) 0.5% of the Participant's Final Average Compensation multiplied by the Participant's Service in excess of 20 years, to a maximum of 30 years; less

(iii) 5% of the Participant's Primary Social Security Benefit, multiplied by the Participant's Service to a maximum of 20 years.

After age 65, the Participant shall be eligible for a monthly Supplemental Retirement Pension in accordance with Section 4.2, based on Service the Participant would have had if the Participant had continued working for the Company or an Affiliate to age 65, the Participant's Final Average Compensation at the time he or she became Disabled, the Primary Social Security Benefit determined at the time the Participant became Disabled, and the single-life pension the Participant is entitled to receive at age 65 from the NiSource Pension Plan, or any other Qualified Pension Plan, and the Pension Restoration Plan, determined at the time he or she became Disabled.

4.6 Supplemental Spouse Pension. Upon the death of a Participant in active employment or while receiving a Supplemental Disability Pension, his or her surviving spouse, if any, shall be eligible to receive a monthly Supplemental Spouse Pension equal to the greater of:

(a) 25% of the Participant's Final Average Compensation; or

(b) the monthly amount that would have been payable to such surviving spouse if the Participant had elected payment of his or her monthly Supplemental Retirement Pension in the form of a reduced 50% joint and survivor Pension, with his or her spouse as the contingent annuitant, terminated employment (on the date of his or her actual death) and then died immediately prior to the commencement of payments.

The Supplemental Spouse Pension shall commence in the month next following the month of the Participant's death and continue for the life of such spouse. In the event that the Supplemental Spouse Pension calculated under option (a) of this Section will provide a greater benefit to the spouse immediately following the Participant's death, but option (b) of this Section will provide a greater monthly benefit as of the date the Participant would have attained age 55, the amount of monthly Supplemental Spouse Pension payable to the surviving spouse shall be: (1) calculated and payable under option (a) during the period immediately following the Participant's death; and (2) recalculated and payable according to option (b) beginning on the date the Participant would have attained age 55. Beginning on the earliest date that the surviving spouse could have begun receiving a benefit under the NiSource Pension Plan, or any other Qualified Pension Plan, the Supplemental Spouse Pension payable under this Section shall be reduced by the amount of benefit under the NiSource Pension Plan, or any other Qualified Pension Plan, and the Pension Restoration Plan that the spouse is (or would have been) entitled to receive.

4.7 Retiree Death Benefit. Upon the death of a Participant who has reached Retirement (including a former Participant who reached Retirement and was paid his or her benefits under this Plan), a lump sum death benefit equal to 50% of his or her retiree group life insurance coverage shall be paid to such Participant's spouse or other beneficiaries designated with respect to such coverage.

4.8 Cost of Living Adjustment. For Participants in the FAP Benefit of the NiSource Pension Plan, the benefits payable under Sections 4.2 through 4.7 shall be increased in the same percentage and at the same time as cost of living adjustments are made to the pensions of salaried employees of the Company or an Affiliate under the NiSource Pension Plan, or any other Qualified Pension Plan.

4.9 Separate Agreement. Notwithstanding prior provisions pertaining to Compensation and Service, each Participant who first becomes eligible to participate in the Plan on and after January 1, 2004 and prior to January 23, 2004 shall have his or her Supplemental Retirement Pension determined based upon his or her Service and Compensation as set forth in a separate, written agreement, if any, between the Company and such Participant.

ARTICLE V

Supplemental Retirement Account

5.1 Applicability. This Article V shall apply to each Participant who first participates in the Plan on and after January 23, 2004.

5.2 Supplemental Retirement Account. A Participant's Supplemental Retirement Account is a notional account equal to the sum of his or her Compensation Credits, Supplemental Credits, if any, and Interest Credits. Compensation Credits shall be credited to a Participant's Supplemental Retirement Account as of the last day of each Plan Year beginning on or after January 1, 2004 equal to five percent of the Participant's Compensation for such Plan Year. Supplemental Credits, if any, shall be credited pursuant to Section 5.3. Interest Credits shall be calculated in the same manner and shall be credited to a Participant's Supplemental Retirement Account at the same time as provided under the NiSource Pension Plan or any other Qualified Pension Plan.

5.3 Supplemental Credits. The ONC Committee, subject to approval of the Board, may authorize Supplemental Credits to a Participant's Supplemental Retirement Account in such amounts and at such times, and subject to such specific terms and provisions, as authorized by the ONC Committee.

5.4 Separation from Service. Upon separation from Service, for any reason other than death, with five or more years of Service, unless a shorter period is provided in a separate, written agreement between the Company and the Participant and approved by the Plan Administrator, a Participant shall receive the balance of his or her Supplemental Retirement Account distributed in accordance with Sections 6.1 and 6.2 within 45 days after such separation from Service, or, if later, within such timeframe permitted under Code Section 409A, and guidance and regulations thereunder.

5.5 Death. Upon the death of a Participant prior to final distribution of his or her Supplemental Retirement Account after completing five or more years of Service, unless a shorter period is provided in a separate, written agreement between the Company and the Participant and approved by the Board, the Participant's beneficiary, designated in such manner as provided by the Plan Administrator, shall receive the balance of the Participant's Supplemental Retirement Account distributed in accordance with Sections 6.1 and 6.2.

ARTICLE VI

Distributions

6.1 Pre-2005 Benefit. This Section 6.1 applies only to a Pre-2005 Benefit.

(a) Form of Payment. Notwithstanding Sections 4.2, 4.3 and 4.4, a Participant shall receive distribution of his or her Pre-2005 Benefit, pursuant to Articles IV or V, in the same form as his or her distribution under the NiSource Pension Plan, computed in the same manner as in the NiSource Pension Plan, or under any other Qualified Pension Plan, computed in the same manner as in such Qualified Pension Plan. Any election under the NiSource Pension Plan or any other Qualified Pension Plan shall apply to his or her Pre-2005 Benefit pursuant to the preceding sentence only if it is made by written instrument delivered to the Plan Administrator at least 30 days prior to the date of such distribution. If such election is not so made at least 30 days prior to the date of distribution of his or her Pre-2005 Benefit, the Participant's Pre-2005 Benefit shall be paid as a 50% joint and survivor Pension if such Participant is married, or as a single-life Pension if such Participant is unmarried. If a Participant who makes an election pursuant to this subsection 6.1(a) at least 30 days prior to the date of distribution dies prior to distribution pursuant to such election, such election shall be revoked and the provisions of Article IV and subsection 6.1(b) shall apply.

(b) Small Benefit Amounts. At the discretion of the Plan Administrator, the present value of any Pre-2005 Benefit payable under the Plan that does not exceed $5,000 may be paid to the Participant or his or her surviving spouse or other designated beneficiary in quarterly, semi-annual or annual installments, or in a single lump sum.

6.2 Post-2004 Benefit. This Section 6.2 applies only to a Post-2004 Benefit.

(a) Form of Payment. The Post-2004 Benefit shall be payable in a form available under the NiSource Pension Plan, computed in the same manner as in the NiSource Pension Plan, or under any other Qualified Pension Plan, computed in the same manner as in such Qualified Pension Plan, as elected by a Participant by written notice delivered to the Plan Administrator on or before December 31, 2005. Notwithstanding the preceding sentence, in the case of an employee who first becomes a Participant on or after January 1, 2005, the aforementioned election with respect to a Post-2004 Benefit shall be made by written notice delivered to the Plan Administrator within 30 days after the date the Participant first becomes eligible to participate in the Plan and such election shall be effective with respect to Compensation related to services to be performed subsequent to the election; provided, however, that a Participant shall not be considered first eligible if, on the date he or she becomes a Participant, he or she participates in any other nonqualified plan of the same category (account balance or nonaccount balance, as applicable), which is subject to Code Section 409A, maintained by the Company or any Affiliate. If payment in the form of an annuity is elected, the annuity type shall be elected by the Participant at the time he or she makes the election described in the first or second sentence of this paragraph from among those annuities available at that time under the NiSource Pension Plan or under any other Qualified Pension Plan. If a Participant fails to elect a form of distribution, the Participant's Post-2004 Benefit shall be payable in a lump sum.

If a Participant who makes an election pursuant to this subsection 6.2(a) dies prior to distribution pursuant to such election, such election shall be revoked and the provisions of Article IV and subsection 6.2(b) shall apply.

Any change in an election of a form of distribution available under the NiSource Pension Plan or any other Qualified Pension Plan shall apply to his or her Post-2004 Benefit pursuant to the preceding paragraph only if it is made by written instrument delivered to the Plan Administrator and if (i) such new election does not take effect until at least 12 months after the date on which the election is made, (ii) the first payment with respect to which such new election is effective is deferred for a period of not less than five (5) years from the date such payment would otherwise have been made, and (iii) such new election is not made less than 12 months prior to the date of the first scheduled payment; provided, however, that an election to change from one type of annuity payment to a different, actuarially equivalent, type of annuity payment shall not be considered a change to the method of payment for purposes of applying the restrictions in clauses (i), (ii) and (iii).

Notwithstanding the preceding paragraph of this Section 6.2(a), a Participant may change an election with respect to the form of payment of a Post-2004 Benefit, without regard to the restrictions imposed under the preceding paragraph, on or before December 31, 2006; provided that such election (i) applies only to amounts that would not otherwise be payable in calendar year 2006, and (ii) shall not cause an amount to be paid in calendar year 2006 that would not otherwise be payable in such year. Additionally, a Participant may change an election with respect to the form of payment of a Post-2004 Benefit, without regard to the restrictions imposed under the preceding paragraph, on or before December 31, 2007; provided that such election (i) applies only to amounts that would not otherwise be payable in calendar year 2007, and (ii) shall not cause an amount to be paid in calendar year 2007 that would not otherwise be paid in such year. Additionally, a Participant may change an election with respect to the form of payment of a Post-2004 Benefit, without regard to the restrictions imposed by the preceding paragraph, on or before December 31, 2008; provided that such election (i) applies only to amounts that would not otherwise be payable before January 1, 2009, and (ii) shall not cause an amount to be paid in calendar year 2007 or 2008 that would not otherwise be paid in such years.

(b) Specified Employees. Notwithstanding any other provision of the Plan, in no event can a payment of a Post-2004 Benefit, pursuant to Article IV or Section 5.4, to a Participant who is a Specified Employee of the Company or an Affiliate, at a time during which the Company's capital stock or capital stock of an Affiliate is publicly traded on an established securities market, in the calendar year of his or her separation from Service be made before the date that is six months after the date of the Participant's separation from Service with the Company and all Affiliates, unless such separation is due to his or her death or Disability.

A Participant shall be deemed to be a Specified Employee for purposes of this paragraph (b) if he or she is in job category C2 or above with respect to the Company or any Affiliate that employs him or her; provided that if at any time the total number of employees in job category C2 and above is less than 50, a Specified Employee shall include any person who meets the definition of Key Employee set forth in Code Section 416(i) without reference to paragraph (5). A Participant shall be deemed to be a Specified Employee with respect to a calendar year if he or she is a Specified Employee on September 30th of the preceding calendar year. If a Specified Employee will receive payments hereunder in the form of installments or an annuity, the first payment made as of the date six months after the date of the Participant's separation from Service with the Company and all Affiliates shall be a lump sum, paid as soon as practicable after the end of such six-month period, that includes all payments that would otherwise have been made during such six-month period. From and after the end of such six month period, any such installment or annuity payments shall be made pursuant to the terms of the applicable installment or annuity form of payment.

ARTICLE VII

Change in Control

7.1 Change in Control. A "Change in Control" shall be deemed to take place on the occurrence of either a "Change in Ownership," "Change in Effective Control" or a "Change of Ownership of a Substantial Portion of Assets," as defined below:

(a) Change in Ownership. A Change in Ownership of the Company occurs on the date that any one person, or more than one Person Acting as a Group (as defined below), acquires ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company. However, if any one person or more than one Person Acting as a Group, is considered to own more than 50% of the total fair market value or total voting power of the stock of the Company, the acquisition of additional stock by the same person or persons is not considered to cause a Change in Ownership of the Company, as applicable (or to cause a Change in Effective Control of the Company). An increase in the percentage of stock owned by any one person, or Persons Acting as a Group, as a result of a transaction in which the Company acquires its stock in exchange for property s be treated as an acquisition of stock. This paragraph (a) applies only when there is a transfer of stock of the Company (or issuance of stock of the Company) and stock in the Company remains outstanding after the transaction.

(b) Change in Effective Control. A Change in Effective Control of the Company occurs on the date that either –

(i) Any one person, or more than one Person Acting as a Group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing 35% or more of the total voting power of the stock of the Company; or

(ii) a majority of members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election,

In the absence of an event described in paragraph (i) or (ii), a Change in Effective Control of the Company will not have occurred.

Acquisition of additional control. If any one person, or more than one Person Acting as a Group, is considered to effectively control the Company, the acquisition of additional control of the Company by the same person or persons is not considered to cause a Change in Effective Control of the Company (or to cause a Change in Ownership of the Company).

(c) Change of Ownership of a Substantial Portion of Assets. A Change of Ownership of a Substantial Portion of Assets occurs on the date that any one person, or more than one Person Acting as a Group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

Transfers to a related person. There is no Change in Control when there is a transfer to an entity that is controlled by the shareholders of the Company immediately after the transfer. A transfer of assets by the Company is not treated as a Change of Ownership of a Substantial Portion of Assets if the assets are transferred to –

(i) A shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to its stock;

(ii) An entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company;

(iii) A person, or more than one Person Acting as a Group, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company; or

(iv) An entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a person described in paragraph (iii).

A person's status is determined immediately after the transfer of the assets. For example, a transfer to a corporation in which the Company has no ownership interest before the transaction, but which is a majority-owned subsidiary of the Company after the transaction is not treated as a Change of Ownership of a Substantial Portion of Assets of the Company.

(d) Persons Acting as a Group. Persons shall not be considered to be acting as a group solely because they purchase or own stock of the same corporation at the same time or as a result of the same public offering. However, persons shall be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company. If a person, including an entity, owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock, or similar transaction, such shareholder is considered to be acting as a group with other shareholders in a corporation prior to the transaction giving rise to the change and not with respect to the ownership interest in the other corporation.

7.2 Potential Change in Control. A "Potential Change in Control" shall include any of the following:

(a) The delivery to the Company by any "person," as defined in Section 13(d)(3) of The Securities Exchange Act of 1934 (the "Act"), of a statement containing the information required by Schedule 13-D under the Act, or any amendment to any such statement, that shows that such person has acquired, directly or indirectly, the beneficial ownership of (1) more than twenty percent (20%) of any class of equity security of the Company entitled to vote as a class in the election or removal from office of directors, or (2) more than twenty percent (20%) of the voting power of any group of classes of equity securities of the Company entitled to vote as a single class in the election or removal from office of directors.

(b) The Company becomes aware that preliminary or definitive copies of a proxy statement and information statement or other information have been filed with the Securities and Exchange Commission pursuant to Rule 14a-6, Rule 14c-5 or Rule 14f-1 under the Act relating to a proposed change in control of the Company.

(c) The delivery to the Company pursuant to Rule 14d-3 under the Act of a Tender Offer Statement relating to equity securities of the Company.

(d) The Board adopts a resolution to the effect that for purposes of the Plan a Potential Change in Control has occurred.

7.3 Additional Service and Compensation Upon Change in Control. With respect to a Participant who, pursuant to contract with the Company, is entitled to compensation from the Company for an additional 36 months in the event that after a Change in Control the Participant's employment is terminated by the Company or an Affiliate under circumstances described in the contract, such Participant's years of Service under Article II, and Supplemental Retirement Pension under Section 4.2 or Supplemental Retirement Account under Section 5.2, as applicable, shall be calculated as if the Participant had continued in employment with the Company for an additional 36 months at the rate of Compensation in effect immediately prior to his or her employment termination; provided that, in no event shall the counting of a Participant's Compensation during this 36-month period reduce his or her Final Average Compensation figure below its highest level prior to the Participant's separation from Service.

7.4 Waiver of Service and Age Requirements Upon Change in Control. A Participant who separates from service within 24 months following a Change in Control for any reason other than a termination by the Company for Good Cause, but prior to Early Retirement, shall be eligible for the Supplemental Retirement Pension specified in Section 4.2, rather than the Supplemental Retirement Pension specified in Section 4.4, commencing at Normal Retirement. Notwithstanding the previous sentence, such a Participant may elect to begin receiving the portion of his or her Supplemental Retirement Pension that constitutes his or her Pre-2005 Benefit pursuant to this

Section 7.4 at any time after attaining age 55 years, subject to the reduction specified in Section 4.3. Such election shall have no effect on the distribution of his or her Post-2004 Benefit at his or her Normal Retirement Date.

7.5 Funding of Plan Benefits Upon Potential Change in Control. Upon a Potential Change in Control, the Plan Administrator shall identify the amount by which the present value of all benefits earned to date under the Plan (after offsets) exceeds the then fair market value of the applicable Trust assets, calculated using the Pension Benefit Guaranty Corporation immediate annuity interest rate as of the date of the Potential Change in Control, the 1983 GAM mortality tables, and the most valuable optional payment form (the "Full Funding Amount"), and the Company shall contribute such Full Funding Amount to the Trust. Each Participant's benefits for purposes of calculating present value shall be the highest benefit the Participant would have under the Plan within the six months following a Potential Change in Control, assuming that the Participant's employment continues for six months at the same rate of Compensation, and that the Participant receives any benefit enhancement provided by the Plan, or any other agreement, upon a Change in Control.

7.6 Plan Administration and Amendment Upon a Change in Control. Upon and after a Change in Control, the Company no longer shall have the power to appoint or remove members of the Benefits Committee or ONC Committee, nor the power to approve legal counsel or actuaries employed by such committees. Upon and after a Change in Control, only the respective committee members shall have the power to appoint or remove members. If, at any time after a Change in Control, all members of the Benefits Committee or ONC Committee have been removed or resigned, then all of the powers, rights and duties vested in such committee by Article IX below shall be vested in the trustee of the Trust.

7.7 Plan Administrator Discretion to Pay Lump Sum After a Change in Control. Upon and after a Change in Control, the Plan Administrator may, in its sole discretion, distribute, or cause the trustee under the Trust to distribute, to a Participant or a surviving spouse, the present value (determined in accordance with the assumptions in Section 12.11) of the Participant's Pre-2005 Benefit, or the portion of Supplemental Disability Pension or the surviving spouse's Supplemental Spouse Pension attributable to his or her Pre-2005 Benefit, payable under the Plan in a lump sum payment. The Plan Administrator shall distribute, or cause the trustee under the Trust to distribute, the present value of the Participant's Post-2004 Benefit.

7.8 Lump Sum Election. Each calendar year, a Participant shall have the right to elect to receive the present value (determined in accordance with the assumptions in Section 12.11) of the portion of the Participant's Supplemental Retirement Pension or the balance of the Participant's Supplemental Retirement Account that constitutes the Participant's Pre-2005 Benefit or the Participant's Supplemental Disability Pension, in a lump sum if:

(a) a Change in Control occurs in the calendar year subsequent to the calendar year in which the election is made; and

(b) (1) within 24 months following the Change in Control any one of the payment triggering conditions set forth in the Change in Control and

Termination Agreement between the Company and the Participant shall have occurred; or

(i) if no Change in Control and Termination Agreement is in effect between the Company and the Participant on the date of the Change in Control and within 24 months following the Change in Control the employment of the Participant with the Company is terminated by the Company for any reason other than Good Cause or the Participant terminates his or her employment with the Company for Good Reason.

Such election shall be irrevocable for the calendar year to which it applies. A distribution pursuant to this Section shall be made as soon as practicable following the Participant's separation from Service. Notwithstanding the preceding provisions of this Section, a Participant had the right to make the election set forth in this Section at any time during the first three (3) months of calendar year 2003 with respect to a Change in Control that occurred during the last nine (9) months of calendar year 2003. Any such election was irrevocable for calendar year 2003 and was subject to the other provisions of this Section.

7.9 Definitions.

(a) "Good Cause" shall be deemed to exist if, and only if:

(i) the Participant 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 the Company; or

(ii) the Participant is convicted of a criminal violation involving fraud or dishonesty.

(b) "Good Reason" shall be deemed to exist if, and only if:

(i) there is a significant change in the nature or the scope of the Participant's authorities or duties;

(ii) there is a significant reduction in the Participant's monthly rate of base salary, his or her opportunity to earn a bonus under an incentive bonus compensation plan maintained by the Company or his or her benefits; or

(iii) the Company changes by 100 miles or more the principal location in which the Participant is required to perform services.

ARTICLE VIII

Beneficiary Designation

8.1 Beneficiary Designation. Each Participant shall have the right, at any time, to designate one or more persons or an entity as Beneficiary (both primary as well as secondary) to whom benefits under the Plan shall be paid in the event of the Participant's death prior to complete distribution of the Participant's interest under the Plan. Each Beneficiary designation shall be in a written form prescribed by the Benefits Committee and shall be effective only when filed with the Benefits Committee during the Participant's lifetime.

If the Participant designates multiple beneficiaries, he or she shall designate the percentage, in whole numbers, allocated to each such beneficiary.

8.2 Changing Beneficiary. Any Beneficiary designation may be changed by a Participant without the consent of the previously named Beneficiary by the filing of a new designation with the Benefits Committee. The filing of a new designation shall cancel all designations previously filed.

8.3 No Beneficiary Designation. If any Participant fails to designate a beneficiary in the manner provided above, if the designation is void or if the beneficiary designated by a deceased Participant dies before the Participant or before complete distribution of the Participant's benefits, the Participant's beneficiary shall be the person in the first of the following classes in which there is a survivor:

(a) The Participant's spouse;

(b) The Participant's children in equal shares, except that if any of the children predeceases the Participant but leaves issue surviving, then such issue shall take, by right of representation, the share the parent would have taken if living;

(c) The Participant's estate.

ARTICLE IX

Plan Administration

9.1 Allocation of Duties to Committees. The Plan shall be administered by the Benefits Committee, as delegated by the ONC Committee. The Benefits Committee shall have the authority to make, amend, interpret, and enforce all appropriate rules and regulations for the administration of the Plan and decide or resolve any and all questions, including interpretations of the Plan, as may arise in such administration, except as otherwise reserved to the ONC Committee herein, or by resolution or charter of the respective committees. Members of the Benefits Committee may be Participants under the Plan.

In its discretion, the Plan Administrator may delegate to any division or department of the Company the discretionary authority to make decisions regarding Plan administration, within limits and guidelines from time to time established by the Plan Administrator. The delegated discretionary authority shall be exercised by such division or department's senior officer, or his/her delegate.

Within the scope of the delegated discretionary authority, such officer or person shall act in the place of the Plan Administrator and his/her decisions shall be treated as decisions of the Plan Administrator.

9.2 Agents. The Plan Administrator may, from time to time, employ agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Company.

9.3 Information Required by Plan Administrator. The Company shall furnish the Plan Administrator with such data and information as the Plan Administrator may deem necessary or desirable in order to administer the Plan. The records of the Company as to an employee's or Participant's period or periods of employment, separation from Service and the reason therefore, reemployment and Compensation will be conclusive on all persons unless determined to the Plan Administrator's satisfaction to be incorrect. Participants and other persons entitled to benefits under the Plan also shall furnish the Plan Administrator with such evidence, data or information as the Plan Administrator considers necessary or desirable to administer the Plan.

9.4 Binding Effect of Decisions. Subject to applicable law, and the provisions of Article X, any interpretation of the provisions of the Plan and any decision on any matter within the discretion of the Benefits Committee and/or the ONC Committee (or any duly authorized delegate of either such committee) and made in good faith shall be binding on all persons.

ARTICLE X

Claims Procedure

10.1 Claim. Claims for benefits under the Plan shall be made in writing to the Plan Administrator. The Plan Administrator shall establish rules and procedures to be followed by Participants and Beneficiaries in filing claims for benefits, and for furnishing and verifying proof necessary to establish the right to benefits in accordance with the Plan, consistent with the remainder of this Article.

10.2 Review of Claim. The Plan Administrator shall review all claims for benefits. Upon receipt by the Plan Administrator of such a claim, it shall determine all facts that are necessary to establish the right of the claimant to benefits under the provisions of the Plan and the amount thereof as herein provided within 90 days of receipt of such claim. If prior to the expiration of the initial 90 day period, the Plan Administrator determines additional time is needed to come to a determination on the claim, the Plan Administrator shall provide written notice to the Participant, Beneficiary or other claimant of the need for the extension, not to exceed a total of 180 days from the date the application was received. If the Plan Administrator fails to notify the claimant in writing of the denial of the claim within 90 days after the Plan Administrator receives it, the claim shall be deemed denied.

10.3 Notice of Denial of Claim. If the Plan Administrator wholly or partially denies a claim for benefits, the Plan Administrator shall, within a reasonable period of time, but no later than 90 days after receiving the claim (unless extended as provided above), notify the claimant in writing of the denial of the claim. Such notification shall be written in a manner reasonably expected to be understood by such claimant and shall in all respects comply with the requirements of ERISA, including but not limited to inclusion of the following:

(a) the specific reason or reasons for denial of the claim;

(b) a specific reference to the pertinent Plan provisions upon which the denial is based;

(c) a description of any additional material or information necessary for the claimant to perfect the claim, together with an explanation of why such material or information is necessary; and

(d) an explanation of the Plan's review procedure.

10.4 Reconsideration of Denied Claim. Within 60 days of the receipt by the claimant of the written notice of denial of the claim, or within 60 days after the claim is deemed denied as set forth above, if applicable, the claimant or duly authorized representative may file a written request with the Benefits Committee that it conduct a full and fair review of the denial of the claimant's claim for benefits. If the claimant or duly authorized representative fails to request such a reconsideration within such 60 day period, it shall be conclusively determined for all purposes of the Plan that the denial of such claim by the Benefits Committee is correct. In connection with the claimant's appeal of the denial of his or her benefit, the claimant may review pertinent documents and may submit issues and comments in writing.

The Benefits Committee shall render a decision on the claim appeal promptly, but not later than 60 days after receiving the claimant's request for review, unless, in the discretion of the Benefits Committee, special circumstances require an extension of time for processing, in which case the 60-day period may be extended to 120 days. The Benefits Committee shall notify the claimant in writing of any such extension. The notice of decision shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, as well as specific references to the pertinent Plan provisions on which the decision is based. If the decision on review is not furnished within the time period set forth above, the claim shall be deemed denied on review.

If such determination is favorable to the claimant, it shall be binding and conclusive. If such determination is adverse to such claimant, it shall be binding and conclusive unless the claimant or his duly authorized representative notifies the Benefits Committee within 90 days after the mailing or delivery to the claimant by the Benefits Committee of its determination that claimant intends to institute legal proceedings challenging the determination of the Benefits Committee and actually institutes such legal proceedings within 180 days after such mailing or delivery.

ARTICLE XI

Plan Amendment and Termination

11.1 Plan Amendment. The ONC Committee or the Board shall have the authority to amend the Plan. The ONC Committee or the Board shall have the exclusive authority to amend the Plan regarding eligibility for the Plan, the amount or level of benefits awarded under the Plan, and the time and form of payments for benefits from the Plan. In addition, the ONC Committee or the Board shall also have the exclusive authority to make amendments that constitute a material increase in compensation, any change requiring action or consent by a committee of the Board pursuant to the rules of the Securities and Exchange Commission, the New York Stock Exchange or other applicable law, or such other material changes to the Plan such that approval of the Board is required. Unless otherwise determined by the ONC Committee, the Benefits Committee shall have the authority to amend the Plan in all respects that are not exclusively reserved to the ONC Committee or the Board.

The respective committee may at any time amend the Plan by written instrument, notice of which is given to all Participants, and to Beneficiaries receiving installment payments. Notwithstanding the preceding sentence, no amendment shall reduce the amount accrued in any Account prior to the date such notice of the amendment is given.

11.2 Plan Termination. The ONC Committee or the Company may terminate the Plan at any time, except that any benefits that are payable due to a Retirement, death, Disability, or other separation from Service occurring prior to the amendment or termination shall not be reduced or discontinued. No amendment or termination of the Plan shall directly or indirectly deprive any current or former Participant (or surviving spouse) of all or any portion of any Supplemental Retirement Benefit, Supplemental Disability Pension, Supplemental Spouse Pension, or Supplemental Retirement Account, the payment of which has commenced prior to the effective date of such amendment or termination, or which would be payable if the Participant experienced a separation from Service for any reason on such effective date.

ARTICLE XII

Miscellaneous

12.1 Plan Financing. Except as set forth below in this Section and in Section 7.5, benefits under the Plan shall be paid from the general assets of the Company. To the extent any Participant or surviving spouse or other designated beneficiary acquires a right to receive payments hereunder, such right shall be no greater than the right of any other unsecured creditor of the Company. Notwithstanding the foregoing, the Company has entered into a trust agreement ("Trust Agreement") whereby the Company agrees to contribute to a trust ("Trust") for the purpose of accumulating assets to assist the Company in fulfilling its obligations to Participants and surviving spouses or other designated beneficiaries hereunder. Such Trust includes the provision that all assets of the Trust shall be subject to the creditors of the Company in the event of its insolvency.

12.2 Non-Compete and Related Provisions. Benefits under the Plan may be forfeited if:

(a) A Participant, while employed by the Company or within a period of three years after the Participant's separation from Service for any reason, including Retirement (the "Restrictive Period"), engages in activity or employment that directly or indirectly competes with the business of the Company or its Affiliates, including, but not by way of limitation, by directly or indirectly owning, managing, operating, controlling, financing, or by directly or indirectly serving as an employee, officer or director of or consultant to, or by soliciting or inducing, or attempting to solicit or induce, any employee or agent of the Company or its Affiliates to terminate employment with the Company or its Affiliates, and become employed by, any person, firm, partnership, corporation, trust or other entity that provides commodities, products or services to customers of the Company or its Affiliates of the same type as commodities, products or services provided by the Company or its Affiliates (the "Restrictive Covenant"). The foregoing Restrictive Covenant shall not prohibit a Participant from owning directly or indirectly capital stock or similar securities which are listed on a securities exchange or quoted on the National Association of Securities Dealers Automated Quotation System which do not represent more than 1% of the outstanding capital stock of any such entity; or

(b) A Participant performs any action or makes any statement that is detrimental to the Company or its Affiliates, unless such action or statement is retracted to the Company's satisfaction after the Participant is notified regarding such action or statement.

12.3 Nonguarantee of Employment. Participation in the Plan does not limit the right of the Company or an Affiliate to discharge any individual with or without cause.

12.4 Nonalienation of Benefits. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage, or otherwise encumber, transfer, hypothecate, or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof or rights to, which are expressly declared to be unassignable and nontransferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony, or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

Notwithstanding the preceding paragraph, the benefit of any Participant shall be subject to and payable in the amount determined in accordance with any qualified domestic relations order, as that term is defined in Section 206(d)(3) of ERISA. The Plan Administrator shall provide for payment in a lump sum from a Participant's benefit to an alternate payee (as defined in Code Section 414(p)(8)) as soon as administratively practicable following receipt of such order. Any federal, state or local income tax associated with such payment shall be the responsibility of the alternate payee. The balance of a benefit that is subject to any qualified domestic relations order shall be reduced by the amount of any payment made pursuant to such order.

12.5 Indemnification.

(a) Limitation of Liability. Notwithstanding any other provision of the Plan or the Trust, none of the Company, any member of the Benefits Committee or ONC Committee, nor an individual acting as an employee or agent of any of them, shall be liable to any Participant or former Participant, or any surviving spouse or other designated beneficiary of any Participant or former Participant, for any claim, loss, liability or expense incurred in connection with the Plan or the Trust, except when the same shall have been judicially determined to be due to the willful misconduct of such person.

(b) Indemnity. The Company shall indemnify and hold harmless each member of the Benefits Committee and the ONC Committee, or any employee of the Company or any individual acting as an employee or agent of either of them (to the extent not indemnified or saved harmless under any liability insurance or any other indemnification arrangement with respect to the Plan or the Trust) from any and all claims, losses, liabilities, costs and expenses (including attorneys' fees) arising out of any actual or alleged act or failure to act made in good faith pursuant to the provisions of the Plan, including expenses reasonably incurred in the defense of any claim relating thereto with respect to the administration of the Plan or the Trust, except that no indemnification or defense shall be provided to any person with respect to any conduct that has been judicially determined, or agreed by the parties, to have constituted willful misconduct on the part of such person, or to have resulted in his or her receipt of personal profit or advantage to which he or she is not entitled. In connection with the indemnification provided by the preceding sentence, expenses incurred in defending a civil or criminal action, suit or proceeding, or incurred in connection with a civil or criminal investigation, may be paid by the Company in advance of the final disposition of such action, suit, proceeding, or investigation, as authorized by the Plan Administrator in the specific case, upon receipt of an undertaking by or on behalf of the party to be indemnified to repay such amount unless it shall ultimately be determined that the person is entitled to be indemnified by the Company pursuant to this paragraph.

12.6 Severability. Each of the Sections contained in the Plan, and each provision in each Section, shall be enforceable independently of every other Section or provision in the Plan, and the invalidity or unenforceability of any Section or provision shall not invalidate or render unenforceable any other Section or provision contained herein. If any Section or provision in a Section is found invalid or unenforceable, it is the intent of the parties that a court of competent jurisdiction shall reform the Section or provision to produce its nearest enforceable economic equivalent.

12.7 Action by Company. Any action required of, or permitted by, the Company under the Plan shall be by resolution of the respective committee identified herein, or by a person or persons authorized by resolution of the such committee.

12.8 Protective Provisions. A Participant shall cooperate with the Company by furnishing any and all information requested by the Company and its Affiliates in order to facilitate the payment of benefits hereunder, and by taking such physical examinations as the Company and its Affiliates may deem necessary and taking such other action as may be requested by the Company and its Affiliates.

12.9 Governing Law. The provisions of the Plan shall be construed and interpreted according to the laws of the State of Indiana, except as preempted by federal law.

12.10 Notice. Any notice required or permitted under the Plan shall be sufficient if in writing and hand delivered or sent by registered or certified mail. Such notice shall be deemed as given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Mailed notice to the Plan Administrator shall be directed to the Company's address. Mailed notice to a Participant, a surviving spouse or other designated beneficiary shall be directed to the individual's last known address in the Company's records.

12.11 Successors. The provisions of the Plan shall bind and inure to the benefit of the Company, its Affiliates and their successors and assigns. The term successors as used herein shall include any corporate or other business entity that shall, whether by merger, consolidation, purchase, or otherwise, acquire all or substantially all of the business and assets of the Company, and successors of any such corporation or other business entity.

12.12 Actuarial Assumptions. Unless otherwise provided in the Plan, all actuarial adjustments necessary to determine the amount, form or timing of any distribution shall be based on the same actuarial assumptions used for the pension a Participant is eligible to receive under the NiSource Pension Plan.

12.13 Tax Savings.

(a) Notwithstanding anything to the contrary contained in the Plan, (1) in the event that the Internal Revenue Service prevails in its claim that benefits under the Plan constitute taxable income to a Participant, his or her spouse or other designated beneficiary, for any taxable year, prior to the taxable year in which such benefits are distributed to him or her, or (2) in the event that legal counsel satisfactory to the Company and the applicable Participant, his or her spouse or other designated beneficiary, renders an opinion that the Internal Revenue Service would likely prevail in such a claim, the Pre-2005 Benefit, to the extent constituting taxable income, shall be immediately distributed to the Participant, his or her spouse or other designated beneficiary. For purposes of this Section, the Internal Revenue Service shall be deemed to have prevailed in a claim if such claim is upheld by a court of final jurisdiction, or, if based upon an opinion of legal counsel satisfactory to the Company and the Participant, his or her spouse or other designated beneficiary, the Plan fails to appeal a decision of the Internal Revenue Service, or a court of applicable jurisdiction, with respect to such claim to an appropriate Internal Revenue Service appeals authority or to a court of higher jurisdiction within the appropriate time period.

(b) Notwithstanding anything to the contrary contained in the Plan, (1) in the event that the Internal Revenue Service prevails in its claim that benefits under the Plan constitute taxable income under Code Section 409A, and guidance and regulations thereunder, to a Participant, his or her spouse or other designated beneficiary, for any taxable year prior to the taxable year in which such benefits are distributed to him or her, or (2) in the event that legal counsel satisfactory to the Company and the applicable Participant, his or her spouse or other designated beneficiary, renders an opinion that the Internal Revenue Service would likely prevail in such a claim, the Post-2004 Benefit or Supplemental Spouse Pension, to the extent constituting taxable income, shall be immediately distributed to the Participant, his or her spouse or other designated beneficiary. For purposes of this Section, the Internal Revenue Service shall be deemed to have prevailed in a claim if such claim is upheld by a court of final jurisdiction, or, if based upon an opinion of legal counsel satisfactory to the Company and the Participant, his or her spouse or other designated beneficiary, the Plan fails to appeal a decision of the Internal Revenue Service, or a court of applicable jurisdiction, with respect to such claim to an appropriate Internal Revenue Service appeals authority or to a court of higher jurisdiction within the appropriate time period.

[signature block follows on next page]

IN WITNESS WHEREOF, the Company has caused this amendment and restatement of the NiSource Inc. Supplemental Executive Retirement Plan to be executed in its name by its duly authorized officer, effective as of August 10, 2017.

NISOURCE INC.

By: __

Its: __

Date: ____

Exhibit 10.2

PENSION RESTORATION PLAN

FOR NISOURCE INC. AND AFFILIATES

As Amended and Restated Effective August 10, 2017

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PENSION RESTORATION PLAN FOR NISOURCE INC. AND AFFILIATES

As Amended and Restated Effective August 10, 2017

ARTICLE I.

BACKGROUND AND PURPOSE

1.1 **Background.** The Columbia Gas System, Inc. adopted The Pension Restoration Plan for The Columbia Gas System, Inc., as amended and restated effective March 1, 1997. The Plan was amended and restated, effective January 1, 2002, by Columbia Energy Group, successor to Columbia Gas System, Inc., and renamed the Pension Restoration Plan for the Columbia Energy Group. Effective January 1, 2004, NiSource Inc., the parent company of Columbia Energy Group, assumed sponsorship of the Pension Restoration Plan for Columbia Energy Group, renamed the Plan the Pension Restoration Plan for NiSource Inc. and Affiliates, and broadened the Plan to allow participation by employees of NiSource Inc. and Affiliated Companies from and after January 1, 2004. The Plan was further amended and restated, effective January 1, 2005, to comply with Internal Revenue Code Section 409A with respect to benefits earned under the Plan. The Plan was amended and restated again, effective January 1, 2008, to revise certain election procedures. The Plan was further amended and restated, effective January 1, 2010, to clarify the calculation of benefits under the Plan and to reflect Plan benefits parallel to the benefit structures under applicable Basic Plans, including the AB Benefit. The Plan was amended and restated again, effective May 13, 2011 to transfer all administrative authority with respect to the Plan (including the authority to render decisions on claims and appeals and make administrative or ministerial amendments) from the ONC Committee to the Benefits Committee. The Plan is hereby amended and restated again, effective August 10, 2017, to revise the procedures for determining Disability under the Plan.

1.2 **Purpose.** The purpose of the Plan is to provide for the payment of pension restoration benefits to employees of the Employer, whose benefits under the Basic Plans are subject to the Limits, or affected by deferrals into the DCP, so that the total pension benefits of such employees will be determined on the same basis as is applicable to all other employees of the Employer. The Plan is adopted solely (1) for the purpose of providing benefits to Participants in the Plan and their Beneficiaries in excess of the Limits imposed on qualified plans by Code Sections 415 and 401(a)(17), and any other Code Sections, by restoring benefits to such Plan Participants and Beneficiaries that are not available under the Basic Plans as a result of the Limits, and (2) for the purpose of restoring benefits to Plan Participants and Beneficiaries that are no longer available under the Basic Plans as a result of the Participant's deferrals into the DCP. The provisions of the Plan as stated herein apply only to Participants who actively participate in the Plan on or after the Effective Date. Any Participant who retired or otherwise terminated employment with the Company and Affiliates prior to the Effective Date shall have his or her rights determined under the provision of the Plan, as it existed when his or her employment relationship terminated.

ARTICLE II.

DEFINITIONS

For the purposes of the Plan, the following terms shall have the meanings indicated, unless the context clearly indicates otherwise. Except when otherwise required by the context, any masculine terminology in this document shall include the feminine, and any singular terminology shall include the plural. The headings of Articles and Sections are included solely for convenience, and if there is any conflict between such headings and the text of the Plan, the text shall control.

2.1 **AB Account**. The hypothetical account created for a Participant under the Plan who has an AB Benefit under a Basic Plan.

2.2 **AB Benefit**. A Participant's AB I Benefit or AB II Benefit that is accrued for the benefit of the Participant under a Basic Plan.

2.3 **Affiliate**. Any corporation that is a member of a controlled group of corporations (as defined in Code Section 414(b)) that includes the Company; any trade or business (whether or not incorporated) that is under common control (as defined in Code Section 414(c)) with the Company; any organization (whether or not incorporated) that is a member of an affiliated service group (as defined in Code Section 414(m)) that includes the Company; any leasing organization, to the extent that its employees are required to be treated as if they were employed by the Company pursuant to Code Section 414(n) and the regulations thereunder; and any other entity required to be aggregated with the Company pursuant to regulations under Code Section 414(o). An entity shall be an Affiliate only with respect to the existing period as described in the preceding sentence.

2.4 **Basic Plans**. The tax-qualified defined benefit retirement plan(s) maintained by the Company and Affiliates listed on Schedule A, attached hereto.

2.5 **Beneficiary**. The person, persons or entity entitled to receive any plan benefits payable after a Participant's death.

2.6 **Benefits Committee**. The NiSource Benefits Committee.

2.7 **Code**. The Internal Revenue Code of 1986, as amended.

2.8 **Company**. NiSource Inc., a Delaware corporation.

2.9 **DCP**. The Columbia Energy Group Deferred Compensation Plan, on or prior to December 31, 2003, and, thereafter, the NiSource Inc. Executive Deferred Compensation Plan.

2.10 **Disability**. A condition that (a) causes a Participant, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, to receive income replacement benefits for a period of not less than three months under an accident and health plan covering Employees of the Company or an Affiliate or (b) causes a Participant to be eligible to receive Social Security disability payments.

2.11 **Effective Date**. August 10, 2017, the date on which this amendment and restatement of the Plan is effective.

2.12 **Employee**. Any individual who is employed by an Employer on a basis that involves payment of salary, wages or commissions.

2.13 **Employer**. The Company or any Affiliate who maintains or adopts for its Eligible Employees a Basic Plan.

2.14 **ERISA**. The Employee Retirement Income Security Act of 1974, as amended.

2.15 **Limits**. The limits imposed on the payment, accrual or calculation of tax-qualified retirement plans by Code Sections 415 and 401(a)(17) and any other Code Sections.

2.16 **ONC Committee**. The Officer Nomination and Compensation Committee of the Board of Directors of the Company.

2.17 **Participant**. Any Employee who is participating in the Plan in accordance with its provisions.

2.18 **Plan**. The Pension Restoration Plan for NiSource Inc. and Affiliates (formerly known as the Pension Restoration Plan for the Columbia Energy Group, formerly known as the Pension Restoration Plan for The Columbia Gas System, Inc.), as set forth herein.

2.19 **Plan Administrator**. The Benefits Committee or such delegate of the Benefits Committee delegated to carry out the administrative functions of the Plan.

ARTICLE III.

PARTICIPATION AND BENEFIT ACCRUAL

3.1 **Eligibility for Participation and Accrual of Benefit**. Except as provided in Section 3.2 below, each Employee of an Employer shall be eligible to participate in the Plan as of the date he or she is eligible to participate in a Basic Plan. For purposes of accruing a benefit under the Plan, each employee shall be eligible to accrue a benefit under the Plan for any plan year in which his or her benefits under a Basic Plan are affected by the Limits or by his or her deferrals under the DCP.

The ONC Committee (or its delegate) shall determine the eligibility of each Employee to participate in the Plan based on information furnished by the Employer. Such determination shall be within the discretion of the Plan Administrator (or its delegate) and shall be conclusive and binding upon all persons as long as such determination is made pursuant to the Plan and applicable law.

3.2 **Special Provisions for Participants with Basic Plan Benefits Accrued Prior to 2004**.

(a)Eligibility. As set forth in Article I, prior to January 1, 2004, only Employees of Columbia Energy Group (or its predecessor) who had benefits under a Basic Plan affected by the Limits, or by his or her deferrals under the DCP, participated in the Plan. Pursuant to the extension of participation in the Plan as explained in Article I, on or after January 1, 2004, each Employee meeting the participation requirements set forth in Section 3.1 shall participate in the Plan as of January 1, 2004, and shall be eligible to accrue a benefit under the Plan as of such date or, if later, as of the date that an Employee's benefits under a Basic Plan are affected by the Limits or by his or her deferrals under the DCP.

(b)Benefit Accrual. With respect to any Participant who was first eligible to participate in the Plan on January 1, 2004 in accordance with this Section, but who had accrued benefits under a Basic Plan prior to such date, such Participant shall have benefits under the Plan calculated in accordance with the Plan's general provisions, except that the Plan shall only consider the Participant's Credited Service, Point Service, Compensation or Accrued Benefit under the Basic Plan earned on or after the date participation in the Plan begins (*i.e.*, January 1, 2004), as further described in Section 4.2, Section 4.4(b), Section 4.5(b) Section 4.6(b) and Section 4.7(b).

3.3 **Service Crediting**. A Participant's service used under the Basic Plan for purposes of determining eligibility for any retirement benefit shall also be used for similar purposes under the Plan. For any Participant described in Section 3.2, the Plan shall only consider such Participant's Credited Service (or, if applicable, Point Service) as of the date of participation in the Plan for purposes of calculating the benefit under the Plan; however, the Plan shall continue to consider such Participant's Credited Service (or, if applicable, Point Service) under the Basic Plan for purposes of determining early retirement eligibility or the application of the Pay-Based Credit scale for the Participant as described in Section 4.6.

ARTICLE IV.

DETERMINATION OF BENEFIT AMOUNT

4.1 **Amount of Benefit - General Principle**. The benefit payable under the Plan to a Participant (or to his or her Beneficiary under a Basic Plan) shall be equal to the excess (if any) of the benefit determined under subsection (a) below over the benefit determined under subsection (b) below:

(a)The benefit that would have been payable under a Basic Plan to a Participant, or to his or her Beneficiary, determined under a Basic Plan without regard to (i) the Limits or (ii) the Participant's deferrals into the DCP, if any.

(b)The benefit actually payable to the Participant, or to his or her Beneficiary, determined under a Basic Plan after applying the Limits and considering deferrals into the DCP, if any.

To the extent that the AB Benefit provisions of the Basic Plan apply to a Participant, such Participant shall have an AB Account created and shall have his or her benefit under the Plan calculated in accordance with the provisions of this Article IV. Specifically, such Participant shall be subject to the conversion, Opening Balance, Pay-Based and Interest Credits and Protected Benefit provisions provided under this Article.

4.2 **Amount of Benefit For Participant Who Accrued a Benefit under a Basic Plan Prior to Participating in the Plan on January 1, 2004**. Notwithstanding the foregoing, the calculation of the benefit payable under Section 4.1 above shall be limited for any Participant described in Section 3.2. For such Participants, the benefit payable under the Plan shall be determined as follows:

(a)FAP Participant. For a Participant whose Accrued Benefit under a Basic Plan is a FAP Benefit, the benefit payable under the Plan to the Participant, or to his or her Beneficiary under the Basic Plan, shall be equal to the excess (if any) of the benefit determined under paragraph (1) below over the benefit determined under paragraph (2) below:

(1)The benefit that would have been payable under a Basic Plan to a Participant, or to his or her Beneficiary determined under a Basic Plan, considering only the Participant's Credited Service and Compensation from and after the date the Participant first becomes eligible to participate in the Plan, determined without regard to (i) the Limits or (ii) the Participant's deferrals into the DCP, if any.

(2)The benefit actually payable to the Participant, or to his or her Beneficiary determined under a Basic Plan, calculated based upon the Participant's Credited Service and Compensation from and after the date the Participant first becomes eligible to participate in the Plan, determined after applying the Limits and considering deferrals into the DCP, if any.

(b)AB Participant. For a Participant whose Accrued Benefit under a Basic Plan is an AB Benefit, the benefit payable under the Plan to the Participant, or to his or her Beneficiary under a Basic Plan, shall be equal to the excess (if any) of the benefit determined under paragraph (1) below over the benefit determined under paragraph (2) below:

(1)The benefit that would have been payable under a Basic Plan to a Participant or his or her Beneficiary, determined as if the Participant's Opening Balance under the Basic Plan was $0 as of the date the Participant first becomes eligible to participate in the Plan, and considering only the Participant's Pay-Based Credits, Interest Credits and Compensation from and after such date, and determined without regard to (i) the Limits or (ii) the Participant's deferrals into the DCP, if any.

(2)The benefit actually payable under a Basic Plan to the Participant, or to his or her Beneficiary, determined as if the Participant's Opening Balance under the Basic Plan was $0 as of the date the Participant first becomes eligible to participate in the Plan, and considering only the Participant's Pay-Based Credits, Interest Credits and Compensation from and after such date, and determined after applying the Limits and considering deferrals into the DCP, if any.

4.3 **Form of Benefit Accrual**. The form of benefit accrual for a Participant in the Plan shall be the form of benefit accrual applicable for such Participant under the relevant Basic Plan.

4.4 **Conversion of Benefits.**

(a)In General. Upon the conversion of any Participant's Accrued Benefit in a Basic Plan from a FAP Benefit to an AB II Benefit or from an AB I Benefit to an AB II Benefit, any benefit under the Plan shall, except as provided below, also be converted upon such date according to the conversion procedures set forth in the relevant Basic Plan, including determination of an Opening Balance.

(b)Exception to the General Provision. Notwithstanding the foregoing, with respect to any Participant in the Plan who is described in Section 3.2, such Participant's benefit under the Plan shall be converted according to the conversion procedures in the relevant Basic Plan, provided that any consideration of Credited Service and Compensation in the calculation of the Participant's Opening Balance shall be limited to Credited Service and Compensation earned from and after the date the Participant first becomes eligible to participate in the Plan.

4.5 **Opening Balance**. For purposes of determining the Opening Balance for Participants in the Plan, the following provisions shall apply:

(a)In General. The Opening Balance shall be calculated using the same methodology and factors as provided in the relevant Basic Plan. The Opening Balance under the Plan shall be determined as the excess of the Opening Balance determined in (1) below over the Opening Balance determined in (2) below:

(1)The Participant's Opening Balance under the Basic Plan determined without regard to (i) the Limits or (ii) the Participant's deferrals into the DCP, if any.

(2)The Participant's Opening Balance under the Basic Plan determined after applying the Limits and considering deferrals into the DCP, if any.

(b)Exception to the General Provision. For the purpose of determining the Opening Balance for any Participant in the Plan who is described in Section 3.2, the Opening Balance under the Plan shall be determined in accordance with Section 4.5(a) above, but considering a calculation of the Opening Balance under the Basic Plan using only the Participant's Credited Service (or, if applicable, Point Service) and

Compensation from and after the date the Participant first becomes eligible to participate in the Plan.

4.6 **Pay-Based Credits and Interest Credits**. For purposes of determining Pay-Based Credits and Interest Credits under the Plan, the following provisions shall apply:

(a)Pay-Based Credits Generally. Pay-Based Credits under the Plan shall be calculated using the same methodology and factors as provided in the relevant Basic Plan. Pay-Based Credits under the Plan shall be determined as the excess of the Pay-Based Credits determined in (1) below over the Pay-Based Credits determined in (2) below:

(1)The Participant's Pay-Based Credits under the Basic Plan determined without regard to (i) the Limits or (ii) the Participant's deferrals into the DCP, if any.

(2)The Participant's Pay-Based Credits under the Basic Plan determined after applying the Limits and considering deferrals into the DCP, if any.

(b)Exception to the General Pay-Based Credits Provision. For the purpose of determining the Pay-Based Credits for any Participant in the Plan who is described in Section 3.2, the Pay-Based Credits under the Plan shall be determined in accordance with Section 4.6(a) above, but considering a calculation of Pay-Based Credits under the Basic Plan using only Compensation from and after the date the Participant first becomes eligible to participate in the Plan.

(c)Interest Credits. Interest Credits under the Plan shall be calculated using the same methodology and factors as provided in the relevant Basic Plan.

4.7 **Protected Benefit**. Effective for any Participant terminating employment with the Employer on or after January 1, 2011, the benefit payable under the Plan may never be less than the benefit set forth in this section. For purposes of determining the Protected Benefit under the Plan, the following provisions shall apply:

(a)Protected Benefit Generally. The Protected Benefit under the Plan shall be calculated using the same methodology and factors as provided in the relevant Basic Plan. The Protected Benefit under the Plan shall be determined as the excess of the benefit determined in (1) below over the benefit determined in (2) below:

(1)The Protected Benefit under the Basic Plan for the Participant, or for his or her Beneficiary, determined without regard to (i) the Limits or (ii) the Participant's deferrals into the DCP, if any.

(2)The Protected Benefit under the Basic Plan for the Participant, or for his or her Beneficiary, determined after applying the Limits and considering deferrals into the DCP, if any.

In accordance with the methodology provided in the applicable Basic Plan, a Participant with an AB Benefit shall be entitled to benefit under the Plan equal to the greater of (1) the AB Account under the Plan or (2) the sum of the AB Account under the Plan (determined without regard to the Opening Balance calculation) *plus* the portion of the FAP Benefit that is calculated in accordance with the Plan as of the date of conversion to the AB Benefit as set forth in Section 4.4.

(b)Exception to the General Protected Benefit Provision. For the purpose of determining the Protected Benefit for any Participant in the Plan who is described in Section 3.2, the Protected Benefit under the Plan shall be determined in accordance with Section 4.7(a) above, but considering calculation of the Protected Benefit under the Basic Plan using only Credited Service and Compensation from and after the date the Participant first becomes eligible to participate in the Plan.

ARTICLE V.

TIME AND METHOD OF PAYMENT OF BENEFIT

5.1 **Method of Payment**.

(a)The benefit earned under the Plan shall be payable to a Participant in a form available under the Basic Plan, as elected by the Participant by notice delivered to the Plan Administrator on or before December 31, 2005. Notwithstanding the preceding sentence, in the case of an Employee who becomes a Participant on or after January 1, 2005, the aforementioned election with respect to a benefit shall be made no later than January 31 of the calendar year after the calendar year in which the Participant first becomes eligible to participate in the Plan, and such election shall be effective with respect to Compensation related to services to be performed subsequent to the election; provided, however, that a Participant shall not be considered first eligible if, on the date he or she becomes a Participant, he or she participates in any other nonqualified plan of the same category that is subject to Code Section 409A, maintained by the Company or an Affiliate.

(b)If payment in the form of an annuity is elected, the annuity type shall be elected by the Participant at the time he or she makes the election described in the first or second sentence of subsection (a) above from among those annuities available at that time under the Basic Plan. If a benefit hereunder is paid in an annuity form other than a straight life annuity, the amount of the benefit under the Plan shall be reduced by the Basic Plan's factors in effect at the time of such election for payment in a form other than a straight life annuity. If payment in the form of a lump sum is elected, the lump sum amount payable will be calculated in the same manner and according to the same interest rates and mortality tables as under the Basic Plan at the time of such election.

(c)If the Participant fails to elect a form of payment as required under subsections (a) and (b) above, the Participant's benefit shall be payable in a lump sum.

5.2 **Timing of Payment**. A benefit payable in accordance with Section 5.1 will commence within 45 days after: (i) if the Participant qualifies for Early Retirement under a Basic Plan, when the Participant separates from service, or (ii) if the Participant does not qualify for Early Retirement under a Basic Plan, the later of when the Participant separates from service or attains (or would have attained) age 65, or, if later, within such timeframe permitted under Code Section 409A, and guidance and regulations thereunder.

5.3 **Changes to the Form of Payment**. A Participant cannot change the form of payment of a benefit elected under Section 5.1 or this Section 5.3 unless (i) such election does not take effect until at least 12 months after the date on which the election is made, (ii) in the case of an election related to a payment not due to the Participant's Disability or death, the first payment with respect to which such new election is effective is deferred for a period of not less than five years from the date such payment would otherwise have been made, and (iii) any election related to a payment based upon a specific time or pursuant to a fixed schedule may not be made less than 12 months prior to the date of the first scheduled payment; provided, however, that an election to change from one type of annuity payment to a different, actuarially equivalent, type of annuity payment shall not be considered a change to the form of payment for purposes of applying the restrictions in clauses (i), (ii) and (iii).

Notwithstanding the preceding paragraphs of this Section 5.3, a Participant may change an election with respect to the form of payment of a benefit, without regard to the restrictions imposed under the preceding paragraph, on or before December 31, 2006; provided that such election (i) applies only to amounts that would not otherwise be payable in calendar year 2006, and (ii) shall not cause an amount to be paid in calendar year 2006 that would not otherwise be payable in such year.

5.4 **Specified Employees**. Notwithstanding any other provision of the Plan, in no event can a payment of a benefit to a Participant who is a Specified Employee of the Company or an Affiliate, at a time during which the Company's capital stock or capital stock of an Affiliate is publicly traded on an established securities market, in the calendar year of his or her separation from service, be made before the date that is six months after the date of the Participant's separation from service with the Company and all Affiliates, unless such separation is due to his or her death or Disability.

A Participant shall be deemed to be a Specified Employee for purposes of this Section 5.4 if he or she is in a job category C2 or above with respect to the Company or Affiliate that employs him or her; provided if at any time the total number of Employees in job category C2 and above is less than 50, a Specified Employee shall include any person who meets the definition of Key Employee set forth in Code Section 416(i) without reference to paragraph (5). A Participant shall be deemed to be a Specified Employee with respect to a calendar year if he or she is a Specified Employee on September 30th of the preceding calendar year. If a Specified Employee will receive payments hereunder in the form of installments or an annuity, the first payment made as of the date six months after the date of the Participant's separation from service with the Company and all Affiliates shall be a lump sum, paid as soon as practicable after the end of such six-month period, that includes all payments that would otherwise have been made during such six-month period.

From and after the end of such six month period, any such installment or annuity payments shall be made pursuant to the terms of the applicable installment or annuity form of payment.

5.5 **Interest and Mortality Assumptions**. Determinations under the Plan shall be based on the interest and mortality assumptions used in the applicable Basic Plan on the date of such determination.

ARTICLE VI.

ADMINISTRATION OF PLAN

6.1 **Allocation of Duties to Committees.** The Plan shall be administered by the Benefits Committee, as delegated by the ONC Committee. The Benefits Committee shall have the authority to make, amend, interpret, and enforce all appropriate rules and regulations for the administration of the Plan and decide or resolve any and all questions, including interpretations of the Plan, as may arise in such administration, except as otherwise reserved to the ONC Committee herein, or by resolution or charter of the respective committees.

In its discretion, the Plan Administrator may delegate to any division or department of the Company the discretionary authority to make decisions regarding Plan administration, within limits and guidelines from time to time established by the Plan Administrator. The delegated discretionary authority shall be exercised by such division or department's senior officer, or his/her delegate. Within the scope of the delegated discretionary authority, such officer or person shall act in the place of the Plan Administrator and his/her decisions shall be treated as decisions of the Plan Administrator.

6.2 **Agents.** The Plan Administrator may, from time to time, employ agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Company.

6.3 **Information Required by Plan Administrator.** The Company shall furnish the Plan Administrator with such data and information as the Plan Administrator may deem necessary or desirable in order to administer the Plan. The records of the Company as to an employee's or Participant's period or periods of employment, separation from Service and the reason therefore, reemployment and Compensation will be conclusive on all persons unless determined to the Plan Administrator's satisfaction to be incorrect. Participants and other persons entitled to benefits under the Plan also shall furnish the Plan Administrator with such evidence, data or information as the Plan Administrator considers necessary or desirable to administer the Plan.

6.4 **Binding Effect of Decisions.** Subject to applicable law, and the provisions of Article VIII, any interpretation of the provisions of the Plan and any decision on any matter within the discretion of the Benefits Committee and/or the ONC Committee (or any duly authorized delegate of either such committee) and made in good faith shall be binding on all persons.

ARTICLE VII.

CLAIMS PROCEDURE

7.1 **Claims Procedure**. Claims for benefits under the Plan shall be made in writing to the Plan Administrator. The Plan Administrator shall establish rules and procedures to be followed by Participants and Beneficiaries in filing claims for benefits, and for furnishing and verifying proof necessary to establish the right to benefits in accordance with the Plan, consistent with the remainder of this Article.

7.2 **Review of Claim.** The Plan Administrator shall review all claims for benefits. Upon receipt by the Plan Administrator of such a claim, it shall determine all facts that are necessary to establish the right of the claimant to benefits under the provisions of the Plan and the amount thereof as herein provided within 90 days of receipt of such claim. If prior to the expiration of the initial 90 day period, the Plan Administrator determines additional time is needed to come to a determination on the claim, the Plan Administrator shall provide written notice to the Participant, Beneficiary or other claimant of the need for the extension, not to exceed a total of 180 days from the date the application was received. If the Plan Administrator fails to notify the claimant in writing of the denial of the claim within 90 days after the Plan Administrator receives it, the claim shall be deemed denied.

7.3 **Notice of Denial of Claim**. If the Plan Administrator wholly or partially denies a claim for benefits, the Plan Administrator shall, within a reasonable period of time, but no later than 90 days after receiving the claim (unless extended as noted above), notify the claimant in writing of the denial of the claim. Such notification shall be written in a manner reasonably expected to be understood by such claimant and shall in all respects comply with the requirements of ERISA, including but not limited to inclusion of the following:

(a) the specific reason or reasons for denial of the claim;

(b) a specific reference to the pertinent Plan provisions upon which the denial is based;

(c) a description of any additional material or information necessary for the claimant to perfect the claim, together with an explanation of why such material or information is necessary; and

(d) an explanation of the Plan's review procedure.

7.4 **Reconsideration of Denied Claim**. Within 60 days of the receipt by the claimant of the written notice of denial of the claim, or within 60 days after the claim is deemed denied as set forth above, if applicable, the claimant or duly authorized representative may file a written request with the Benefits Committee that it conduct a full and fair review of the denial of the claimant's claim for benefits. If the claimant or duly authorized representative fails to request such a reconsideration within such 60 day period, it shall be conclusively determined for all purposes of the Plan that the denial of such claim by the Benefits Committee is correct. In connection with the claimant's appeal of the denial of his or her benefit, the claimant may review pertinent documents and may submit issues and comments in writing.

The Benefits Committee shall render a decision on the claim appeal promptly, but not later than 60 days after receiving the claimant's request for review, unless, in the discretion of the Benefits Committee, special circumstances require an extension of time for processing, in which case the 60-day period may be extended to 120 days. The Benefits Committee shall notify the claimant in writing of any such extension. The notice of decision upon review shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, as well as specific references to the pertinent Plan provisions upon which the decision is based. If the decision on review is not furnished within the time period set forth above, the claim shall be deemed denied on review.

If such determination is favorable to the claimant, it shall be binding and conclusive. If such determination is adverse to such claimant, it shall be binding and conclusive unless the claimant or his duly authorized representative notifies the Benefits Committee within 90 days after the mailing or delivery to the claimant by the Benefits Committee of its determination that claimant intends to institute legal proceedings challenging the determination of the Benefits Committee and actually institutes such legal proceedings within 180 days after such mailing or delivery.

ARTICLE VIII.

PLAN AMENDMENT OR TERMINATION

8.1 **Plan Amendment.** While the Company intends to maintain the Plan in conjunction with the Basic Plans, the Company or the ONC Committee reserves the right to amend the Plan at any time and from time to time with respect to eligibility for the Plan, the level of benefits awarded under the Plan and the time and form of payment for benefits from the Plan. The ONC Committee or the Board shall have the authority to amend the Plan. The ONC Committee or the Board shall have the exclusive authority to amend the Plan regarding eligibility for the Plan, the amount or level of benefits awarded under the Plan, and the time and form of payments for benefits from the Plan. In addition, the ONC Committee or the Board shall also have the exclusive authority to make amendments that constitute a material increase in compensation, any change requiring action or consent by a committee of the Board pursuant to the rules of the Securities and Exchange Commission, the New York Stock Exchange or other applicable law, or such other material changes to the Plan such that approval of the Board is required. Unless otherwise determined by the ONC Committee, the Benefits Committee shall have the authority to amend the Plan in all respects that are not exclusively reserved to the ONC Committee or the Board.

All amendments to the Plan must be made by written instrument, notice of which is given to all Participants and to Beneficiaries. Notwithstanding the preceding sentence, no amendment shall impair or alter such right to a benefit accrued under the Plan as of the effective date of such amendment to or with respect to any Employee who has become a Participant in the Plan before the effective date of such amendment or with respect to his or her Beneficiary.

8.2 **Plan Termination.** The ONC Committee or the Company may terminate the Plan at any time provided that termination of the Plan shall not impair or alter such right to a benefit accrued under the Plan as of the effective date of such termination to or with respect to any Employee who has become a Participant in the Plan before the effective date of such termination or with respect to his or her Beneficiary

Upon termination of the Plan, distribution of Plan benefits shall be made to Participants, surviving spouses and beneficiaries in the manner and at the time described in Article VI of the Plan. No additional benefits shall be earned after termination of the Plan other than the crediting of Interest until the date of distribution of a Participant's Supplemental Savings Account.

ARTICLE IX.

MISCELLANEOUS PROVISIONS

9.1 **Unsecured General Creditor**. Participants and Beneficiaries shall be unsecured general creditors, with no secured or preferential right to any assets of the Company, any other Employer, or any other party for payment of benefits under the Plan. Obligations of the Company and each other Employer under the Plan shall be an unfunded and unsecured promise to pay money in the future.

9.2 **Income Tax Payout**. In the event that the Internal Revenue Service prevails in its claim that that any amount of a Participant's benefit payable pursuant to the Plan and held in the general assets of the Company or any other Employer constitutes taxable income under Code Section 409A, and guidance and regulations thereunder, to a Participant or his or her Beneficiary for any taxable year prior to the taxable year in which such amount is distributed to him or her, or in the event that legal counsel satisfactory to the Company and the applicable Participant or his or her Beneficiary renders an opinion that the Internal Revenue Service would likely prevail in such a claim, the amount of such benefit held in the general assets of the Company or any other Employer, to the extent constituting such taxable income, shall be immediately distributed to the Participant or his or her Beneficiary. For purposes of this Section, the Internal Revenue Service shall be deemed to have prevailed in a claim if such claim is upheld by a court of final jurisdiction, or if the Participant or Beneficiary, based upon an opinion of legal counsel satisfactory to the Company and the Participant or his or her Beneficiary, fails to appeal a decision of the Internal Revenue Service, or a court of applicable jurisdiction, with respect to such claim, to an appropriate Internal Revenue Service appeals authority or to a court of higher jurisdiction within the appropriate time period.

9.3 **General Conditions**. Except as otherwise expressly provided herein, all terms and conditions of a Basic Plan applicable to a Basic Plan benefit shall also be applicable to a benefit payable hereunder. Any Basic Plan benefit shall be paid solely in accordance with the terms and conditions of the applicable Basic Plan and nothing in the Plan shall operate or be construed in any way to modify, amend or affect the terms and provisions of the Basic Plan. Defined terms used in the Plan that are not defined in this Plan but are defined in the Basic Plans shall have the meanings assigned to them in the Basic Plans.

9.4 **No Guaranty of Benefits**. Nothing contained in the Plan shall constitute a guaranty by the Company or any other Employer or any other entity or person that the assets of the Company or any other Employer will be sufficient to pay any benefit hereunder.

9.5 **No Enlargement of Employee Rights**. No Participant or Beneficiary shall have any right to a benefit under the Plan except in accordance with the terms of the Plan. Establishment of the Plan shall not be construed to give any Participant or Beneficiary the right to be retained in the service of the Company or any Affiliate.

9.6 **Nonalienation of Benefits**. No interest of any person or entity in, or right to receive a benefit under, the Plan 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 benefit be taken, either voluntarily or involuntarily, for the satisfaction of the debts of, or other obligations or claims against, such person or entity, including claims for alimony, support, separate maintenance, and claims in bankruptcy proceedings.

Notwithstanding the preceding paragraph, the benefit of any Participant shall be subject to and payable in the amount determined in accordance with any qualified domestic relations order, as that term is defined in ERISA Section 206(d)(3). The Plan Administrator shall provide for payment of such benefit to an alternate payee (as defined in ERISA Section 206(d)(3)) as soon as administratively possible following receipt of such order. Any federal, state or local income tax associated with such payment shall be the responsibility of the alternate payee. The benefit that is subject to any qualified domestic relations order shall be reduced by the amount of any payment made pursuant to such order.

9.7 **Applicable Law**. The Plan shall be construed and administered under the laws of the State of Indiana, except to the extent preempted by applicable federal law.

9.8 **Incapacity of Recipient**. If any person entitled to a benefit payment under the Plan is deemed by the Plan Administrator to be incapable of personally receiving and giving a valid receipt for such payment, then, unless and until claim therefore shall have been made by a duly appointed guardian or other legal representative of such person, the Plan Administrator may provide for such payment or any part thereof to be made to any other person or institution then contributing toward or providing for the care and maintenance of such person. Any such payment shall be a payment for the account of such person and a complete discharge of any liability of the Company, any other Employer, the Plan Administrator and the Plan therefore.

9.9 **Unclaimed Benefit**. Each Participant shall keep the Plan Administrator informed of his or her current address and the current address of his or her Beneficiaries. The Plan Administrator shall not be obligated to search for the whereabouts of any person. If the location of a Participant is not made known to the Plan Administrator within three years after the date on which payment of the Participant's benefit may first be made, payment may be made as though the Participant had died at the end of the three-year period. If, within one additional year after such three-year period has elapsed, or, within three years after the actual death of a Participant, the Plan Administrator is unable to locate any Beneficiary of the Participant, then the Plan Administrator shall have no further obligation to pay any benefit hereunder to such Participant, Beneficiary, or any other person and such benefit shall be irrevocably forfeited.

9.10 **Limitations on Liability**. Notwithstanding any of the preceding provisions of the Plan, none of the Company, any other Employer, any member of the Benefits Committee or the ONC Committee or any delegate of such committees, or any individual acting as an employee, or agent at the direction of the Company or any other Employer, or any member of the Benefits Committee or the ONC Committee or any delegate of such committees, shall be liable to any Participant, former Participant, Beneficiary, or any other person for any claim, loss, liability or expense incurred in connection with the Plan.

[Signature block follows on next page]

IN WITNESS WHEREOF, NiSource Inc. has caused this amended and restated Pension Restoration Plan for NiSource Inc. and Affiliates to be executed in its name, by its duly authorized officer, effective as of August 10, 2017.

NISOURCE INC.

By: __

Its: __

Date: ____

SCHEDULE A

NiSource Salaried Pension Plan

NiSource Subsidiary Pension Plan

Columbia Energy Group Pension Plan

Bay State Gas Company Pension Plan

Exhibit 10.3

SAVINGS RESTORATION PLAN

FOR NISOURCE INC. AND AFFILIATES

As Amended and Restated Effective August 10, 2017

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SAVINGS RESTORATION PLAN
FOR NISOURCE INC. AND AFFILIATES

ARTICLE I

BACKGROUND AND PURPOSE

1.1 **Background.** Prior to January 1, 2004, Columbia Energy Group sponsored the Savings Restoration Plan for Columbia Energy Group for eligible executives of Columbia Energy Group and certain Affiliates. Effective January 1, 2004, NiSource Inc., the parent company of Columbia Energy Group, assumed sponsorship of the Savings Restoration Plan for Columbia Energy Group, renamed the Plan the Savings Restoration Plan for NiSource Inc. and Affiliates, and broadened the Plan to include all employees of NiSource Inc. and Affiliates.

The Plan was amended and restated effective January 1, 2004, and amended effective January 1, 2005. The Plan was then amended and restated again effective January 1, 2005, to comply with Code Section 409A, and guidance and regulations thereunder, with respect to benefits earned under the Plan from and after January 1, 2005. Benefits under the Plan earned and vested prior to January 1, 2005 shall be administered without giving effect to Code Section 409A, and guidance and regulations thereunder. The provisions of the Plan as set forth herein apply only to Participants who actively participate in the Plan on or after January 1, 2005. Any Participant who retired or otherwise terminated employment with the Company and all Affiliates prior to January 1, 2005 shall have his or her rights determined under the provision of the Plan as it existed when his or her employment relationship terminated.

The Plan was further amended and restated, effective January 1, 2008, to provide for mandatory lump sum payments of small account balances in accordance with Code Section 409A. The Plan was amended and restated again, effective January 1, 2010, to contain provisions that eliminate mid-year enrollment into the Plan and to allow Participants who make Roth Contributions to a Basic Plan to participate in this Plan. The plan was further amended and restated, effective January 1, 2010, to restore certain Employer Contributions given to Participants who are classified as "exempt employees" by the Employer and who are hired or rehired on or after January 1, 2010.

The Plan was amended and restated again, effective May 13, 2011, to restore Profit Sharing Contributions that otherwise would have been contributed to Participants under the Basic Plan (if not subject to the Limits, defined below) and to transfer all administrative authority with respect to the Plan (including the authority to render decisions on claims and appeals and make administrative or ministerial amendments) from the ONC Committee to the Benefits Committee. The Plan was again amended and restated, effective January 1, 2012, to (1) remove the ability of participants to make elective deferrals to the Plan; (2) change eligibility to receive Employer credits under the Plan to those employees who are in job scope level C2 and above; (3) provide for investment options in addition to the fixed interest credits currently available for the crediting of earnings on Accounts under the Plan; and (4) clarify other administrative matters related to the Plan. The Plan was amended and restated again, effective October 22, 2012, to allow certain grandfathered participants in the DCP to receive employer credits to be made under this Plan in 2013 and beyond related to any Profit Sharing Contributions and Next-Gen Contributions that otherwise would have been credited to their accounts under the Basic Plan but were not credited because their DCP deferrals are excluded from Basic Plan compensation for purposes of such contributions. The Plan is hereby amended and restated again, effective August 10, 2017, to revise the procedures for determining Disability under the Plan.

1.2 **Purpose**. The purpose of the Plan is to provide for the payment of savings restoration benefits to employees of NiSource Inc. and Affiliates, whose benefits under the Basic Plan are subject to the Limits or affected by deferrals into the DCP, so that the total savings plan benefits of such employees shall be determined on the same basis as is applicable to all other employees of the Company. The Plan is adopted solely (1) for the purpose of providing benefits to Participants in the Plan and their Beneficiaries in excess of the Limits imposed on qualified plans by Code Section 401(a)(17) and any other Code Sections, by restoring benefits to such Plan Participants and Beneficiaries that are no longer available under the Basic Plan as a result of the Limits, and (2) for the purpose of restoring benefits to Plan Participants and Beneficiaries that are no longer available under the Basic Plan as a result of the Participant's deferrals into the DCP.

ARTICLE II.

DEFINITIONS

For the purposes of the Plan, the following terms shall have the meanings indicated, unless the context clearly indicates otherwise. Except when otherwise required by the context, any masculine terminology in this document shall include the feminine, and any singular terminology shall include the plural. Defined terms used in the Plan that are not defined in this Article or elsewhere in the Plan but are defined in the Basic Plan shall have the meanings assigned to them in the Basic Plan. The headings of Articles and Sections are included solely for convenience, and if there is any conflict between such headings and the text of the Plan, the text shall control.

2.1 **Account.** The device used by an Employer to measure and determine the amount to be paid under the Plan. Each Account shall be divided into a Pre-2005 Account containing contributions to the Plan earned and vested prior to January 1, 2005, and a Post-2004 Account containing contributions to the Plan earned and/or vested on or after January 1, 2005.

2.2 **Affiliate**. Any corporation that is a member of a controlled group of corporations (as defined in Code Section 414(b)) that includes the Company; any trade or business (whether or not incorporated) that is under common control (as defined in Code Section 414(c)) with the Company; any organization (whether or not incorporated) that is a member of an affiliated service group (as defined in Code Section 414(m)) that includes the Company; any leasing organization, to the extent that its employees are required to be treated as if they were employed by the Company pursuant to Code Section 414(n) and the regulations thereunder; and any other entity required to be aggregated with the Company pursuant to regulations under Code Section 414(o). An entity shall be an Affiliate only with respect to the existing period as described in the preceding sentence.

2.3 **Basic Plan**. The NiSource Inc. Retirement Savings Plan, as amended and restated effective January 1, 2010, and as further amended from time to time (or as amended and restated for any prior period to the extent the provisions of the Plan refer to such prior period for the Basic Plan).

2.4 **Beneficiary**. The person, persons or entity entitled to receive any Plan benefits payable after a Participant's death, as elected by a Participant under the Basic Plan.

2.5 **Benefits Committee**. The NiSource Benefits Committee.

2.6 **Board**. The Board of Directors of NiSource. Inc.

2.7 **Code**. The Internal Revenue Code of 1986, as amended from time to time.

2.8 **Company**. NiSource Inc.

2.9 **Compensation**. Compensation as defined under the Basic Plan for purposes of determining Pre-Tax Contributions, Roth Contributions, and Matching Contributions under the Basic Plan. For purposes of calculating Employer credits to Participant Accounts under this Plan, Compensation may exceed the Compensation Limit under Code Section 401(a)(17)(B) and shall not be impacted by any other Limit.

2.10 **DCP**. The Columbia Energy Group Deferred Compensation Plan on or prior to December 31, 2003, and, thereafter, the NiSource Inc. Executive Deferred Compensation Plan, as further amended from time to time.

2.11 **Disability**. A condition that (a) causes a Participant, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, to receive income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company or an Affiliate or (b) causes a Participant to be eligible to receive Social Security disability payments.

2.12 **Effective Date**. August 10, 2017, the date on which the provisions of this amended and restated Plan become effective, except as otherwise provided herein.

2.13 **Eligible Employee**. A select group of management or highly compensated employees of the Employer who satisfy the criteria established by the ONC Committee in accordance with this Plan.

2.14 **Employer**. The Company or any Affiliate that maintains or adopts the Basic Plan for the benefit of its eligible Employees.

2.15 **ERISA**. The Employee Retirement Income Security Act of 1974, as amended.

2.16 **In-Service Withdrawal**. A distribution from a Participant's Pre-2005 Account before that Participant's Separation from Service made in accordance with the Participant's written election under Article V of this Plan.

2.17 **Limits**. The limits imposed on tax qualified retirement plans by Code Sections 415 and 401(a)(17) and any other Code Sections.

2.18 **ONC Committee**. The Officer Nomination and Compensation Committee of the Board of Directors of the Company.

2.19 **Participant**. Any Eligible Employee who is participating in the Plan in accordance with its provisions.

2.20 **Plan**. The Savings Restoration Plan for NiSource Inc. and Affiliates (formerly known as the Savings Restoration Plan for the Columbia Energy Group, and before that as the Thrift Restoration Plan for the Columbia Energy Group), as set forth herein and as amended from time to time.

2.21 **Plan Administrator**. The Benefits Committee or such delegate of the Benefits Committee delegated to carry out the administrative functions of the Plan.

2.22 **Plan Year**. The12-month period commencing each January 1 and ending the following December 31.

2.23 **Post-2004 Account**. The portion of a Participant's Account equal to the excess of (1) the balance of the Participant's Account determined as of a Participant's date of Separation from Service after December 31, 2004, over (2) the Pre-2005 Account, to which the Participant would be entitled under the Plan if he voluntarily separated from service without cause as of such date and received a full payment of benefits from the Plan on the earliest possible date allowed under the Plan following his Separation from Service.

2.24 **Pre-2005 Account**. The portion of a Participant's Savings Account determined as of December 31, 2004, adjusted to reflect earnings (or losses) credited to such balance from and after such date.

2.25 **Separation from Service**. A termination of services provided by a Participant to his or her Employer, whether voluntarily or involuntarily, consistent with Code Section 409A and the guidance promulgated thereunder.

2.26 **Specified Employee**. A Participant who is in job scope level C2 or above with respect to any Employer that employs him or her; provided that if at any time the total number of employees in job category C2 and above is less than 50, a Specified Employee shall include any employee who meets the definition of "key employee" set forth in Code Section 416(i) (without reference to paragraph 5 of Code Section 416(i)). A Participant shall be deemed to be a Specified Employee with respect to a Separation from Service that occurs during a calendar year if he or she is a Specified Employee on September 30 of the preceding calendar year. The Benefits Committee shall determine which Participants are Specified Employees in accordance with the guidance promulgated under Code Section 409A.

2.27 **Unforeseeable Emergency**. A severe financial hardship to a Participant resulting from an illness or accident of the Participant, the Participant's spouse or a dependent (as defined in Code Section 152(a)), of the Participant, loss of the Participant's property due to casualty or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

2.28 **Valuation Date**. The close of business of each business day.

ARTICLE III.

ELIGIBILITY AND PARTICIPATION

3.1 **Eligibility**. On and after January 1, 2012, eligibility to participate in the Plan shall be limited to an employee in job scope level C2 or above. On and after October 22, 2012, eligibility to participate in this Plan additionally shall include any employee in job scope level D1 or D2 who completed an election form under the DCP in 2011 to make deferrals related to services performed in the Plan Year beginning January 1, 2012; provided however, that such an employee will be eligible to receive only the Profit Sharing Contribution Credits described in Section 4.2(b) and the Next-Gen Contribution Credits described in Section 4.2(c), to the extent described in such subsections, and will remain eligible to participate in this Plan and receive such contributions after the 2012 Plan Year only if he or she completes an election form under the DCP in each successive Plan Year after 2012 and otherwise remains eligible to continue to participate in the DCP in each successive Plan Year after 2012.

3.2 **Participation**. The Plan Administrator shall inform each Employee of his or her eligibility to participate in the Plan as soon as practicable but before the earliest date such Employee's participation could become effective. An Eligible Employee becomes a Participant when the Employer credits the Participant's Account with the Employer credits described in Article IV of this Plan.

3.3 **Continuation of Participation**. A Participant shall remain a Participant so long as his or her Account has not been fully distributed to him or her.

3.4 **Amendment of Eligibility Criteria.** The ONC Committee may, in its discretion, change the criteria for eligibility for any reason, provided, however, that no change in the criteria for eligibility shall be effective unless such changes are (a) within guidelines established by the ONC Committee or (b) approved by the ONC Committee. Eligibility for participation in one year does not guarantee eligibility to participate in any future year.

ARTICLE IV.

ACCOUNTS

4.1 **<u>Account.</u>** The Employer credits, as described in Sections 4.2 and 4.3, and earnings thereon, shall be credited to the Participant's Account. The Account shall be a bookkeeping device utilized for the sole purpose of determining the benefits payable under the Plan and shall not constitute a separate fund of assets.

4.2 **<u>Employer Credits</u>**.

(a) <u>Matching Contribution Credits</u>. The amount of Employer credits related to Matching Contributions for Participant eligible to receive such contributions under Section 3.1 shall equal (1) minus (2) below:

(1) The total amount of Matching Contributions that would otherwise have been contributed to the Basic Plan for the Participant during all years in which the Participant participated in the Basic Plan without regard to the Limits;

(2) The actual amount of Matching Contributions that have been contributed to the Basic Plan for the Participant.

In addition to making the credits related to Matching Contributions described above, the Employer also will make the following true-up credit. If (i) the allocation period under the Basic Plan is shorter than the Plan Year, and (ii) on the last day of the Plan Year, the amount of Matching Contributions under the Basic Plan is less than the amount of Matching Contributions that would have been made had the allocation period for Matching Contributions been the Plan Year, then the Employer will make an additional credit to a Participant's Account. This credit will be in the amount necessary to make the Employer credit related to Matching Contributions equal to the amount of Employer credits related to Matching Contributions that would have been made had the allocation period been the Plan Year. Notwithstanding the foregoing, an Employer shall make this true-up credit only for Participants who are employed with the Employer on the last day of the Plan Year and Participants who experienced a Separation from Service before the last day of the Plan Year due to death, Disability, or retirement.

(b) <u>Profit Sharing Contribution Credits</u>. Employer credits pursuant to this Section 4.2(b) shall be reflected in the Plan for all Participants in the Plan on or after such date, including the following: (1) those who received Profit Sharing Contributions to the Basic Plan for 2010 or later that were subject to the Limits, or (2) those who otherwise had Profit Sharing Contributions limited or adjusted under the Basic Plan on or after January 1, 2011. The amount of Employer credits related to Profit Sharing Contributions for a participant shall equal (1) minus (2) below:

(1) The total amount of Profit Sharing Contributions that otherwise would have been contributed to the Basic Plan for the Participant

during all years in which the Participant participated in the Basic Plan, as determined by Compensation as defined under this Plan without regards to the Limits;

(2) The actual amount of Profit Sharing Contributions that have been contributed to the Basic Plan for the Participant.

Notwithstanding the foregoing, a Participant who is in job scope level D1 or D2 shall receive an amount of Employer credits related to Profit Sharing Contributions equal to the difference between (1) minus (2) below:

(1) The total amount of Profit Sharing Contributions that otherwise would have been contributed to the Basic Plan for the Participant during all years in which the Participant participated in the Basic Plan, had Profit Sharing Contributions been calculated using this Plan's definition of Compensation;

(2) The actual amount of Profit Sharing Contributions that have been contributed to the Basic Plan for the Participant.

This amount shall be payable to any applicable Participant regardless of whether such Participant has signed a written agreement to participate in this Plan.

(c) Next-Gen Contribution Credits. With respect to a Participant who is classified by the Employer as an "exempt employee" and who is hired or rehired on or after January 1, 2010, the amount of Employer credits for a Participant shall equal (1) minus (2) below:

(1) The total amount of the Employer Contribution that otherwise would have been contributed to the Basic Plan in an amount equal to 3% of the Participant's Compensation (as defined under this Plan) without regard to the Limits;

(2) The actual amount of the Employer Contribution under the Basic Plan that was contributed to the Participant in an amount equal to 3% of the Participant's Compensation (as defined under the Basic Plan).

This amount shall be payable to any applicable Participant in addition to any amounts he or she may be entitled to under Sections 4.2(a) and 4.2(b) of this Plan and regardless of whether such Participant has signed a written agreement to participate in this Plan.

Notwithstanding the foregoing, a Participant who is in job scope level D1 or D2 shall receive an amount of Employer credits equal to the difference between (1) minus (2) below:

(1) The total amount of the Employer Contribution that otherwise would have been contributed to the Basic Plan in an amount equal to 3% of the Participant's Compensation (as defined under this Plan);

(2) The actual amount of the Employer Contribution under the Basic Plan that was contributed to the Participant in an amount equal to 3% of the Participant's Compensation (as defined under the Basic Plan).

This amount shall be payable to any applicable Participant regardless of whether such Participant has signed a written agreement to participate in this Plan.

4.3 **Timing of Credits; Withholding**. The Employer credits shall be made to the Participant's Account annually, at such time determined by the Plan Administrator. Any withholding of taxes or other amounts that is required by federal, state, or local law shall be withheld from the Participant's nondeferred Compensation to the maximum extent possible and any remaining amount shall reduce the amount credited to the Participant's Account.

4.4 **Determination of Account**. Each Participant's Account as of each Valuation Date shall consist of the balance of the Account as of the immediately preceding Valuation Date, adjusted as follows:

(a) New Employer Credits. The Account shall be increased by any Employer credits made in accordance with Sections 4.2 or 4.3, as applicable, since such preceding Valuation Date.

(b) Distributions. The Account shall be reduced by any benefits distributed from the Account to the Participant since such preceding Valuation Date.

(c) Valuation of Account. The Account shall be increased or decreased by the aggregate earnings, gains and losses on such Account since such preceding Valuation Date, based on the manner in which the Participant's Account has been hypothetically allocated among the investment options selected by the Participant.

4.5 **Statement of Account**. The Plan Administrator shall give to each Participant a statement showing the balance in the Participant's Account periodically at such times as may be determined by the Plan Administrator, in written or electronic form.

ARTICLE V.

INVESTMENTS

5.1 **Investment Options**. Amounts credited hereunder to the Account of a Participant shall be invested as such Participant elects among the investment choices provided to the Participant.

The investment options shall be determined by the Plan Administrator from time to time in its sole and absolute discretion. As necessary, the Plan Administrator may, in its sole discretion, discontinue, substitute or add an investment option. Each such action will take effect on such date established by the Plan Administrator.

5.2 **Election of Investment Options**. A Participant, in connection with his or her payment election under Article VI of this Plan, shall elect one or more of the previously described investment options, as applicable, to be used to determine the amounts to be credited or debited to his or her Account. If a Participant does not elect any investment options, the Participant's Account shall automatically be allocated into the lowest-risk investment option, as determined by the Plan Administrator, in its sole discretion. The Participant may (but is not required to) elect to add or delete one or more investment options to be used to determine the amounts to be credited or debited to his or her Account, or to change the portion of his or her Account allocated to each previously or newly elected investment option. If an election is made in accordance with the previous sentence, it shall apply as of the first business day deemed reasonably practicable by the Plan Administrator, in its sole discretion, and shall continue thereafter for each subsequent day in which the Participant participates in the Plan, unless changed in accordance with the previous sentence. Notwithstanding the foregoing, the Plan Administrator, in its sole discretion, may impose limitations on the frequency with which one or more of the investment options elected in accordance with this Section may be added or deleted by such Participant; furthermore, the Plan Administrator, in its sole discretion, may impose limitations on the frequency with which the Participant may change the portion of his or her Account allocated to each previously or newly elected investment option.

5.3 **Allocation of Investment Options**. In making any election related to investment options, the Participant shall specify, in increments specified by the Plan Administrator, the percentage of his or her Account or investment option, as applicable, to be allocated or reallocated.

5.4 **No Actual Investment**. Notwithstanding any other provision of this Plan that may be interpreted to the contrary, the investment options are to be used for measurement purposes only, and a Participant's election of any such investment option, the allocation of his or her Account thereto, the calculation of additional amounts and the crediting or debiting of such amounts to a Participant's Account shall not be considered or construed in any manner as an actual investment of his or her Account in any such investment option. In the event that the Company, in its own discretion, decides to invest funds in any or all of the investments on which the investment options are based, no Participant shall have any rights in or to such investments themselves. Without limiting the foregoing, a Participant's Account shall at all times be a bookkeeping entry only and shall not represent any investment made on his or her behalf by the Company; the Participant shall at all times remain an unsecured creditor of the Company.

ARTICLE VI.

PAYMENTS AND DISTRIBUTIONS

6.1 **Distributions/Events Generally**. Participants generally will not be entitled to receive a distribution of their Account balance until they experience a Separation from Service with the Employer for any reason. A Participant may receive a distribution before Separation from Service, however, in accordance with this Article VI, upon (1) an Unforeseeable Emergency that occurs before Separation from Service, or (2) a year that has been designated by the Participant only with respect to his Pre-2005 Account balance that occurs before Separation from Service.

6.2 **In-Service Withdrawals**. This section applies only to a Participant's Pre-2005 Account balance.

(a) General Payments. Subject to the limitations of paragraph (b) below, a Participant, by filing a written request with the Plan Administrator, may, while employed by an Employer or an Affiliate, elect to withdraw 33%, 67% or 100% of his or her Pre-2005 Account.

(b) Limitation on In-Service Withdrawals. Any In-Service Withdrawal under paragraph (a) of this Section 6.2 shall be subject to a 10% early distribution penalty. In addition, the following conditions shall apply to In-Service Withdrawals:

(1) Only one In-Service Withdrawal shall be permitted in any 12-month period.

(2) In-Service Withdrawals shall require suspension of Employer credits (but not credits of earnings or losses) under the Plan for a period of time varying with the percentage of the value of the Participant's Pre-2005 Account that is withdrawn, according to the following schedule:

Percentage	Suspension
Up to 33%	2 months
34 - 67%	4 months
68 - 100%	6 months

This suspension shall not affect a Participant's participation in the Basic Plan nor the basis for determining the Employer contributions or Participant Pre-tax Contributions under the Basic Plan.

6.3 **Distributions After Separation from Service**.

(a) Generally. If a Participant experiences a Separation from Service, the provisions of this Section 6.3 shall apply to the distribution of the Participant's Account.

(b) Pre-2005 Account.

(1) Form of Payment of Pre-2005 Account. The Pre-2005 Account payable under the Plan to a Participant or his or her spouse, Beneficiary, or legal representative shall be paid in the same form under which the Basic Plan benefit is payable to the Participant or his or her spouse, Beneficiary, or legal representative. The Participant's election under the Basic Plan of any optional form of payment of his or her Basic Plan benefit (with the valid consent of his or her surviving spouse where required under the Basic Plan) shall also be applicable to the payment of his or her Pre-2005 Account under the Plan.

(2) Timing of Payment of Pre-2005 Account. Payment of the Pre-2005 Account under the Plan to a Participant or his or her spouse, Beneficiary, or legal representative under the Plan shall commence on the same date as payment of the benefit to the Participant or his or her spouse, Beneficiary, or legal representative under the Basic Plan commences. Any election under the Basic Plan made by the Participant with respect to the commencement of payment of his or her benefit under the Basic Plan shall also be applicable with respect to the commencement of payment of his or her Pre-2005 Account under the Plan.

(3) Approval by Plan Administrator. Notwithstanding the provisions of paragraphs (i) and (ii) above, an election made by the Participant under the Basic Plan with respect to the form of payment of his or her Pre-2005 Account thereunder (with the valid consent of his or her surviving spouse where required under the Basic Plan), or the date for commencement of payment thereof, shall not be effective with respect to the form of payment or date for commencement of payment of his or her Pre-2005 Account under the Plan unless such election is expressly approved in writing by the Plan Administrator. If the Plan Administrator shall not approve such election in writing, then the form of payment or date for commencement of payment of the Participant's Pre-2005 Account under the Plan shall be selected by the Plan Administrator at its sole discretion.

(c) Post-2004 Account.

(1) Form of Payment of Post-2004 Account. The Post-2004 Account shall be payable in a form elected by a Participant no later than December 31, 2005. Notwithstanding the preceding sentence, in the case of an Eligible Employee who becomes a Participant on or after January 1, 2005, the aforementioned election with respect to the form of payment of a Post-2004 Account shall be made at such time prescribed by the Plan Administrator, which shall end no later than

December 31st of the year preceding the Plan Year in which the Participant is first eligible to participate in the Plan. The form of payment that a Participant may elect to receive shall be from the choices of either a lump sum or in substantially equal annual installments over a period not to exceed 15 years. Notwithstanding the foregoing, if before January 1, 2014, a Participant made an election to receive payment in the form of monthly or semi-annual installments, payment shall be made in the form elected by the Participant. If a Participant has not made a timely election, payment shall be made a lump sum.

(2) Timing of Payment of Post-2004 Account. Payment of a Post-2004 Account in accordance with this Section 6.3 shall commence within 45 days after the Participant's date of Separation from Service, or, if later, within such timeframe permitted under Code Section 409A, and guidance and regulations thereunder.

(3) Modifications to Time and Form of Payment. A Participant cannot change the time or form of payment of a Post-2004 Account under this Subsection 6.3(b) unless (A) such election does not take effect until at least 12 months after the date the election is made, (B) in the case of an election related to a payment not related to the Participant's Disability or death, the first payment with respect to which such new election is effective is deferred for a period of not less than five years from the date such payment would otherwise have been made, and (C) any election related to a payment based upon a specific time or pursuant to a fixed schedule may not be made less than 12 months prior to the date of the first scheduled payment.

(4) Time of Payment for Specified Employees. Notwithstanding any other provision of the Plan, in no event can a payment of a Post-2004 Account to a Participant who is a Specified Employee, at a time during which the Company's capital stock or capital stock of an Affiliate is publicly traded on an established securities market, in the calendar year of his or her Separation from Service be made before the date that is six months after the date of the Participant's Separation from Service, unless such Separation from Service is due to death or Disability.

6.4 **Unforeseeable Emergency Distributions**.

(a) Pre-2005 Account. Upon a finding that a Participant has suffered an Unforeseeable Emergency, the Plan Administrator may, in its sole discretion, make distributions from the Participant's Pre-2005 Account. The amount of such a distribution shall be limited to the amount reasonably necessary to meet the Participant's needs resulting from the Unforeseeable Emergency.

Any distribution pursuant to this Subsection shall be payable in a lump sum. The distribution shall be paid within 30 days after the determination of an Unforeseeable Emergency.

(b) Post-2004 Account. Upon a finding that a Participant has suffered an Unforeseeable Emergency, the Plan Administrator may, in its sole discretion, make distributions from the Participant's Post-2004 Account and/or suspend Employer credits entirely in accordance with the guidance under Code Section 409A. The amount of such distribution shall be limited to the amount necessary to satisfy such Unforeseeable Emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which such hardship is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship). Any distribution pursuant to this Subsection shall be payable in a lump sum. The distribution shall be paid within 30 days after the determination of an Unforeseeable Emergency.

6.5 **Automatic Cash-Out**. Notwithstanding any other provision in the Plan, if (1) the sum of the Participant's Pre-2005 Account and Post-2004 Account does not exceed the applicable dollar limit under code Section 402(g)(1)(B) and (2) this sum is the entirety of the Participant's interest in the Plan and all other arrangements that are considered a single nonqualified deferred compensation plan under Code Section 409A and applicable guidance thereunder, the Employer, in its sole discretion may distribute the Participant's entire Pre-2005 Account and Post-2004 Account (and the Participant's entire interest under any other arrangement that is required to be aggregated with this Plan under Code Section 409A), regardless whether the Participant has otherwise had a distributable event under this Plan. The form of payment of both the Pre-2005 Account and Post-2004 Account shall be a single lump sum.

6.6 **Special Payment Election by December 31, 2006, for Code Section 409A Transition Relief.** Notwithstanding any preceding provision of this Section 6.3(b), a Participant may change an election with respect to the time and form of payment of a Post-2004 Account, without regard to the restrictions imposed under paragraph (iii) next above, on or before December 31, 2006; provided that such election (A) applies only to amounts that would not otherwise be payable in calendar year 2006, and (B) shall not cause an amount to be paid in calendar year 2006 that would not otherwise be payable in such year.

6.7 **Withholding for Taxes**. To the extent required by the law in effect at the time payments are made, an Employer shall withhold from the payments made hereunder any taxes required to be withheld by the federal or any state or local government, including any amounts which the Employer determines is reasonably necessary to pay any generation-skipping transfer tax which is or may become due. A Beneficiary, however, may elect not to have withholding of federal income tax pursuant to Code Section 3405(a)(2).

6.8 **Payment to Guardian**. The Plan Administrator may direct payment to the duly appointed guardian, conservator or other similar legal representative of a Participant or Beneficiary to whom payment is due. In the absence of such a legal representative, the Plan Administrator may, in its sole and absolute discretion, make payment to a person having the care and custody of a minor, incompetent or person incapable of handling the disposition of property upon proof satisfactory to the Plan Administrator of incompetency, status as a minor, or incapacity. Such distribution shall completely discharge the Company from all liability with respect to such benefit.

ARTICLE VII.

BENEFICIARY DESIGNATION

7.1 **Beneficiary Designation**. Each Participant's Beneficiary (both primary as well as secondary) to whom benefits under the Plan shall be paid in the event of the Participant's death prior to complete distribution of the Participant's Account, shall be the Beneficiary that the Participant has selected under the Basic Plan. A Participant may designate a Beneficiary or change a prior Beneficiary designation only by designating or changing a Beneficiary under the Basic Plan.

7.2 **No Beneficiary Designation**. If any Participant fails to designate a Beneficiary in the manner provided above, if the designation is void or if the Beneficiary designated by a deceased Participant dies before the Participant or before complete distribution of the Participant's benefits, the Participant's Beneficiary shall be the person identified in accordance with the procedures under the Basic Plan.

ARTICLE VIII.

PLAN ADMINISTRATION

8.1 **Allocation of Duties to Committees**. The Plan shall be administered by the Benefits Committee, as delegated by the ONC Committee. The Benefits Committee shall have the authority to make, amend, interpret, and enforce all appropriate rules and regulations for the administration of the Plan and decide or resolve any and all questions, including interpretations of the Plan, as may arise in such administration, except as otherwise reserved to the ONC Committee herein, or by resolution or charter of the respective committees.

In its discretion, the Plan Administrator may delegate to any division or department of the Company the discretionary authority to make decisions regarding Plan administration, within limits and guidelines from time to time established by the Plan Administrator. The delegated discretionary authority shall be exercised by such division or department's senior officer, or his/her delegate. Within the scope of the delegated discretionary authority, such officer or person shall act in the place of the Plan Administrator and his/her decisions shall be treated as decisions of the Plan Administrator.

8.2 **Agents**. The Plan Administrator may, from time to time, employ agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Company.

8.3 **Information Required by Plan Administrator.** The Company shall furnish the Plan Administrator with such data and information as the Plan Administrator may deem necessary or desirable in order to administer the Plan. The records of the Company as to an employee's or Participant's period or periods of employment, separation from Service and the reason therefore, reemployment and Compensation will be conclusive on all persons unless determined to the Plan Administrator's satisfaction to be incorrect. Participants and other persons entitled to benefits under the Plan also shall furnish the Plan Administrator with such evidence, data or information as the Plan Administrator considers necessary or desirable to administer the Plan.

8.4 **Binding Effect of Decisions**. Subject to applicable law, and the provisions of Article VIII, any interpretation of the provisions of the Plan and any decision on any matter within the discretion of the Benefits Committee and/or the ONC Committee (or any duly authorized delegate of either such committee) and made in good faith shall be binding on all persons.

ARTICLE IX.

CLAIMS PROCEDURE

9.1 **Claim**. Claims for benefits under the Plan shall be made in writing to the Plan Administrator. The Plan Administrator shall establish rules and procedures to be followed by Participants and Beneficiaries in filing claims for benefits, and for furnishing and verifying proof necessary to establish the right to benefits in accordance with the Plan, consistent with the remainder of this Article.

9.2 **Review of Claim**. The Plan Administrator shall review all claims for benefits. Upon receipt by the Plan Administrator of such a claim, it shall determine all facts that are necessary to establish the right of the claimant to benefits under the provisions of the Plan and the amount thereof as herein provided within 90 days of receipt of such claim. If prior to the expiration of the initial 90 day period, the Plan Administrator determines additional time is needed to come to a determination on the claim, the Plan Administrator shall provide written notice to the Participant, Beneficiary or other claimant of the need for the extension, not to exceed a total of 180 days from the date the application was received. If the Plan Administrator fails to notify the claimant in writing of the denial of the claim within 90 days after the Plan Administrator receives it, the claim shall be deemed denied.

9.3 **Notice of Denial of Claim**. If the Plan Administrator wholly or partially denies a claim for benefits, the Plan Administrator shall, within a reasonable period of time, but no later than 90 days after receiving the claim (unless extended as noted above), notify the claimant in writing of the denial of the claim. Such notification shall be written in a manner reasonably expected to be understood by such claimant and shall in all respects comply with the requirements of ERISA, including but not limited to inclusion of the following:

(a) the specific reason or reasons for denial of the claim;

(b) a specific reference to the pertinent Plan provisions upon which the denial is based;

(c) a description of any additional material or information necessary for the claimant to perfect the claim, together with an explanation of why such material or information is necessary; and

(d) an explanation of the Plan's review procedure.

9.4 **Reconsideration of Denied Claim**. Within 60 days of the receipt by the claimant of the written notice of denial of the claim, or within 60 days after the claim is deemed denied as set forth above, if applicable, the claimant or duly authorized representative may file a written request with the Benefits Committee that it conduct a full and fair review of the denial of the claimant's claim for benefits. If the claimant or duly authorized representative fails to request such a reconsideration within such 60 day period, it shall be conclusively determined for all purposes of the Plan that the denial of such claim by the Benefits Committee is correct. In connection with the claimant's appeal of the denial of his or her benefit, the claimant may review pertinent documents and may submit issues and comments in writing.

The Benefits Committee shall render a decision on the claim appeal promptly, but not later than 60 days after receiving the claimant's request for review, unless, in the discretion of the Benefits Committee, special circumstances require an extension of time for processing, in which case the 60-day period may be extended to 120 days. The Benefits Committee shall notify the claimant in writing of any such extension. The notice of decision upon review shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, as well as specific references to the pertinent Plan provisions upon which the decision is based. If the decision on review is not furnished within the time period set forth above, the claim shall be deemed denied on review.

If such determination is favorable to the claimant, it shall be binding and conclusive. If such determination is adverse to such claimant, it shall be binding and conclusive unless the claimant or his duly authorized representative notifies the Benefits Committee within 90 days after the mailing or delivery to the claimant by the Benefits Committee of its determination that claimant intends to institute legal proceedings challenging the determination of the Benefits Committee and actually institutes such legal proceedings within 180 days after such mailing or delivery.

9.5 **Employer to Supply Information**. To enable the Benefits Committee to perform its functions, each Employer shall supply fully and timely information to the Benefits Committee of all matters relating to the retirement, death, or other cause for Separation from Service of all Participants, and such other pertinent facts as the Benefits Committee may require.

ARTICLE X.

PLAN AMENDMENT AND TERMINATION

10.1 **Plan Amendment**. While the Company intends to maintain the Plan in conjunction with the Basic Plan, the Company or the ONC Committee reserves the right to amend the Plan at any time and from time to time with respect to eligibility for the Plan, the level of benefits awarded under the Plan and the time and form of payment for benefits from the Plan. The Benefits Committee, the ONC Committee, or the Board shall have the authority to amend the Plan as described herein. The ONC Committee or the Board shall have the exclusive authority to amend the Plan regarding eligibility for the Plan, the amount or level of benefits awarded under the Plan, and the time and form of payments for benefits from the Plan. In addition, the ONC Committee or the Board shall also have the exclusive authority to make amendments that constitute a material increase in Compensation, any change requiring action or consent by a committee of the Board pursuant to the rules of the Securities and Exchange Commission, the New York Stock Exchange or other applicable law, or such other material changes to the Plan such that approval of the Board is required. Unless otherwise determined by the ONC Committee, the Benefits Committee shall have the authority to amend the Plan in all respects that are not exclusively reserved to the ONC Committee or the Board.

The respective committee may at any time amend the Plan by written instrument, notice of which is given to all Participants and to Beneficiaries. Notwithstanding the preceding sentence, no amendment shall reduce the amount accrued in any Account prior to the date such notice of the amendment is given.

10.2 **Partial Plan Termination**. The ONC Committee or the Company at any time may partially terminate the Plan provided that such partial termination of the Plan shall not impair or alter any Participant's or Beneficiary's right to the applicable Participant's Account balance as of the effective date of such partial termination. If such a partial termination occurs, no additional Employer credits shall be made after the date of such partial termination other than the crediting of earnings (or losses) until the date of distribution of Participant Account balances. Further, the Plan shall otherwise continue to be administered with respect to Account balances credited before the effective date of such partial termination, and distribution shall be made at such times as specified under this Plan.

ARTICLE XI.

MISCELLANEOUS PROVISIONS

11.1 **Unfunded Plan.** The Plan is an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "management or highly-compensated employees" within the meaning of Sections 201, 301 and 401 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and therefore is exempt from the provisions of Parts 2, 3 and 4 of Title I of ERISA. Nothing contained in the Plan shall constitute a guaranty by the

Company or any other Employer or any other entity or person that the assets of the Company or any other Employer shall be sufficient to pay any benefit hereunder.

11.2 **Company and Employer Obligations**. The obligation to make benefit payments to any Participant under the Plan shall be a joint and several liability of the Company and the Employer that employed the Participant.

11.3 **Unsecured General Creditor**. Participants and Beneficiaries shall be unsecured general creditors, with no secured or preferential right to any assets of the Company, any other Employer, or any other party for payment of benefits under the Plan. Any life insurance policies, annuity contracts or other property purchased by the Employer in connection with the Plan shall remain its general, unpledged and unrestricted assets. Obligations of the Company and each other Employer under the Plan shall be an unfunded and unsecured promise to pay money in the future.

11.4 **Trust Fund**. Subject to Section 12.3, the Company may establish separate subtrusts for deferrals by employees of each Employer, pursuant to a trust agreement entered into with such trustees as the Benefits Committee may approve, for the purpose of providing for the payment of benefits owed under the Plan. At its discretion, each Employer may contribute deferrals under the Plan for its employees to the subtrust established with respect to such Employer under such trust agreement. To the extent any benefits provided under the Plan are paid from any such subtrust, the Employer shall have no further obligation to pay them. If not paid from a subtrust, such benefits shall remain the obligation of the Employer. Although such subtrusts may be irrevocable, their assets shall be held for payment of all the Company's general creditors in the event of insolvency or bankruptcy.

11.5 **Nonalienation of Benefits**. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage, or otherwise encumber, transfer, hypothecate, or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof or rights to, which are expressly declared to be unassignable and nontransferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony, or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

Notwithstanding the preceding paragraph, the Account of any Participant shall be subject to and payable in the amount determined in accordance with any qualified domestic relations order, as that term is defined in Section 206(d)(3) of ERISA. The Retirement Committee shall provide for payment in a lump sum from a Participant's Account to an alternate payee (as defined in Code Section 414(p)(8)) as soon as administratively practicable following receipt of such order. Any federal, state or local income tax associated with such payment shall be the responsibility of the alternate payee. The balance of an Account that is subject to any qualified domestic relations order shall be reduced by the amount of any payment made pursuant to such order.

Notwithstanding the preceding paragraph, the Account of any Participant shall be subject to and payable in the amount determined in accordance with any qualified domestic relations order, as that term is defined in Section 206(d)(3) of ERISA. The Plan Administrator shall provide for payment of such portion of an Account to an alternate payee (as defined in Section 206(d)(3) of ERISA) as soon as administratively possible following receipt of such order. Any federal, state or local income tax associated with such payment shall be the responsibility of the alternate payee. The balance of any Account that is subject to any qualified domestic relations order shall be reduced by the amount of any payment made pursuant to such order.

11.6 **Indemnification**.

(a) Limitation of Liability. Notwithstanding any other provision of the Plan or any trust established under the Plan, none of the Company, any other Employer, any member of the Benefits Committee or the ONC Committee, nor any individual acting as an employee, or agent or delegate of any of them, shall be liable to any Participant, former Participant, Beneficiary, or any other person for any claim, loss, liability or expense incurred in connection with the Plan or any trust established under the Plan, except when the same shall have been judicially determined to be due to the willful misconduct of such person.

(b) Indemnity. The Company shall indemnify and hold harmless each member of the Benefits Committee and the ONC Committee, or any employee of the Company or any individual acting as an employee or agent of either of them (to the extent not indemnified or saved harmless under any liability insurance or any other indemnification arrangement with respect to the Plan or any trust established under the Plan) from any and all claims, losses, liabilities, costs and expenses (including attorneys' fees) arising out of any actual or alleged act or failure to act made in good faith pursuant to the provisions of the Plan, including expenses reasonably incurred in the defense of any claim relating thereto with respect to the administration of the Plan or any trust established under the Plan, except that no indemnification or defense shall be provided to any person with respect to any conduct that has been judicially determined, or agreed by the parties, to have constituted willful misconduct on the part of such person, or to have resulted in his or her receipt of personal profit or advantage to which he or she is not entitled. In connection with the indemnification provided by the preceding sentence, expenses incurred in defending a civil or criminal action, suit or proceeding, or incurred in connection with a civil or criminal investigation, may be paid by the Company in advance of the final disposition of such action, suit, proceeding, or investigation, as authorized by the Benefits Committee or the ONC Committee in the specific case, upon receipt of an undertaking by or on behalf of the party to be indemnified to repay such amount unless it shall ultimately be determined that the person is entitled to be indemnified by the Company pursuant to this paragraph.

11.7 **No Enlargement of Employee Rights**. No Participant or Beneficiary shall have any right to a benefit under the Plan except in accordance with the terms of the Plan. The Plan shall not constitute a contract of employment between an Employer and the Participant. Nothing in the Plan shall give any Participant or Beneficiary the right to be retained in the service of an Employer or to interfere with the right of an Employer to discipline or discharge a Participant at any time.

11.8 **Protective Provisions**. A Participant shall cooperate with his Employer by furnishing any and all information requested by the Employer in order to facilitate the payment of benefits hereunder, and by taking such physical examinations as the Employer may deem necessary and taking such other action as may be requested by the Employer.

11.9 **Governing Law**. The Plan shall be construed and administered under the laws of the State of Indiana, except to the extent preempted by applicable federal law.

11.10 **Validity**. In case any provision of the Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but the Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

11.11 **Notice**. Any notice required or permitted under the Plan shall be sufficient if in writing and hand delivered or sent by registered or certified mail. Such notice shall be deemed as given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Mailed notice to the Benefits Committee shall be directed to the Company's address. Mailed notice to a Participant or Beneficiary shall be directed to the individual's last known address in the applicable Employer's records.

11.12 **Successors**. The provisions of the Plan shall bind and inure to the benefit of the Employers and their successors and assigns. The term successors as used herein shall include any corporate or other business entity that shall, whether by merger, consolidation, purchase, or otherwise, acquire all or substantially all of the business and assets of an Employer, and successors of any such corporation or other business entity.

11.13 **Incapacity of Recipient**. If any person entitled to a benefit payment under the Plan is deemed by the Plan Administrator to be incapable of personally receiving and giving a valid receipt for such payment, then, unless and until a claim shall have been made by a duly appointed guardian or other legal representative of such person, the Plan Administrator may provide for such payment or any part thereof to be made to any other person or institution then contributing toward or providing for the care and maintenance of such person. Any such payment shall be a payment for the account of such person and a complete discharge of any liability of the Company, any other Employer, the Plan Administrator and the Plan.

11.14 **Unclaimed Benefit**. Each Participant shall keep the Plan Administrator informed of his or her current address and the current address of his or her Beneficiaries. The Plan Administrator shall not be obligated to search for the whereabouts of any person. If the location of a Participant is not made known to the Plan Administrator within three years after the date on which payment of the Participant's benefit may first be made, payment may be made as though the Participant had died at the end of the three-year period. If, within one additional year after such three-year period has elapsed or within three years after the actual death of a Participant, the Plan Administrator is unable to locate any Beneficiary of the Participant, then the Plan Administrator shall have no further obligation to pay any benefit hereunder to such Participant, Beneficiary, or any other person and such benefit shall be irrevocably forfeited.

11.15 **Tax Compliance and Payouts**.

(a) It is intended that the Plan comply with the provisions of Code Section 409A of the Code, so as to prevent the inclusion in gross income of any amounts deferred hereunder in a taxable year that is prior to the taxable year or years in which such amounts would otherwise actually be paid or made available to Participants or Beneficiaries. This Plan shall be construed, administered, and governed in a manner that affects such intent, and neither any Participant, Beneficiary, nor Plan Administrator shall not take any action that would be inconsistent with such intent.

(b) Although the Plan Administrator shall use its best efforts to avoid the imposition of taxation, interest and penalties under Code Section 409A, the tax treatment of deferrals under this Plan is not warranted or guaranteed. Neither the Company, the other Affiliates, the Plan Administrator, the Retirement Committee, nor any designee shall be held liable for any taxes, interest, penalties or other monetary amounts owed by any Participant, Beneficiary or other taxpayer as a result of the Plan.

(c) Notwithstanding anything to the contrary contained herein, (1) in the event that the Internal Revenue Service prevails in its claim that any amount of a Pre-2005 Account, payable pursuant to the Plan and held in the general assets of the Company or any other Employer, constitutes taxable income to a Participant or his or her Beneficiary for a taxable year prior to the taxable year in which such amount is distributed to him or her, or (2) in the event that legal counsel satisfactory to the Company, and the applicable Participant or his or her Beneficiary, renders an opinion that the Internal Revenue Service would likely prevail in such a claim, the amount of such Pre-2005 Account held in the general assets of the Company or any other Employer, to the extent constituting taxable income, shall be immediately distributed to the Participant or his or her Beneficiary. For purposes of this Section, the Internal Revenue Service shall be deemed to have prevailed in a claim if such claim is upheld by a court of final jurisdiction, or if the Participant or Beneficiary, based upon an opinion of legal counsel satisfactory to the Company and the Participant or his or her Beneficiary, fails to appeal a decision of the Internal Revenue Service, or a court of applicable jurisdiction, with respect to such claim, to an appropriate Internal Revenue Service appeals authority or to a court of higher jurisdiction within the appropriate time period.

(d) Notwithstanding anything to the contrary contained herein, (1) in the event that the Internal Revenue Service prevails in its claim that any amount of a Post-2004 Account, payable pursuant to the Plan and held in the general assets of the Company or any other Employer, constitutes taxable income under Code Section 409A, and guidance and regulations thereunder, to a Participant or his or her Beneficiary for a taxable year prior to the taxable year in which such amount is distributed to him or her, or (2) in the event that legal counsel satisfactory to the Company, and the applicable Participant or his or her Beneficiary, renders an opinion that the Internal Revenue Service would likely prevail in such a claim, the amount of such Post-2004 Account held in the general assets of the Company or any other Employer, to the extent constituting such taxable income, shall be immediately distributed to the Participant or his or her Beneficiary. For purposes of this Section, the Internal Revenue Service shall be deemed to have prevailed in a claim if such claim is upheld by a court of final jurisdiction, or if the Participant or Beneficiary, based upon an opinion of legal counsel satisfactory to the Company and the Participant or his or her Beneficiary, fails to appeal a decision of the Internal Revenue Service, or a court of applicable jurisdiction, with respect to such claim, to an appropriate Internal Revenue Service appeals authority or to a court of higher jurisdiction within the appropriate time period.

11.16 **General Conditions**. Except as otherwise expressly provided herein, all terms and conditions of the Basic Plan applicable to a Basic Plan benefit shall also be applicable to a benefit payable hereunder. Any Basic Plan benefit shall be paid solely in accordance with the terms and conditions of the Basic Plan and nothing in the Plan shall operate or be construed in any way to modify, amend or affect the terms and provisions of the Basic Plan.

[signature block follows on next page]

IN WITNESS WHEREOF, NiSource Inc. has caused this amended and restated Savings and Restoration Plan for NiSource Inc. and Affiliates to be executed in its name, by its duly authorized officer, effective as of August 10, 2017.

NISOURCE INC.

By: ____________________

Its: ____________________

Date: ____________________

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, 2018;
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, 2018

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, 2018;
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, 2018	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, 2018 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, 2018

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, 2018 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, 2018

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 2017 through November 2019.

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Dec - 2017
FDW Standard Report - For Internal Use Only

	Month: *Dec - 2017*	Previous Month	Variance	Month: *Dec - 2017*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,260,087,164.72	$2,204,054,157.61	$56,033,007.11	$2,260,087,164.72	$2,013,906,812.97	$246,180,351.75
Construction Work In Progress	$25,509,347.01	$68,421,316.41	($42,911,969.40)	$25,509,347.01	$20,719,516.66	$4,789,830.35
Total Utility Plant	**$2,285,596,511.73**	**$2,272,475,474.02**	**$13,121,037.71**	**$2,285,596,511.73**	**$2,034,626,329.63**	**$250,970,182.10**
Accum Prov - Amort and Depr	($430,976,763.25)	($431,216,250.81)	$239,487.56	($430,976,763.25)	($401,188,111.08)	($29,788,652.17)
Net Utility Plant	**$1,854,619,748.48**	**$1,841,259,223.21**	**$13,360,525.27**	**$1,854,619,748.48**	**$1,633,438,218.55**	**$221,181,529.93**
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	**$1,855,351,620.73**	**$1,841,991,095.46**	**$13,360,525.27**	**$1,855,351,620.73**	**$1,634,170,090.80**	**$221,181,529.93**
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	$19,552,266.91	$19,514,447.93	$37,818.98	$19,552,266.91	$19,212,453.72	$339,813.19
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$8,129,791.00	$6,772,153.40	$1,357,637.60	$8,129,791.00	$5,379,904.00	$2,749,887.00
Other Property and Investments	**$27,690,404.40**	**$26,294,947.82**	**$1,395,456.58**	**$27,690,404.40**	**$24,600,704.21**	**$3,089,700.19**
Current and Accrued Assets						
Cash	$3,234,594.06	$1,592,617.15	$1,641,976.91	$3,234,594.06	$3,066,603.60	$167,990.46
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	$52,210,953.84	$30,215,122.09	$21,995,831.75	$52,210,953.84	$51,653,848.59	$557,105.25
AR from Associated Cos	$170,365.19	$217,802.20	($47,437.01)	$170,365.19	$200,310.32	($29,945.13)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$902,237.57	$874,032.85	$28,204.72	$902,237.57	$749,077.56	$153,160.01
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$63,036,979.95	$80,485,691.70	($17,448,711.75)	$63,036,979.95	$58,603,721.86	$4,433,258.09
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$2,751,040.54	$3,255,062.23	($504,021.69)	$2,751,040.54	$2,773,274.01	($22,233.47)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$7,157.79	$20,004.40	($12,846.61)	$7,157.79	$65,923.42	($58,765.63)
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$122,568,878.94**	**$116,915,882.62**	**$5,652,996.32**	**$122,568,878.94**	**$117,115,309.36**	**$5,453,569.58**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$270,905,359.58	$273,454,080.45	($2,548,720.87)	$270,905,359.58	$274,999,214.90	($4,093,855.32)
Preliminary Surveys	$3,797,652.27	$3,522,234.77	$275,417.50	$3,797,652.27	$3,556,944.54	$240,707.73
Clearing Accounts	$0.00	($6,348.47)	$6,348.47	$0.00	$0.00	$0.00

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	Month: *Dec - 2017*	Previous Month	Variance	Month: *Dec - 2017*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$5,029,166.00	$5,029,500.68	($334.68)	$5,029,166.00	$4,901,644.03	$127,521.97
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$73,139,609.00	$113,943,408.82	($40,803,799.82)	$73,139,609.00	$87,864,056.03	($14,724,447.03)
Unrecovered Purchase Gas Costs	$150,696.49	$5,774,280.95	($5,623,584.46)	$150,696.49	$12,666,996.42	($12,516,299.93)
Deferred Debits	**$353,022,483.34**	**$401,717,157.20**	**($48,694,673.86)**	**$353,022,483.34**	**$383,988,855.92**	**($30,966,372.58)**
Assets and Other Debits	**$2,358,633,387.41**	**$2,386,919,083.10**	**($28,285,695.69)**	**$2,358,633,387.41**	**$2,159,874,960.29**	**$198,758,427.12**
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	$682,583,016.14	$660,804,184.60	$21,778,831.54	$682,583,016.14	$616,758,449.56	$65,824,566.58
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$735,600,643.14**	**$713,821,811.60**	**$21,778,831.54**	**$735,600,643.14**	**$669,776,076.56**	**$65,824,566.58**
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	$29,971,205.66	$30,058,414.30	($87,208.64)	$29,971,205.66	$30,966,820.18	($995,614.52)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$131,519.00	$133,613.00	($2,094.00)	$131,519.00	$91,750.00	$39,769.00
Accum Prov - Pension & Benefit	$2,243,278.35	$4,357,011.03	($2,113,732.68)	$2,243,278.35	$20,955,288.88	($18,712,010.53)
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	**$32,346,003.01**	**$34,549,038.33**	**($2,203,035.32)**	**$32,346,003.01**	**$52,013,859.06**	**($19,667,856.05)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$37,788,423.33	$39,262,822.21	($1,474,398.88)	$37,788,423.33	$33,370,866.03	$4,417,557.30
NP to Associated Cos	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
AP to Associated Cos	$160,735,431.76	$166,961,633.04	($6,226,201.28)	$160,735,431.76	$122,402,576.88	$38,332,854.88
Customer Deposits	$3,008,010.69	$2,929,923.69	$78,087.00	$3,008,010.69	$3,130,589.68	($122,578.99)
Taxes Accrued	$645,926.54	($463,257.07)	$1,109,183.61	$645,926.54	($415,340.00)	$1,061,266.54
Interest Accrued	$313,923.85	$308,775.54	$5,148.31	$313,923.85	$317,560.66	($3,636.81)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$487,772.79	$228,573.84	$259,198.95	$487,772.79	$463,695.46	$24,077.33
Misc Current & Accrued Liab	$58,562,693.20	$70,226,818.29	($11,664,125.09)	$58,562,693.20	$65,624,790.12	($7,062,096.92)
Obligation Cap Lease - Current	$992,132.84	$980,755.53	$11,377.31	$992,132.84	$868,289.61	$123,843.23
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$262,534,315.00**	**$280,436,045.07**	**($17,901,730.07)**	**$262,534,315.00**	**$225,763,028.44**	**$36,771,286.56**
Deferred Credits						
Customer Adv. for Construction	$5,019,190.62	$5,021,595.38	($2,404.76)	$5,019,190.62	$4,901,549.22	$117,641.40
Acc Defd Investment Tax Credit	$2,130,553.00	$2,155,793.00	($25,240.00)	$2,130,553.00	$2,462,104.00	($331,551.00)
Other Deferred Credits	$8,543,870.82	$8,424,388.21	$119,482.61	$8,543,870.82	$7,881,641.40	$662,229.42

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Other Regulatory Liabilities	$324,250,547.13	$50,520,022.00	$273,730,525.13	$324,250,547.13	$41,758,882.89	$282,491,664.24
Accum Defer Inc Tax - Oth Prop	$358,134,913.70	$654,233,728.52	($296,098,814.82)	$358,134,913.70	$600,841,162.73	($242,706,249.03)
Accum Defer Inc Tax - Other	$4,558,350.99	$12,241,660.99	($7,683,310.00)	$4,558,350.99	$13,961,655.99	($9,403,305.00)
Deferred Credits	**$702,637,426.26**	**$732,597,188.10**	**($29,959,761.84)**	**$702,637,426.26**	**$671,806,996.23**	**$30,830,430.03**
Total Liabilities and Equity	**$2,358,633,387.41**	**$2,386,919,083.10**	**($28,285,695.69)**	**$2,358,633,387.41**	**$2,159,874,960.29**	**$198,758,427.12**

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	Month: *Jan - 2018*	Previous Month	Variance	Month: *Jan - 2018*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,260,441,349.39	$2,260,087,164.72	$354,184.67	$2,260,441,349.39	$2,260,087,164.72	$354,184.67
Construction Work In Progress	$33,638,228.28	$25,509,347.01	$8,128,881.27	$33,638,228.28	$25,509,347.01	$8,128,881.27
Total Utility Plant	**$2,294,079,577.67**	**$2,285,596,511.73**	**$8,483,065.94**	**$2,294,079,577.67**	**$2,285,596,511.73**	**$8,483,065.94**
Accum Prov - Amort and Depr	($431,012,903.65)	($430,976,763.25)	($36,140.40)	($431,012,903.65)	($430,976,763.25)	($36,140.40)
Net Utility Plant	**$1,863,066,674.02**	**$1,854,619,748.48**	**$8,446,925.54**	**$1,863,066,674.02**	**$1,854,619,748.48**	**$8,446,925.54**
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	**$1,863,798,546.27**	**$1,855,351,620.73**	**$8,446,925.54**	**$1,863,798,546.27**	**$1,855,351,620.73**	**$8,446,925.54**
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	$19,604,679.67	$19,552,266.91	$52,412.76	$19,604,679.67	$19,552,266.91	$52,412.76
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$8,510,606.78	$8,129,791.00	$380,815.78	$8,510,606.78	$8,129,791.00	$380,815.78
Other Property and Investments	**$28,123,632.94**	**$27,690,404.40**	**$433,228.54**	**$28,123,632.94**	**$27,690,404.40**	**$433,228.54**
Current and Accrued Assets						
Cash	$4,366,871.60	$3,234,594.06	$1,132,277.54	$4,366,871.60	$3,234,594.06	$1,132,277.54
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	$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	$253,000.00	$0.00
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$42,308,386.14	$52,210,953.84	($9,902,567.70)	$42,308,386.14	$52,210,953.84	($9,902,567.70)
AR from Associated Cos	$143,507.37	$170,365.19	($26,857.82)	$143,507.37	$170,365.19	($26,857.82)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$814,117.22	$902,237.57	($88,120.35)	$814,117.22	$902,237.57	($88,120.35)
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$41,317,728.38	$63,036,979.95	($21,719,251.57)	$41,317,728.38	$63,036,979.95	($21,719,251.57)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$3,610,686.50	$2,751,040.54	$859,645.96	$3,610,686.50	$2,751,040.54	$859,645.96
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$177,894.09	$7,157.79	$170,736.30	$177,894.09	$7,157.79	$170,736.30
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$92,994,741.30**	**$122,568,878.94**	**($29,574,137.64)**	**$92,994,741.30**	**$122,568,878.94**	**($29,574,137.64)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$270,610,854.38	$270,905,359.58	($294,505.20)	$270,610,854.38	$270,905,359.58	($294,505.20)
Preliminary Surveys	$2,993,542.64	$3,797,652.27	($804,109.63)	$2,993,542.64	$3,797,652.27	($804,109.63)
Clearing Accounts	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

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	Month: *Jan - 2018*	Previous Month	Variance	Month: *Jan - 2018*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$5,034,772.81	$5,029,166.00	$5,606.81	$5,034,772.81	$5,029,166.00	$5,606.81
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$72,176,012.00	$73,139,609.00	($963,597.00)	$72,176,012.00	$73,139,609.00	($963,597.00)
Unrecovered Purchase Gas Costs	($4,257,825.55)	$150,696.49	($4,408,522.04)	($4,257,825.55)	$150,696.49	($4,408,522.04)
Deferred Debits	**$346,557,356.28**	**$353,022,483.34**	**($6,465,127.06)**	**$346,557,356.28**	**$353,022,483.34**	**($6,465,127.06)**
Assets and Other Debits	**$2,331,474,276.79**	**$2,358,633,387.41**	**($27,159,110.62)**	**$2,331,474,276.79**	**$2,358,633,387.41**	**($27,159,110.62)**
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	$711,315,024.80	$682,583,016.14	$28,732,008.66	$711,315,024.80	$682,583,016.14	$28,732,008.66
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$764,332,651.80**	**$735,600,643.14**	**$28,732,008.66**	**$764,332,651.80**	**$735,600,643.14**	**$28,732,008.66**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$625,515,000.00	$625,515,000.00	$0.00	$625,515,000.00	$625,515,000.00	$0.00
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**	**$625,515,000.00**	**$0.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$29,883,578.33	$29,971,205.66	($87,627.33)	$29,883,578.33	$29,971,205.66	($87,627.33)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$134,126.69	$131,519.00	$2,607.69	$134,126.69	$131,519.00	$2,607.69
Accum Prov - Pension & Benefit	$2,243,436.11	$2,243,278.35	$157.76	$2,243,436.11	$2,243,278.35	$157.76
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	**$32,261,141.13**	**$32,346,003.01**	**($84,861.88)**	**$32,261,141.13**	**$32,346,003.01**	**($84,861.88)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$36,721,429.04	$37,788,423.33	($1,066,994.29)	$36,721,429.04	$37,788,423.33	($1,066,994.29)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	$111,875,738.39	$160,735,431.76	($48,859,693.37)	$111,875,738.39	$160,735,431.76	($48,859,693.37)
Customer Deposits	$3,001,149.69	$3,008,010.69	($6,861.00)	$3,001,149.69	$3,008,010.69	($6,861.00)
Taxes Accrued	$11,117,099.51	$645,926.54	$10,471,172.97	$11,117,099.51	$645,926.54	$10,471,172.97
Interest Accrued	$277,576.04	$313,923.85	($36,347.81)	$277,576.04	$313,923.85	($36,347.81)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$873,643.04	$487,772.79	$385,870.25	$873,643.04	$487,772.79	$385,870.25
Misc Current & Accrued Liab	$39,524,204.94	$58,562,693.20	($19,038,488.26)	$39,524,204.94	$58,562,693.20	($19,038,488.26)
Obligation Cap Lease - Current	$1,003,567.99	$992,132.84	$11,435.15	$1,003,567.99	$992,132.84	$11,435.15
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$204,394,408.64**	**$262,534,315.00**	**($58,139,906.36)**	**$204,394,408.64**	**$262,534,315.00**	**($58,139,906.36)**
Deferred Credits						
Customer Adv. for Construction	$5,119,107.93	$5,019,190.62	$99,917.31	$5,119,107.93	$5,019,190.62	$99,917.31
Acc Defd Investment Tax Credit	$2,105,451.00	$2,130,553.00	($25,102.00)	$2,105,451.00	$2,130,553.00	($25,102.00)
Other Deferred Credits	$8,541,675.57	$8,543,870.82	($2,195.25)	$8,541,675.57	$8,543,870.82	($2,195.25)

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FDW Standard Report - For Internal Use Only

	Month: *Jan - 2018*	Previous Month	Variance	Month: *Jan - 2018*	December of Previous Year	Variance
Other Regulatory Liabilities	$325,246,164.03	$324,250,547.13	$995,616.90	$325,246,164.03	$324,250,547.13	$995,616.90
Accum Defer Inc Tax - Oth Prop	$360,357,757.70	$358,134,913.70	$2,222,844.00	$360,357,757.70	$358,134,913.70	$2,222,844.00
Accum Defer Inc Tax - Other	$3,600,918.99	$4,558,350.99	($957,432.00)	$3,600,918.99	$4,558,350.99	($957,432.00)
Deferred Credits	**$704,971,075.22**	**$702,637,426.26**	**$2,333,648.96**	**$704,971,075.22**	**$702,637,426.26**	**$2,333,648.96**
Total Liabilities and Equity	**$2,331,474,276.79**	**$2,358,633,387.41**	**($27,159,110.62)**	**$2,331,474,276.79**	**$2,358,633,387.41**	**($27,159,110.62)**

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Feb - 2018
FDW Standard Report - For Internal Use Only

	Month: *Feb - 2018*	Previous Month	Variance	Month: *Feb - 2018*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,268,444,823.89	$2,260,441,349.39	$8,003,474.50	$2,268,444,823.89	$2,260,087,164.72	$8,357,659.17
Construction Work In Progress	$40,415,055.37	$33,638,228.28	$6,776,827.09	$40,415,055.37	$25,509,347.01	$14,905,708.36
Total Utility Plant	**$2,308,859,879.26**	**$2,294,079,577.67**	**$14,780,301.59**	**$2,308,859,879.26**	**$2,285,596,511.73**	**$23,263,367.53**
Accum Prov - Amort and Depr	($434,753,289.75)	($431,012,903.65)	($3,740,386.10)	($434,753,289.75)	($430,976,763.25)	($3,776,526.50)
Net Utility Plant	**$1,874,106,589.51**	**$1,863,066,674.02**	**$11,039,915.49**	**$1,874,106,589.51**	**$1,854,619,748.48**	**$19,486,841.03**
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	**$1,874,838,461.76**	**$1,863,798,546.27**	**$11,039,915.49**	**$1,874,838,461.76**	**$1,855,351,620.73**	**$19,486,841.03**
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	$19,646,792.97	$19,604,679.67	$42,113.30	$19,646,792.97	$19,552,266.91	$94,526.06
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$8,857,432.37	$8,510,606.78	$346,825.59	$8,857,432.37	$8,129,791.00	$727,641.37
Other Property and Investments	**$28,512,571.83**	**$28,123,632.94**	**$388,938.89**	**$28,512,571.83**	**$27,690,404.40**	**$822,167.43**
Current and Accrued Assets						
Cash	$4,017,140.29	$4,366,871.60	($349,731.31)	$4,017,140.29	$3,234,594.06	$782,546.23
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	$253,000.00	$0.00
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$36,507,128.76	$42,308,386.14	($5,801,257.38)	$36,507,128.76	$52,210,953.84	($15,703,825.08)
AR from Associated Cos	$155,854.89	$143,507.37	$12,347.52	$155,854.89	$170,365.19	($14,510.30)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$824,970.84	$814,117.22	$10,853.62	$824,970.84	$902,237.57	($77,266.73)
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$30,473,641.86	$41,317,728.38	($10,844,086.52)	$30,473,641.86	$63,036,979.95	($32,563,338.09)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$3,780,636.95	$3,610,686.50	$169,950.45	$3,780,636.95	$2,751,040.54	$1,029,596.41
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$275,465.09	$177,894.09	$97,571.00	$275,465.09	$7,157.79	$268,307.30
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$76,290,388.68**	**$92,994,741.30**	**($16,704,352.62)**	**$76,290,388.68**	**$122,568,878.94**	**($46,278,490.26)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$271,090,742.70	$270,610,854.38	$479,888.32	$271,090,742.70	$270,905,359.58	$185,383.12
Preliminary Surveys	$2,582,286.71	$2,993,542.64	($411,255.93)	$2,582,286.71	$3,797,652.27	($1,215,365.56)
Clearing Accounts	$521.25	$0.00	$521.25	$521.25	$0.00	$521.25

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
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	Month: *Feb - 2018*	Previous Month	Variance	Month: *Feb - 2018*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$5,028,021.31	$5,034,772.81	($6,751.50)	$5,028,021.31	$5,029,166.00	($1,144.69)
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$70,756,367.00	$72,176,012.00	($1,419,645.00)	$70,756,367.00	$73,139,609.00	($2,383,242.00)
Unrecovered Purchase Gas Costs	($8,545,862.29)	($4,257,825.55)	($4,288,036.74)	($8,545,862.29)	$150,696.49	($8,696,558.78)
Deferred Debits	**$340,912,076.68**	**$346,557,356.28**	**($5,645,279.60)**	**$340,912,076.68**	**$353,022,483.34**	**($12,110,406.66)**
Assets and Other Debits	**$2,320,553,498.95**	**$2,331,474,276.79**	**($10,920,777.84)**	**$2,320,553,498.95**	**$2,358,633,387.41**	**($38,079,888.46)**
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	$732,089,167.26	$711,315,024.80	$20,774,142.46	$732,089,167.26	$682,583,016.14	$49,506,151.12
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$785,106,794.26**	**$764,332,651.80**	**$20,774,142.46**	**$785,106,794.26**	**$735,600,643.14**	**$49,506,151.12**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$625,515,000.00	$625,515,000.00	$0.00	$625,515,000.00	$625,515,000.00	$0.00
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**	**$625,515,000.00**	**$0.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$29,795,529.65	$29,883,578.33	($88,048.68)	$29,795,529.65	$29,971,205.66	($175,676.01)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$85,552.33	$134,126.69	($48,574.36)	$85,552.33	$131,519.00	($45,966.67)
Accum Prov - Pension & Benefit	$2,247,165.13	$2,243,436.11	$3,729.02	$2,247,165.13	$2,243,278.35	$3,886.78
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	**$32,128,247.11**	**$32,261,141.13**	**($132,894.02)**	**$32,128,247.11**	**$32,346,003.01**	**($217,755.90)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$35,632,433.75	$36,721,429.04	($1,088,995.29)	$35,632,433.75	$37,788,423.33	($2,155,989.58)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	$88,761,753.09	$111,875,738.39	($23,113,985.30)	$88,761,753.09	$160,735,431.76	($71,973,678.67)
Customer Deposits	$2,997,833.69	$3,001,149.69	($3,316.00)	$2,997,833.69	$3,008,010.69	($10,177.00)
Taxes Accrued	$15,706,225.98	$11,117,099.51	$4,589,126.47	$15,706,225.98	$645,926.54	$15,060,299.44
Interest Accrued	$283,200.34	$277,576.04	$5,624.30	$283,200.34	$313,923.85	($30,723.51)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$628,851.38	$873,643.04	($244,791.66)	$628,851.38	$487,772.79	$141,078.59
Misc Current & Accrued Liab	$25,773,695.86	$39,524,204.94	($13,750,509.08)	$25,773,695.86	$58,562,693.20	($32,788,997.34)
Obligation Cap Lease - Current	$1,015,061.33	$1,003,567.99	$11,493.34	$1,015,061.33	$992,132.84	$22,928.49
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$170,799,055.42**	**$204,394,408.64**	**($33,595,353.22)**	**$170,799,055.42**	**$262,534,315.00**	**($91,735,259.58)**
Deferred Credits						
Customer Adv. for Construction	$5,012,597.01	$5,119,107.93	($106,510.92)	$5,012,597.01	$5,019,190.62	($6,593.61)
Acc Defd Investment Tax Credit	$2,080,073.00	$2,105,451.00	($25,378.00)	$2,080,073.00	$2,130,553.00	($50,480.00)
Other Deferred Credits	$7,211,757.39	$8,541,675.57	($1,329,918.18)	$7,211,757.39	$8,543,870.82	($1,332,113.43)

Columbia Gas of Pennsylvania
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	Month: *Feb - 2018*	Previous Month	Variance	Month: *Feb - 2018*	December of Previous Year	Variance
Other Regulatory Liabilities	$326,515,242.07	$325,246,164.03	$1,269,078.04	$326,515,242.07	$324,250,547.13	$2,264,694.94
Accum Defer Inc Tax - Oth Prop	$362,594,807.70	$360,357,757.70	$2,237,050.00	$362,594,807.70	$358,134,913.70	$4,459,894.00
Accum Defer Inc Tax - Other	$3,589,924.99	$3,600,918.99	($10,994.00)	$3,589,924.99	$4,558,350.99	($968,426.00)
Deferred Credits	**$707,004,402.16**	**$704,971,075.22**	**$2,033,326.94**	**$707,004,402.16**	**$702,637,426.26**	**$4,366,975.90**
Total Liabilities and Equity	**$2,320,553,498.95**	**$2,331,474,276.79**	**($10,920,777.84)**	**$2,320,553,498.95**	**$2,358,633,387.41**	**($38,079,888.46)**

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Mar - 2018
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	Month: *Mar - 2018*	Previous Month	Variance	Month: *Mar - 2018*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,276,114,703.71	$2,268,444,823.89	$7,669,879.82	$2,276,114,703.71	$2,260,087,164.72	$16,027,538.99
Construction Work In Progress	$47,305,709.55	$40,415,055.37	$6,890,654.18	$47,305,709.55	$25,509,347.01	$21,796,362.54
Total Utility Plant	**$2,323,420,413.26**	**$2,308,859,879.26**	**$14,560,534.00**	**$2,323,420,413.26**	**$2,285,596,511.73**	**$37,823,901.53**
Accum Prov - Amort and Depr	($437,512,764.52)	($434,753,289.75)	($2,759,474.77)	($437,512,764.52)	($430,976,763.25)	($6,536,001.27)
Net Utility Plant	**$1,885,907,648.74**	**$1,874,106,589.51**	**$11,801,059.23**	**$1,885,907,648.74**	**$1,854,619,748.48**	**$31,287,900.26**
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	**$1,886,639,520.99**	**$1,874,838,461.76**	**$11,801,059.23**	**$1,886,639,520.99**	**$1,855,351,620.73**	**$31,287,900.26**
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	$19,705,712.92	$19,646,792.97	$58,919.95	$19,705,712.92	$19,552,266.91	$153,446.01
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$9,035,781.69	$8,857,432.37	$178,349.32	$9,035,781.69	$8,129,791.00	$905,990.69
Other Property and Investments	**$28,749,841.10**	**$28,512,571.83**	**$237,269.27**	**$28,749,841.10**	**$27,690,404.40**	**$1,059,436.70**
Current and Accrued Assets						
Cash	$766,696.72	$4,017,140.29	($3,250,443.57)	$766,696.72	$3,234,594.06	($2,467,897.34)
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	$253,000.00	$0.00
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$31,122,753.75	$36,507,128.76	($5,384,375.01)	$31,122,753.75	$52,210,953.84	($21,088,200.09)
AR from Associated Cos	$94,932.86	$155,854.89	($60,922.03)	$94,932.86	$170,365.19	($75,432.33)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$831,734.02	$824,970.84	$6,763.18	$831,734.02	$902,237.57	($70,503.55)
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$15,874,407.73	$30,473,641.86	($14,599,234.13)	$15,874,407.73	$63,036,979.95	($47,162,572.22)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$2,073,782.53	$3,780,636.95	($1,706,854.42)	$2,073,782.53	$2,751,040.54	($677,258.01)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$1,774,614.71	$275,465.09	$1,499,149.62	$1,774,614.71	$7,157.79	$1,767,456.92
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$52,794,472.32**	**$76,290,388.68**	**($23,495,916.36)**	**$52,794,472.32**	**$122,568,878.94**	**($69,774,406.62)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$271,991,317.83	$271,090,742.70	$900,575.13	$271,991,317.83	$270,905,359.58	$1,085,958.25
Preliminary Surveys	$2,116,070.43	$2,582,286.71	($466,216.28)	$2,116,070.43	$3,797,652.27	($1,681,581.84)
Clearing Accounts	$0.00	$521.25	($521.25)	$0.00	$0.00	$0.00

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	Month: *Mar - 2018*	Previous Month	Variance	Month: *Mar - 2018*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$5,026,685.56	$5,028,021.31	($1,335.75)	$5,026,685.56	$5,029,166.00	($2,480.44)
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$150,146,243.00	$70,756,367.00	$79,389,876.00	$150,146,243.00	$73,139,609.00	$77,006,634.00
Unrecovered Purchase Gas Costs	($13,460,136.25)	($8,545,862.29)	($4,914,273.96)	($13,460,136.25)	$150,696.49	($13,610,832.74)
Deferred Debits	**$415,820,180.57**	**$340,912,076.68**	**$74,908,103.89**	**$415,820,180.57**	**$353,022,483.34**	**$62,797,697.23**
Assets and Other Debits	**$2,384,004,014.98**	**$2,320,553,498.95**	**$63,450,516.03**	**$2,384,004,014.98**	**$2,358,633,387.41**	**$25,370,627.57**
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	$749,768,740.12	$732,089,167.26	$17,679,572.86	$749,768,740.12	$682,583,016.14	$67,185,723.98
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$802,786,367.12**	**$785,106,794.26**	**$17,679,572.86**	**$802,786,367.12**	**$735,600,643.14**	**$67,185,723.98**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$625,515,000.00	$625,515,000.00	$0.00	$625,515,000.00	$625,515,000.00	$0.00
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**	**$625,515,000.00**	**$0.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$29,707,056.94	$29,795,529.65	($88,472.71)	$29,707,056.94	$29,971,205.66	($264,148.72)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$98,935.83	$85,552.33	$13,383.50	$98,935.83	$131,519.00	($32,583.17)
Accum Prov - Pension & Benefit	$2,460,023.72	$2,247,165.13	$212,858.59	$2,460,023.72	$2,243,278.35	$216,745.37
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	**$32,266,016.49**	**$32,128,247.11**	**$137,769.38**	**$32,266,016.49**	**$32,346,003.01**	**($79,986.52)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$30,966,336.49	$35,632,433.75	($4,666,097.26)	$30,966,336.49	$37,788,423.33	($6,822,086.84)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	$59,457,883.64	$88,761,753.09	($29,303,869.45)	$59,457,883.64	$160,735,431.76	($101,277,548.12)
Customer Deposits	$2,987,995.69	$2,997,833.69	($9,838.00)	$2,987,995.69	$3,008,010.69	($20,015.00)
Taxes Accrued	$14,609,136.26	$15,706,225.98	($1,097,089.72)	$14,609,136.26	$645,926.54	$13,963,209.72
Interest Accrued	$288,677.67	$283,200.34	$5,477.33	$288,677.67	$313,923.85	($25,246.18)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$448,671.57	$628,851.38	($180,179.81)	$448,671.57	$487,772.79	($39,101.22)
Misc Current & Accrued Liab	$17,812,382.14	$25,773,695.86	($7,961,313.72)	$17,812,382.14	$58,562,693.20	($40,750,311.06)
Obligation Cap Lease - Current	$1,026,613.24	$1,015,061.33	$11,551.91	$1,026,613.24	$992,132.84	$34,480.40
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$127,597,696.70**	**$170,799,055.42**	**($43,201,358.72)**	**$127,597,696.70**	**$262,534,315.00**	**($134,936,618.30)**
Deferred Credits						
Customer Adv. for Construction	$5,009,047.65	$5,012,597.01	($3,549.36)	$5,009,047.65	$5,019,190.62	($10,142.97)
Acc Defd Investment Tax Credit	$2,054,833.00	$2,080,073.00	($25,240.00)	$2,054,833.00	$2,130,553.00	($75,720.00)
Other Deferred Credits	$7,235,121.83	$7,211,757.39	$23,364.44	$7,235,121.83	$8,543,870.82	($1,308,748.99)

Columbia Gas of Pennsylvania
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	Month: *Mar - 2018*	Previous Month	Variance	Month: *Mar - 2018*	December of Previous Year	Variance
Other Regulatory Liabilities	$328,269,832.50	$326,515,242.07	$1,754,590.43	$328,269,832.50	$324,250,547.13	$4,019,285.37
Accum Defer Inc Tax - Oth Prop	$449,907,345.70	$362,594,807.70	$87,312,538.00	$449,907,345.70	$358,134,913.70	$91,772,432.00
Accum Defer Inc Tax - Other	$3,362,753.99	$3,589,924.99	($227,171.00)	$3,362,753.99	$4,558,350.99	($1,195,597.00)
Deferred Credits	**$795,838,934.67**	**$707,004,402.16**	**$88,834,532.51**	**$795,838,934.67**	**$702,637,426.26**	**$93,201,508.41**
Total Liabilities and Equity	**$2,384,004,014.98**	**$2,320,553,498.95**	**$63,450,516.03**	**$2,384,004,014.98**	**$2,358,633,387.41**	**$25,370,627.57**

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	Month: *Apr - 2018*	Previous Month	Variance	Month: *Apr - 2018*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,289,465,909.63	$2,276,114,703.71	$13,351,205.92	$2,289,465,909.63	$2,260,087,164.72	$29,378,744.91
Construction Work In Progress	$52,903,182.82	$47,305,709.55	$5,597,473.27	$52,903,182.82	$25,509,347.01	$27,393,835.81
Total Utility Plant	**$2,342,369,092.45**	**$2,323,420,413.26**	**$18,948,679.19**	**$2,342,369,092.45**	**$2,285,596,511.73**	**$56,772,580.72**
Accum Prov - Amort and Depr	($441,679,753.33)	($437,512,764.52)	($4,166,988.81)	($441,679,753.33)	($430,976,763.25)	($10,702,990.08)
Net Utility Plant	**$1,900,689,339.12**	**$1,885,907,648.74**	**$14,781,690.38**	**$1,900,689,339.12**	**$1,854,619,748.48**	**$46,069,590.64**
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	**$1,901,421,211.37**	**$1,886,639,520.99**	**$14,781,690.38**	**$1,901,421,211.37**	**$1,855,351,620.73**	**$46,069,590.64**
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	$19,702,159.19	$19,705,712.92	($3,553.73)	$19,702,159.19	$19,552,266.91	$149,892.28
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$9,394,874.82	$9,035,781.69	$359,093.13	$9,394,874.82	$8,129,791.00	$1,265,083.82
Other Property and Investments	**$29,105,380.50**	**$28,749,841.10**	**$355,539.40**	**$29,105,380.50**	**$27,690,404.40**	**$1,414,976.10**
Current and Accrued Assets						
Cash	$4,218,498.12	$766,696.72	$3,451,801.40	$4,218,498.12	$3,234,594.06	$983,904.06
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	$253,000.00	$0.00
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$23,221,768.87	$31,122,753.75	($7,900,984.88)	$23,221,768.87	$52,210,953.84	($28,989,184.97)
AR from Associated Cos	$95,308.66	$94,932.86	$375.80	$95,308.66	$170,365.19	($75,056.53)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$965,261.05	$831,734.02	$133,527.03	$965,261.05	$902,237.57	$63,023.48
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$19,429,911.99	$15,874,407.73	$3,555,504.26	$19,429,911.99	$63,036,979.95	($43,607,067.96)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$1,566,315.86	$2,073,782.53	($507,466.67)	$1,566,315.86	$2,751,040.54	($1,184,724.68)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$3,197,558.01	$1,774,614.71	$1,422,943.30	$3,197,558.01	$7,157.79	$3,190,400.22
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$52,950,172.56**	**$52,794,472.32**	**$155,700.24**	**$52,950,172.56**	**$122,568,878.94**	**($69,618,706.38)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$272,320,384.69	$271,991,317.83	$329,066.86	$272,320,384.69	$270,905,359.58	$1,415,025.11
Preliminary Surveys	$1,983,877.94	$2,116,070.43	($132,192.49)	$1,983,877.94	$3,797,652.27	($1,813,774.33)
Clearing Accounts	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

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	Month: *Apr - 2018*	Previous Month	Variance	Month: *Apr - 2018*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$5,023,607.84	$5,026,685.56	($3,077.72)	$5,023,607.84	$5,029,166.00	($5,558.16)
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$150,562,901.00	$150,146,243.00	$416,658.00	$150,562,901.00	$73,139,609.00	$77,423,292.00
Unrecovered Purchase Gas Costs	($11,877,606.55)	($13,460,136.25)	$1,582,529.70	($11,877,606.55)	$150,696.49	($12,028,303.04)
Deferred Debits	**$418,013,164.92**	**$415,820,180.57**	**$2,192,984.35**	**$418,013,164.92**	**$353,022,483.34**	**$64,990,681.58**
Assets and Other Debits	**$2,401,489,929.35**	**$2,384,004,014.98**	**$17,485,914.37**	**$2,401,489,929.35**	**$2,358,633,387.41**	**$42,856,541.94**
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	$755,159,440.25	$749,768,740.12	$5,390,700.13	$755,159,440.25	$682,583,016.14	$72,576,424.11
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$808,177,067.25**	**$802,786,367.12**	**$5,390,700.13**	**$808,177,067.25**	**$735,600,643.14**	**$72,576,424.11**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$625,515,000.00	$625,515,000.00	$0.00	$625,515,000.00	$625,515,000.00	$0.00
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**	**$625,515,000.00**	**$0.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$29,618,056.47	$29,707,056.94	($89,000.47)	$29,618,056.47	$29,971,205.66	($353,149.19)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$93,200.11	$98,935.83	($5,735.72)	$93,200.11	$131,519.00	($38,318.89)
Accum Prov - Pension & Benefit	$2,497,436.50	$2,460,023.72	$37,412.78	$2,497,436.50	$2,243,278.35	$254,158.15
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	**$32,208,693.08**	**$32,266,016.49**	**($57,323.41)**	**$32,208,693.08**	**$32,346,003.01**	**($137,309.93)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$44,875,326.81	$30,966,336.49	$13,908,990.32	$44,875,326.81	$37,788,423.33	$7,086,903.48
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	$54,763,277.98	$59,457,883.64	($4,694,605.66)	$54,763,277.98	$160,735,431.76	($105,972,153.78)
Customer Deposits	$2,974,505.69	$2,987,995.69	($13,490.00)	$2,974,505.69	$3,008,010.69	($33,505.00)
Taxes Accrued	$14,294,579.75	$14,609,136.26	($314,556.51)	$14,294,579.75	$645,926.54	$13,648,653.21
Interest Accrued	$279,420.56	$288,677.67	($9,257.11)	$279,420.56	$313,923.85	($34,503.29)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$488,299.02	$448,671.57	$39,627.45	$488,299.02	$487,772.79	$526.23
Misc Current & Accrued Liab	$17,848,331.75	$17,812,382.14	$35,949.61	$17,848,331.75	$58,562,693.20	($40,714,361.45)
Obligation Cap Lease - Current	$1,033,298.97	$1,026,613.24	$6,685.73	$1,033,298.97	$992,132.84	$41,166.13
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$136,557,040.53**	**$127,597,696.70**	**$8,959,343.83**	**$136,557,040.53**	**$262,534,315.00**	**($125,977,274.47)**
Deferred Credits						
Customer Adv. for Construction	$5,007,216.44	$5,009,047.65	($1,831.21)	$5,007,216.44	$5,019,190.62	($11,974.18)
Acc Defd Investment Tax Credit	$2,029,593.00	$2,054,833.00	($25,240.00)	$2,029,593.00	$2,130,553.00	($100,960.00)
Other Deferred Credits	$7,180,297.06	$7,235,121.83	($54,824.77)	$7,180,297.06	$8,543,870.82	($1,363,573.76)

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	Month: *Apr - 2018*	Previous Month	Variance	Month: *Apr - 2018*	December of Previous Year	Variance
Other Regulatory Liabilities	$328,793,164.30	$328,269,832.50	$523,331.80	$328,793,164.30	$324,250,547.13	$4,542,617.17
Accum Defer Inc Tax - Oth Prop	$452,526,591.70	$449,907,345.70	$2,619,246.00	$452,526,591.70	$358,134,913.70	$94,391,678.00
Accum Defer Inc Tax - Other	$3,495,265.99	$3,362,753.99	$132,512.00	$3,495,265.99	$4,558,350.99	($1,063,085.00)
Deferred Credits	**$799,032,128.49**	**$795,838,934.67**	**$3,193,193.82**	**$799,032,128.49**	**$702,637,426.26**	**$96,394,702.23**
Total Liabilities and Equity	**$2,401,489,929.35**	**$2,384,004,014.98**	**$17,485,914.37**	**$2,401,489,929.35**	**$2,358,633,387.41**	**$42,856,541.94**

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	Month: *May - 2018*	Previous Month	Variance	Month: *May - 2018*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,305,290,965.56	$2,289,465,909.63	$15,825,055.93	$2,305,290,965.56	$2,260,087,164.72	$45,203,800.84
Construction Work In Progress	$61,723,909.85	$52,903,182.82	$8,820,727.03	$61,723,909.85	$25,509,347.01	$36,214,562.84
Total Utility Plant	**$2,367,014,875.41**	**$2,342,369,092.45**	**$24,645,782.96**	**$2,367,014,875.41**	**$2,285,596,511.73**	**$81,418,363.68**
Accum Prov - Amort and Depr	($445,281,789.33)	($441,679,753.33)	($3,602,036.00)	($445,281,789.33)	($430,976,763.25)	($14,305,026.08)
Net Utility Plant	**$1,921,733,086.08**	**$1,900,689,339.12**	**$21,043,746.96**	**$1,921,733,086.08**	**$1,854,619,748.48**	**$67,113,337.60**
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	**$1,922,464,958.33**	**$1,901,421,211.37**	**$21,043,746.96**	**$1,922,464,958.33**	**$1,855,351,620.73**	**$67,113,337.60**
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	$19,711,099.28	$19,702,159.19	$8,940.09	$19,711,099.28	$19,552,266.91	$158,832.37
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$9,727,358.16	$9,394,874.82	$332,483.34	$9,727,358.16	$8,129,791.00	$1,597,567.16
Other Property and Investments	**$29,446,803.93**	**$29,105,380.50**	**$341,423.43**	**$29,446,803.93**	**$27,690,404.40**	**$1,756,399.53**
Current and Accrued Assets						
Cash	$1,870,221.85	$4,218,498.12	($2,348,276.27)	$1,870,221.85	$3,234,594.06	($1,364,372.21)
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	$253,000.00	$0.00
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$18,977,022.16	$23,221,768.87	($4,244,746.71)	$18,977,022.16	$52,210,953.84	($33,233,931.68)
AR from Associated Cos	$65,411.15	$95,308.66	($29,897.51)	$65,411.15	$170,365.19	($104,954.04)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$943,421.78	$965,261.05	($21,839.27)	$943,421.78	$902,237.57	$41,184.21
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$31,180,240.34	$19,429,911.99	$11,750,328.35	$31,180,240.34	$63,036,979.95	($31,856,739.61)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$1,096,064.38	$1,566,315.86	($470,251.48)	$1,096,064.38	$2,751,040.54	($1,654,976.16)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$4,091,982.05	$3,197,558.01	$894,424.04	$4,091,982.05	$7,157.79	$4,084,824.26
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$58,479,913.71**	**$52,950,172.56**	**$5,529,741.15**	**$58,479,913.71**	**$122,568,878.94**	**($64,088,965.23)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$272,333,100.27	$272,320,384.69	$12,715.58	$272,333,100.27	$270,905,359.58	$1,427,740.69
Preliminary Surveys	$2,151,973.10	$1,983,877.94	$168,095.16	$2,151,973.10	$3,797,652.27	($1,645,679.17)
Clearing Accounts	$1,000.19	$0.00	$1,000.19	$1,000.19	$0.00	$1,000.19

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	Month: *May - 2018*	Previous Month	Variance	Month: *May - 2018*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$5,024,263.07	$5,023,607.84	$655.23	$5,024,263.07	$5,029,166.00	($4,902.93)
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$151,324,490.00	$150,562,901.00	$761,589.00	$151,324,490.00	$73,139,609.00	$78,184,881.00
Unrecovered Purchase Gas Costs	($14,911,496.32)	($11,877,606.55)	($3,033,889.77)	($14,911,496.32)	$150,696.49	($15,062,192.81)
Deferred Debits	**$415,923,330.31**	**$418,013,164.92**	**($2,089,834.61)**	**$415,923,330.31**	**$353,022,483.34**	**$62,900,846.97**
Assets and Other Debits	**$2,426,315,006.28**	**$2,401,489,929.35**	**$24,825,076.93**	**$2,426,315,006.28**	**$2,358,633,387.41**	**$67,681,618.87**
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	$752,385,879.64	$755,159,440.25	($2,773,560.61)	$752,385,879.64	$682,583,016.14	$69,802,863.50
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$805,403,506.64**	**$808,177,067.25**	**($2,773,560.61)**	**$805,403,506.64**	**$735,600,643.14**	**$69,802,863.50**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$625,515,000.00	$625,515,000.00	$0.00	$625,515,000.00	$625,515,000.00	$0.00
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**	**$625,515,000.00**	**$0.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$29,528,626.07	$29,618,056.47	($89,430.40)	$29,528,626.07	$29,971,205.66	($442,579.59)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$105,684.53	$93,200.11	$12,484.42	$105,684.53	$131,519.00	($25,834.47)
Accum Prov - Pension & Benefit	$2,487,450.64	$2,497,436.50	($9,985.86)	$2,487,450.64	$2,243,278.35	$244,172.29
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	**$32,121,761.24**	**$32,208,693.08**	**($86,931.84)**	**$32,121,761.24**	**$32,346,003.01**	**($224,241.77)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$37,795,668.27	$44,875,326.81	($7,079,658.54)	$37,795,668.27	$37,788,423.33	$7,244.94
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	$88,002,294.38	$54,763,277.98	$33,239,016.40	$88,002,294.38	$160,735,431.76	($72,733,137.38)
Customer Deposits	$2,975,876.69	$2,974,505.69	$1,371.00	$2,975,876.69	$3,008,010.69	($32,134.00)
Taxes Accrued	$10,566,174.14	$14,294,579.75	($3,728,405.61)	$10,566,174.14	$645,926.54	$9,920,247.60
Interest Accrued	$266,431.17	$279,420.56	($12,989.39)	$266,431.17	$313,923.85	($47,492.68)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$199,357.87	$488,299.02	($288,941.15)	$199,357.87	$487,772.79	($288,414.92)
Misc Current & Accrued Liab	$21,194,021.62	$17,848,331.75	$3,345,689.87	$21,194,021.62	$58,562,693.20	($37,368,671.58)
Obligation Cap Lease - Current	$1,040,023.02	$1,033,298.97	$6,724.05	$1,040,023.02	$992,132.84	$47,890.18
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$162,039,847.16**	**$136,557,040.53**	**$25,482,806.63**	**$162,039,847.16**	**$262,534,315.00**	**($100,494,467.84)**
Deferred Credits						
Customer Adv. for Construction	$5,005,089.24	$5,007,216.44	($2,127.20)	$5,005,089.24	$5,019,190.62	($14,101.38)
Acc Defd Investment Tax Credit	$2,004,353.00	$2,029,593.00	($25,240.00)	$2,004,353.00	$2,130,553.00	($126,200.00)
Other Deferred Credits	$7,171,145.92	$7,180,297.06	($9,151.14)	$7,171,145.92	$8,543,870.82	($1,372,724.90)

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	Month: *May - 2018*	Previous Month	Variance	Month: *May - 2018*	December of Previous Year	Variance
Other Regulatory Liabilities	$329,207,647.39	$328,793,164.30	$414,483.09	$329,207,647.39	$324,250,547.13	$4,957,100.26
Accum Defer Inc Tax - Oth Prop	$454,097,960.70	$452,526,591.70	$1,571,369.00	$454,097,960.70	$358,134,913.70	$95,963,047.00
Accum Defer Inc Tax - Other	$3,748,694.99	$3,495,265.99	$253,429.00	$3,748,694.99	$4,558,350.99	($809,656.00)
Deferred Credits	**$801,234,891.24**	**$799,032,128.49**	**$2,202,762.75**	**$801,234,891.24**	**$702,637,426.26**	**$98,597,464.98**
Total Liabilities and Equity	**$2,426,315,006.28**	**$2,401,489,929.35**	**$24,825,076.93**	**$2,426,315,006.28**	**$2,358,633,387.41**	**$67,681,618.87**

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	Month: *Jun - 2018*	Previous Month	Variance	Month: *Jun - 2018*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,320,194,651.92	$2,305,290,965.56	$14,903,686.36	$2,320,194,651.92	$2,260,087,164.72	$60,107,487.20
Construction Work In Progress	$70,963,550.51	$61,723,909.85	$9,239,640.66	$70,963,550.51	$25,509,347.01	$45,454,203.50
Total Utility Plant	**$2,391,158,202.43**	**$2,367,014,875.41**	**$24,143,327.02**	**$2,391,158,202.43**	**$2,285,596,511.73**	**$105,561,690.70**
Accum Prov - Amort and Depr	($447,955,734.81)	($445,281,789.33)	($2,673,945.48)	($447,955,734.81)	($430,976,763.25)	($16,978,971.56)
Net Utility Plant	**$1,943,202,467.62**	**$1,921,733,086.08**	**$21,469,381.54**	**$1,943,202,467.62**	**$1,854,619,748.48**	**$88,582,719.14**
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	**$1,943,934,339.87**	**$1,922,464,958.33**	**$21,469,381.54**	**$1,943,934,339.87**	**$1,855,351,620.73**	**$88,582,719.14**
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	$19,722,867.72	$19,711,099.28	$11,768.44	$19,722,867.72	$19,552,266.91	$170,600.81
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$9,832,197.50	$9,727,358.16	$104,839.34	$9,832,197.50	$8,129,791.00	$1,702,406.50
Other Property and Investments	**$29,563,411.71**	**$29,446,803.93**	**$116,607.78**	**$29,563,411.71**	**$27,690,404.40**	**$1,873,007.31**
Current and Accrued Assets						
Cash	$2,021,979.33	$1,870,221.85	$151,757.48	$2,021,979.33	$3,234,594.06	($1,212,614.73)
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	$265,691.85	$253,000.00	$12,691.85	$265,691.85	$253,000.00	$12,691.85
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$37,303,318.58	$18,977,022.16	$18,326,296.42	$37,303,318.58	$52,210,953.84	($14,907,635.26)
AR from Associated Cos	$82,742.72	$65,411.15	$17,331.57	$82,742.72	$170,365.19	($87,622.47)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$956,593.69	$943,421.78	$13,171.91	$956,593.69	$902,237.57	$54,356.12
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$43,045,401.54	$31,180,240.34	$11,865,161.20	$43,045,401.54	$63,036,979.95	($19,991,578.41)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$1,863,076.49	$1,096,064.38	$767,012.11	$1,863,076.49	$2,751,040.54	($887,964.05)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$3,011,561.10	$4,091,982.05	($1,080,420.95)	$3,011,561.10	$7,157.79	$3,004,403.31
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$88,552,915.30**	**$58,479,913.71**	**$30,073,001.59**	**$88,552,915.30**	**$122,568,878.94**	**($34,015,963.64)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$271,566,506.13	$272,333,100.27	($766,594.14)	$271,566,506.13	$270,905,359.58	$661,146.55
Preliminary Surveys	$2,317,934.13	$2,151,973.10	$165,961.03	$2,317,934.13	$3,797,652.27	($1,479,718.14)
Clearing Accounts	$0.00	$1,000.19	($1,000.19)	$0.00	$0.00	$0.00

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	Month: *Jun - 2018*	Previous Month	Variance	Month: *Jun - 2018*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$5,012,592.35	$5,024,263.07	($11,670.72)	$5,012,592.35	$5,029,166.00	($16,573.65)
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$151,944,987.00	$151,324,490.00	$620,497.00	$151,944,987.00	$73,139,609.00	$78,805,378.00
Unrecovered Purchase Gas Costs	($11,917,996.28)	($14,911,496.32)	$2,993,500.04	($11,917,996.28)	$150,696.49	($12,068,692.77)
Deferred Debits	**$418,924,023.33**	**$415,923,330.31**	**$3,000,693.02**	**$418,924,023.33**	**$353,022,483.34**	**$65,901,539.99**
Assets and Other Debits	**$2,480,974,690.21**	**$2,426,315,006.28**	**$54,659,683.93**	**$2,480,974,690.21**	**$2,358,633,387.41**	**$122,341,302.80**
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	$52,889,827.00	$7,889,827.00	$45,000,000.00	$52,889,827.00	$7,889,827.00	$45,000,000.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$747,350,475.49	$752,385,879.64	($5,035,404.15)	$747,350,475.49	$682,583,016.14	$64,767,459.35
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$845,368,102.49**	**$805,403,506.64**	**$39,964,595.85**	**$845,368,102.49**	**$735,600,643.14**	**$109,767,459.35**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$705,515,000.00	$625,515,000.00	$80,000,000.00	$705,515,000.00	$625,515,000.00	$80,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$705,515,000.00**	**$625,515,000.00**	**$80,000,000.00**	**$705,515,000.00**	**$625,515,000.00**	**$80,000,000.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$29,437,975.48	$29,528,626.07	($90,650.59)	$29,437,975.48	$29,971,205.66	($533,230.18)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$120,269.59	$105,684.53	$14,585.06	$120,269.59	$131,519.00	($11,249.41)
Accum Prov - Pension & Benefit	$2,511,693.28	$2,487,450.64	$24,242.64	$2,511,693.28	$2,243,278.35	$268,414.93
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	**$32,069,938.35**	**$32,121,761.24**	**($51,822.89)**	**$32,069,938.35**	**$32,346,003.01**	**($276,064.66)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$40,399,369.42	$37,795,668.27	$2,603,701.15	$40,399,369.42	$37,788,423.33	$2,610,946.09
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	$14,277,675.74	$88,002,294.38	($73,724,618.64)	$14,277,675.74	$160,735,431.76	($146,457,756.02)
Customer Deposits	$2,973,460.69	$2,975,876.69	($2,416.00)	$2,973,460.69	$3,008,010.69	($34,550.00)
Taxes Accrued	$8,174,448.32	$10,566,174.14	($2,391,725.82)	$8,174,448.32	$645,926.54	$7,528,521.78
Interest Accrued	$298,855.27	$266,431.17	$32,424.10	$298,855.27	$313,923.85	($15,068.58)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$39,492.57	$199,357.87	($159,865.30)	$39,492.57	$487,772.79	($448,280.22)
Misc Current & Accrued Liab	$27,950,229.41	$21,194,021.62	$6,756,207.79	$27,950,229.41	$58,562,693.20	($30,612,463.79)
Obligation Cap Lease - Current	$1,046,811.92	$1,040,023.02	$6,788.90	$1,046,811.92	$992,132.84	$54,679.08
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$95,160,343.34**	**$162,039,847.16**	**($66,879,503.82)**	**$95,160,343.34**	**$262,534,315.00**	**($167,373,971.66)**
Deferred Credits						
Customer Adv. for Construction	$4,993,569.43	$5,005,089.24	($11,519.81)	$4,993,569.43	$5,019,190.62	($25,621.19)
Acc Defd Investment Tax Credit	$1,979,114.00	$2,004,353.00	($25,239.00)	$1,979,114.00	$2,130,553.00	($151,439.00)
Other Deferred Credits	$6,410,238.08	$7,171,145.92	($760,907.84)	$6,410,238.08	$8,543,870.82	($2,133,632.74)

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	Month: *Jun - 2018*	Previous Month	Variance	Month: *Jun - 2018*	December of Previous Year	Variance
Other Regulatory Liabilities	$330,528,533.83	$329,207,647.39	$1,320,886.44	$330,528,533.83	$324,250,547.13	$6,277,986.70
Accum Defer Inc Tax - Oth Prop	$455,266,712.70	$454,097,960.70	$1,168,752.00	$455,266,712.70	$358,134,913.70	$97,131,799.00
Accum Defer Inc Tax - Other	$3,683,137.99	$3,748,694.99	($65,557.00)	$3,683,137.99	$4,558,350.99	($875,213.00)
Deferred Credits	**$802,861,306.03**	**$801,234,891.24**	**$1,626,414.79**	**$802,861,306.03**	**$702,637,426.26**	**$100,223,879.77**
Total Liabilities and Equity	**$2,480,974,690.21**	**$2,426,315,006.28**	**$54,659,683.93**	**$2,480,974,690.21**	**$2,358,633,387.41**	**$122,341,302.80**

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	Month: *Jul - 2018*	Previous Month	Variance	Month: *Jul - 2018*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,343,813,385.32	$2,320,194,651.92	$23,618,733.40	$2,343,813,385.32	$2,260,087,164.72	$83,726,220.60
Construction Work In Progress	$69,970,782.66	$70,963,550.51	($992,767.85)	$69,970,782.66	$25,509,347.01	$44,461,435.65
Total Utility Plant	**$2,413,784,167.98**	**$2,391,158,202.43**	**$22,625,965.55**	**$2,413,784,167.98**	**$2,285,596,511.73**	**$128,187,656.25**
Accum Prov - Amort and Depr	($450,793,649.64)	($447,955,734.81)	($2,837,914.83)	($450,793,649.64)	($430,976,763.25)	($19,816,886.39)
Net Utility Plant	**$1,962,990,518.34**	**$1,943,202,467.62**	**$19,788,050.72**	**$1,962,990,518.34**	**$1,854,619,748.48**	**$108,370,769.86**
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	**$1,963,722,390.59**	**$1,943,934,339.87**	**$19,788,050.72**	**$1,963,722,390.59**	**$1,855,351,620.73**	**$108,370,769.86**
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	$19,753,879.00	$19,722,867.72	$31,011.28	$19,753,879.00	$19,552,266.91	$201,612.09
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$10,258,360.56	$9,832,197.50	$426,163.06	$10,258,360.56	$8,129,791.00	$2,128,569.56
Other Property and Investments	**$30,020,586.05**	**$29,563,411.71**	**$457,174.34**	**$30,020,586.05**	**$27,690,404.40**	**$2,330,181.65**
Current and Accrued Assets						
Cash	$1,481,530.70	$2,021,979.33	($540,448.63)	$1,481,530.70	$3,234,594.06	($1,753,063.36)
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	$253,000.00	$265,691.85	($12,691.85)	$253,000.00	$253,000.00	$0.00
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$30,574,273.54	$37,303,318.58	($6,729,045.04)	$30,574,273.54	$52,210,953.84	($21,636,680.30)
AR from Associated Cos	$79,076.64	$82,742.72	($3,666.08)	$79,076.64	$170,365.19	($91,288.55)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$991,351.42	$956,593.69	$34,757.73	$991,351.42	$902,237.57	$89,113.85
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$55,052,009.47	$43,045,401.54	$12,006,607.93	$55,052,009.47	$63,036,979.95	($7,984,970.48)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$3,883,876.72	$1,863,076.49	$2,020,800.23	$3,883,876.72	$2,751,040.54	$1,132,836.18
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$1,597,298.86	$3,011,561.10	($1,414,262.24)	$1,597,298.86	$7,157.79	$1,590,141.07
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$93,914,967.35**	**$88,552,915.30**	**$5,362,052.05**	**$93,914,967.35**	**$122,568,878.94**	**($28,653,911.59)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$271,381,060.69	$271,566,506.13	($185,445.44)	$271,381,060.69	$270,905,359.58	$475,701.11
Preliminary Surveys	$2,425,232.76	$2,317,934.13	$107,298.63	$2,425,232.76	$3,797,652.27	($1,372,419.51)
Clearing Accounts	$1.72	$0.00	$1.72	$1.72	$0.00	$1.72

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	Month: *Jul - 2018*	Previous Month	Variance	Month: *Jul - 2018*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$5,007,458.68	$5,012,592.35	($5,133.67)	$5,007,458.68	$5,029,166.00	($21,707.32)
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$152,370,304.00	$151,944,987.00	$425,317.00	$152,370,304.00	$73,139,609.00	$79,230,695.00
Unrecovered Purchase Gas Costs	($7,999,014.21)	($11,917,996.28)	$3,918,982.07	($7,999,014.21)	$150,696.49	($8,149,710.70)
Deferred Debits	**$423,185,043.64**	**$418,924,023.33**	**$4,261,020.31**	**$423,185,043.64**	**$353,022,483.34**	**$70,162,560.30**
Assets and Other Debits	**$2,510,842,987.63**	**$2,480,974,690.21**	**$29,868,297.42**	**$2,510,842,987.63**	**$2,358,633,387.41**	**$152,209,600.22**
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	$52,889,827.00	$52,889,827.00	$0.00	$52,889,827.00	$7,889,827.00	$45,000,000.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$742,437,471.06	$747,350,475.49	($4,913,004.43)	$742,437,471.06	$682,583,016.14	$59,854,454.92
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$840,455,098.06**	**$845,368,102.49**	**($4,913,004.43)**	**$840,455,098.06**	**$735,600,643.14**	**$104,854,454.92**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$705,515,000.00	$705,515,000.00	$0.00	$705,515,000.00	$625,515,000.00	$80,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$705,515,000.00**	**$705,515,000.00**	**$0.00**	**$705,515,000.00**	**$625,515,000.00**	**$80,000,000.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$29,345,979.59	$29,437,975.48	($91,995.89)	$29,345,979.59	$29,971,205.66	($625,226.07)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$106,039.48	$120,269.59	($14,230.11)	$106,039.48	$131,519.00	($25,479.52)
Accum Prov - Pension & Benefit	$2,495,072.84	$2,511,693.28	($16,620.44)	$2,495,072.84	$2,243,278.35	$251,794.49
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	**$31,947,091.91**	**$32,069,938.35**	**($122,846.44)**	**$31,947,091.91**	**$32,346,003.01**	**($398,911.10)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$38,792,894.03	$40,399,369.42	($1,606,475.39)	$38,792,894.03	$37,788,423.33	$1,004,470.70
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	$42,880,339.08	$14,277,675.74	$28,602,663.34	$42,880,339.08	$160,735,431.76	($117,855,092.68)
Customer Deposits	$3,014,115.69	$2,973,460.69	$40,655.00	$3,014,115.69	$3,008,010.69	$6,105.00
Taxes Accrued	$5,845,136.21	$8,174,448.32	($2,329,312.11)	$5,845,136.21	$645,926.54	$5,199,209.67
Interest Accrued	$303,075.82	$298,855.27	$4,220.55	$303,075.82	$313,923.85	($10,848.03)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$21,988.62	$39,492.57	($17,503.95)	$21,988.62	$487,772.79	($465,784.17)
Misc Current & Accrued Liab	$35,946,950.62	$27,950,229.41	$7,996,721.21	$35,946,950.62	$58,562,693.20	($22,615,742.58)
Obligation Cap Lease - Current	$1,053,653.36	$1,046,811.92	$6,841.44	$1,053,653.36	$992,132.84	$61,520.52
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$127,858,153.43**	**$95,160,343.34**	**$32,697,810.09**	**$127,858,153.43**	**$262,534,315.00**	**($134,676,161.57)**
Deferred Credits						
Customer Adv. for Construction	$4,981,985.42	$4,993,569.43	($11,584.01)	$4,981,985.42	$5,019,190.62	($37,205.20)
Acc Defd Investment Tax Credit	$1,954,150.00	$1,979,114.00	($24,964.00)	$1,954,150.00	$2,130,553.00	($176,403.00)
Other Deferred Credits	$6,395,067.96	$6,410,238.08	($15,170.12)	$6,395,067.96	$8,543,870.82	($2,148,802.86)

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	Month: *Jul - 2018*	Previous Month	Variance	Month: *Jul - 2018*	December of Previous Year	Variance
Other Regulatory Liabilities	$331,852,379.16	$330,528,533.83	$1,323,845.33	$331,852,379.16	$324,250,547.13	$7,601,832.03
Accum Defer Inc Tax - Oth Prop	$456,248,815.70	$455,266,712.70	$982,103.00	$456,248,815.70	$358,134,913.70	$98,113,902.00
Accum Defer Inc Tax - Other	$3,635,245.99	$3,683,137.99	($47,892.00)	$3,635,245.99	$4,558,350.99	($923,105.00)
Deferred Credits	**$805,067,644.23**	**$802,861,306.03**	**$2,206,338.20**	**$805,067,644.23**	**$702,637,426.26**	**$102,430,217.97**
Total Liabilities and Equity	**$2,510,842,987.63**	**$2,480,974,690.21**	**$29,868,297.42**	**$2,510,842,987.63**	**$2,358,633,387.41**	**$152,209,600.22**

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	Month: *Aug - 2018*	Previous Month	Variance	Month: *Aug - 2018*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,366,585,627.26	$2,343,813,385.32	$22,772,241.94	$2,366,585,627.26	$2,260,087,164.72	$106,498,462.54
Construction Work In Progress	$71,268,123.13	$69,970,782.66	$1,297,340.47	$71,268,123.13	$25,509,347.01	$45,758,776.12
Total Utility Plant	**$2,437,853,750.39**	**$2,413,784,167.98**	**$24,069,582.41**	**$2,437,853,750.39**	**$2,285,596,511.73**	**$152,257,238.66**
Accum Prov - Amort and Depr	($453,610,930.95)	($450,793,649.64)	($2,817,281.31)	($453,610,930.95)	($430,976,763.25)	($22,634,167.70)
Net Utility Plant	**$1,984,242,819.44**	**$1,962,990,518.34**	**$21,252,301.10**	**$1,984,242,819.44**	**$1,854,619,748.48**	**$129,623,070.96**
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	**$1,984,974,691.69**	**$1,963,722,390.59**	**$21,252,301.10**	**$1,984,974,691.69**	**$1,855,351,620.73**	**$129,623,070.96**
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	$19,802,161.46	$19,753,879.00	$48,282.46	$19,802,161.46	$19,552,266.91	$249,894.55
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$10,462,360.58	$10,258,360.56	$204,000.02	$10,462,360.58	$8,129,791.00	$2,332,569.58
Other Property and Investments	**$30,272,868.53**	**$30,020,586.05**	**$252,282.48**	**$30,272,868.53**	**$27,690,404.40**	**$2,582,464.13**
Current and Accrued Assets						
Cash	$1,382,553.55	$1,481,530.70	($98,977.15)	$1,382,553.55	$3,234,594.06	($1,852,040.51)
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	$253,000.00	$253,000.00	$0.00	$253,000.00	$253,000.00	$0.00
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$11,896,471.35	$30,574,273.54	($18,677,802.19)	$11,896,471.35	$52,210,953.84	($40,314,482.49)
AR from Associated Cos	$34,527.07	$79,076.64	($44,549.57)	$34,527.07	$170,365.19	($135,838.12)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$977,433.50	$991,351.42	($13,917.92)	$977,433.50	$902,237.57	$75,195.93
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$64,259,222.96	$55,052,009.47	$9,207,213.49	$64,259,222.96	$63,036,979.95	$1,222,243.01
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$2,792,365.71	$3,883,876.72	($1,091,511.01)	$2,792,365.71	$2,751,040.54	$41,325.17
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$137,186.89	$1,597,298.86	($1,460,111.97)	$137,186.89	$7,157.79	$130,029.10
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$81,735,311.03**	**$93,914,967.35**	**($12,179,656.32)**	**$81,735,311.03**	**$122,568,878.94**	**($40,833,567.91)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$271,308,614.28	$271,381,060.69	($72,446.41)	$271,308,614.28	$270,905,359.58	$403,254.70
Preliminary Surveys	$2,307,951.09	$2,425,232.76	($117,281.67)	$2,307,951.09	$3,797,652.27	($1,489,701.18)
Clearing Accounts	$0.00	$1.72	($1.72)	$0.00	$0.00	$0.00

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	Month: *Aug - 2018*	Previous Month	Variance	Month: *Aug - 2018*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$4,985,933.06	$5,007,458.68	($21,525.62)	$4,985,933.06	$5,029,166.00	($43,232.94)
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$153,076,611.00	$152,370,304.00	$706,307.00	$153,076,611.00	$73,139,609.00	$79,937,002.00
Unrecovered Purchase Gas Costs	($4,500,876.76)	($7,999,014.21)	$3,498,137.45	($4,500,876.76)	$150,696.49	($4,651,573.25)
Deferred Debits	**$427,178,232.67**	**$423,185,043.64**	**$3,993,189.03**	**$427,178,232.67**	**$353,022,483.34**	**$74,155,749.33**
Assets and Other Debits	**$2,524,161,103.92**	**$2,510,842,987.63**	**$13,318,116.29**	**$2,524,161,103.92**	**$2,358,633,387.41**	**$165,527,716.51**
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	$52,889,827.00	$52,889,827.00	$0.00	$52,889,827.00	$7,889,827.00	$45,000,000.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$736,777,169.28	$742,437,471.06	($5,660,301.78)	$736,777,169.28	$682,583,016.14	$54,194,153.14
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$834,794,796.28**	**$840,455,098.06**	**($5,660,301.78)**	**$834,794,796.28**	**$735,600,643.14**	**$99,194,153.14**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$705,515,000.00	$705,515,000.00	$0.00	$705,515,000.00	$625,515,000.00	$80,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$705,515,000.00**	**$705,515,000.00**	**$0.00**	**$705,515,000.00**	**$625,515,000.00**	**$80,000,000.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$29,253,538.60	$29,345,979.59	($92,440.99)	$29,253,538.60	$29,971,205.66	($717,667.06)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$95,307.76	$106,039.48	($10,731.72)	$95,307.76	$131,519.00	($36,211.24)
Accum Prov - Pension & Benefit	$2,482,855.31	$2,495,072.84	($12,217.53)	$2,482,855.31	$2,243,278.35	$239,576.96
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	**$31,831,701.67**	**$31,947,091.91**	**($115,390.24)**	**$31,831,701.67**	**$32,346,003.01**	**($514,301.34)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$36,919,603.81	$38,792,894.03	($1,873,290.22)	$36,919,603.81	$37,788,423.33	($868,819.52)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	$55,628,103.94	$42,880,339.08	$12,747,764.86	$55,628,103.94	$160,735,431.76	($105,107,327.82)
Customer Deposits	$3,070,270.69	$3,014,115.69	$56,155.00	$3,070,270.69	$3,008,010.69	$62,260.00
Taxes Accrued	$3,169,692.63	$5,845,136.21	($2,675,443.58)	$3,169,692.63	$645,926.54	$2,523,766.09
Interest Accrued	$306,844.09	$303,075.82	$3,768.27	$306,844.09	$313,923.85	($7,079.76)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$54,653.93	$21,988.62	$32,665.31	$54,653.93	$487,772.79	($433,118.86)
Misc Current & Accrued Liab	$44,632,887.97	$35,946,950.62	$8,685,937.35	$44,632,887.97	$58,562,693.20	($13,929,805.23)
Obligation Cap Lease - Current	$1,060,534.21	$1,053,653.36	$6,880.85	$1,060,534.21	$992,132.84	$68,401.37
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$144,842,591.27**	**$127,858,153.43**	**$16,984,437.84**	**$144,842,591.27**	**$262,534,315.00**	**($117,691,723.73)**
Deferred Credits						
Customer Adv. for Construction	$4,935,147.92	$4,981,985.42	($46,837.50)	$4,935,147.92	$5,019,190.62	($84,042.70)
Acc Defd Investment Tax Credit	$1,929,186.00	$1,954,150.00	($24,964.00)	$1,929,186.00	$2,130,553.00	($201,367.00)
Other Deferred Credits	$6,398,525.85	$6,395,067.96	$3,457.89	$6,398,525.85	$8,543,870.82	($2,145,344.97)

Columbia Gas of Pennsylvania
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	Month: *Aug - 2018*	Previous Month	Variance	Month: *Aug - 2018*	December of Previous Year	Variance
Other Regulatory Liabilities	$332,981,902.24	$331,852,379.16	$1,129,523.08	$332,981,902.24	$324,250,547.13	$8,731,355.11
Accum Defer Inc Tax - Oth Prop	$457,220,254.70	$456,248,815.70	$971,439.00	$457,220,254.70	$358,134,913.70	$99,085,341.00
Accum Defer Inc Tax - Other	$3,711,997.99	$3,635,245.99	$76,752.00	$3,711,997.99	$4,558,350.99	($846,353.00)
Deferred Credits	**$807,177,014.70**	**$805,067,644.23**	**$2,109,370.47**	**$807,177,014.70**	**$702,637,426.26**	**$104,539,588.44**
Total Liabilities and Equity	**$2,524,161,103.92**	**$2,510,842,987.63**	**$13,318,116.29**	**$2,524,161,103.92**	**$2,358,633,387.41**	**$165,527,716.51**

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	Month: *Sep - 2018*	Previous Month	Variance	Month: *Sep - 2018*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,383,664,432.95	$2,366,585,627.26	$17,078,805.69	$2,383,664,432.95	$2,260,087,164.72	$123,577,268.23
Construction Work In Progress	$74,322,918.94	$71,268,123.13	$3,054,795.81	$74,322,918.94	$25,509,347.01	$48,813,571.93
Total Utility Plant	**$2,457,987,351.89**	**$2,437,853,750.39**	**$20,133,601.50**	**$2,457,987,351.89**	**$2,285,596,511.73**	**$172,390,840.16**
Accum Prov - Amort and Depr	($457,323,504.67)	($453,610,930.95)	($3,712,573.72)	($457,323,504.67)	($430,976,763.25)	($26,346,741.42)
Net Utility Plant	**$2,000,663,847.22**	**$1,984,242,819.44**	**$16,421,027.78**	**$2,000,663,847.22**	**$1,854,619,748.48**	**$146,044,098.74**
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	**$2,001,395,719.47**	**$1,984,974,691.69**	**$16,421,027.78**	**$2,001,395,719.47**	**$1,855,351,620.73**	**$146,044,098.74**
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	$19,836,612.22	$19,802,161.46	$34,450.76	$19,836,612.22	$19,552,266.91	$284,345.31
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$9,861,629.75	$10,462,360.58	($600,730.83)	$9,861,629.75	$8,129,791.00	$1,731,838.75
Other Property and Investments	**$29,706,588.46**	**$30,272,868.53**	**($566,280.07)**	**$29,706,588.46**	**$27,690,404.40**	**$2,016,184.06**
Current and Accrued Assets						
Cash	$1,216,498.93	$1,382,553.55	($166,054.62)	$1,216,498.93	$3,234,594.06	($2,018,095.13)
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	$253,000.00	$0.00
Accum Prov Uncollectible - Cr	$37,147.72	$0.00	$37,147.72	$37,147.72	$0.00	$37,147.72
NR from Associated Cos	$15,930,698.42	$11,896,471.35	$4,034,227.07	$15,930,698.42	$52,210,953.84	($36,280,255.42)
AR from Associated Cos	$49,796.75	$34,527.07	$15,269.68	$49,796.75	$170,365.19	($120,568.44)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$997,591.36	$977,433.50	$20,157.86	$997,591.36	$902,237.57	$95,353.79
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$72,559,878.50	$64,259,222.96	$8,300,655.54	$72,559,878.50	$63,036,979.95	$9,522,898.55
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$2,657,920.34	$2,792,365.71	($134,445.37)	$2,657,920.34	$2,751,040.54	($93,120.20)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$52,125.79	$137,186.89	($85,061.10)	$52,125.79	$7,157.79	$44,968.00
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$93,757,207.81**	**$81,735,311.03**	**$12,021,896.78**	**$93,757,207.81**	**$122,568,878.94**	**($28,811,671.13)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$269,743,382.14	$271,308,614.28	($1,565,232.14)	$269,743,382.14	$270,905,359.58	($1,161,977.44)
Preliminary Surveys	$2,545,851.86	$2,307,951.09	$237,900.77	$2,545,851.86	$3,797,652.27	($1,251,800.41)
Clearing Accounts	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

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	Month: *Sep - 2018*	Previous Month	Variance	Month: *Sep - 2018*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$4,954,986.48	$4,985,933.06	($30,946.58)	$4,954,986.48	$5,029,166.00	($74,179.52)
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$154,402,537.00	$153,076,611.00	$1,325,926.00	$154,402,537.00	$73,139,609.00	$81,262,928.00
Unrecovered Purchase Gas Costs	($1,094,124.62)	($4,500,876.76)	$3,406,752.14	($1,094,124.62)	$150,696.49	($1,244,821.11)
Deferred Debits	**$430,552,632.86**	**$427,178,232.67**	**$3,374,400.19**	**$430,552,632.86**	**$353,022,483.34**	**$77,530,149.52**
Assets and Other Debits	**$2,555,412,148.60**	**$2,524,161,103.92**	**$31,251,044.68**	**$2,555,412,148.60**	**$2,358,633,387.41**	**$196,778,761.19**
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	$52,889,827.00	$52,889,827.00	$0.00	$52,889,827.00	$7,889,827.00	$45,000,000.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$733,064,435.72	$736,777,169.28	($3,712,733.56)	$733,064,435.72	$682,583,016.14	$50,481,419.58
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$831,082,062.72**	**$834,794,796.28**	**($3,712,733.56)**	**$831,082,062.72**	**$735,600,643.14**	**$95,481,419.58**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$705,515,000.00	$705,515,000.00	$0.00	$705,515,000.00	$625,515,000.00	$80,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$705,515,000.00**	**$705,515,000.00**	**$0.00**	**$705,515,000.00**	**$625,515,000.00**	**$80,000,000.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$29,160,649.65	$29,253,538.60	($92,888.95)	$29,160,649.65	$29,971,205.66	($810,556.01)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$93,716.66	$95,307.76	($1,591.10)	$93,716.66	$131,519.00	($37,802.34)
Accum Prov - Pension & Benefit	$2,488,941.51	$2,482,855.31	$6,086.20	$2,488,941.51	$2,243,278.35	$245,663.16
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	**$31,743,307.82**	**$31,831,701.67**	**($88,393.85)**	**$31,743,307.82**	**$32,346,003.01**	**($602,695.19)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$34,228,928.35	$36,919,603.81	($2,690,675.46)	$34,228,928.35	$37,788,423.33	($3,559,494.98)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	$85,582,539.70	$55,628,103.94	$29,954,435.76	$85,582,539.70	$160,735,431.76	($75,152,892.06)
Customer Deposits	$3,123,702.69	$3,070,270.69	$53,432.00	$3,123,702.69	$3,008,010.69	$115,692.00
Taxes Accrued	$1,176,980.89	$3,169,692.63	($1,992,711.74)	$1,176,980.89	$645,926.54	$531,054.35
Interest Accrued	$311,215.40	$306,844.09	$4,371.31	$311,215.40	$313,923.85	($2,708.45)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$45,896.70	$54,653.93	($8,757.23)	$45,896.70	$487,772.79	($441,876.09)
Misc Current & Accrued Liab	$53,762,458.62	$44,632,887.97	$9,129,570.65	$53,762,458.62	$58,562,693.20	($4,800,234.58)
Obligation Cap Lease - Current	$1,067,454.78	$1,060,534.21	$6,920.57	$1,067,454.78	$992,132.84	$75,321.94
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$179,299,177.13**	**$144,842,591.27**	**$34,456,585.86**	**$179,299,177.13**	**$262,534,315.00**	**($83,235,137.87)**
Deferred Credits						
Customer Adv. for Construction	$4,893,530.84	$4,935,147.92	($41,617.08)	$4,893,530.84	$5,019,190.62	($125,659.78)
Acc Defd Investment Tax Credit	$1,904,222.00	$1,929,186.00	($24,964.00)	$1,904,222.00	$2,130,553.00	($226,331.00)
Other Deferred Credits	$6,135,530.03	$6,398,525.85	($262,995.82)	$6,135,530.03	$8,543,870.82	($2,408,340.79)

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	Month: *Sep - 2018*	Previous Month	Variance	Month: *Sep - 2018*	December of Previous Year	Variance
Other Regulatory Liabilities	$332,644,283.37	$332,981,902.24	($337,618.87)	$332,644,283.37	$324,250,547.13	$8,393,736.24
Accum Defer Inc Tax - Oth Prop	$458,146,745.70	$457,220,254.70	$926,491.00	$458,146,745.70	$358,134,913.70	$100,011,832.00
Accum Defer Inc Tax - Other	$4,048,288.99	$3,711,997.99	$336,291.00	$4,048,288.99	$4,558,350.99	($510,062.00)
Deferred Credits	**$807,772,600.93**	**$807,177,014.70**	**$595,586.23**	**$807,772,600.93**	**$702,637,426.26**	**$105,135,174.67**
Total Liabilities and Equity	**$2,555,412,148.60**	**$2,524,161,103.92**	**$31,251,044.68**	**$2,555,412,148.60**	**$2,358,633,387.41**	**$196,778,761.19**

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
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	Month: *Oct - 2018*	Previous Month	Variance	Month: *Oct - 2018*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,411,608,052.97	$2,383,664,432.95	$27,943,620.02	$2,411,608,052.97	$2,260,087,164.72	$151,520,888.25
Construction Work In Progress	$66,504,312.78	$74,322,918.94	($7,818,606.16)	$66,504,312.78	$25,509,347.01	$40,994,965.77
Total Utility Plant	**$2,478,112,365.75**	**$2,457,987,351.89**	**$20,125,013.86**	**$2,478,112,365.75**	**$2,285,596,511.73**	**$192,515,854.02**
Accum Prov - Amort and Depr	($458,879,876.49)	($457,323,504.67)	($1,556,371.82)	($458,879,876.49)	($430,976,763.25)	($27,903,113.24)
Net Utility Plant	**$2,019,232,489.26**	**$2,000,663,847.22**	**$18,568,642.04**	**$2,019,232,489.26**	**$1,854,619,748.48**	**$164,612,740.78**
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	**$2,019,964,361.51**	**$2,001,395,719.47**	**$18,568,642.04**	**$2,019,964,361.51**	**$1,855,351,620.73**	**$164,612,740.78**
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	$19,856,765.52	$19,836,612.22	$20,153.30	$19,856,765.52	$19,552,266.91	$304,498.61
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$10,082,304.05	$9,861,629.75	$220,674.30	$10,082,304.05	$8,129,791.00	$1,952,513.05
Other Property and Investments	**$29,947,416.06**	**$29,706,588.46**	**$240,827.60**	**$29,947,416.06**	**$27,690,404.40**	**$2,257,011.66**
Current and Accrued Assets						
Cash	$1,754,641.56	$1,216,498.93	$538,142.63	$1,754,641.56	$3,234,594.06	($1,479,952.50)
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	$253,000.00	$0.00
Accum Prov Uncollectible - Cr	$0.00	$37,147.72	($37,147.72)	$0.00	$0.00	$0.00
NR from Associated Cos	$20,001,419.39	$15,930,698.42	$4,070,720.97	$20,001,419.39	$52,210,953.84	($32,209,534.45)
AR from Associated Cos	$54,365.65	$49,796.75	$4,568.90	$54,365.65	$170,365.19	($115,999.54)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$1,010,039.53	$997,591.36	$12,448.17	$1,010,039.53	$902,237.57	$107,801.96
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$78,161,369.41	$72,559,878.50	$5,601,490.91	$78,161,369.41	$63,036,979.95	$15,124,389.46
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$3,915,467.26	$2,657,920.34	$1,257,546.92	$3,915,467.26	$2,751,040.54	$1,164,426.72
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$77,727.49	$52,125.79	$25,601.70	$77,727.49	$7,157.79	$70,569.70
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$105,230,580.29**	**$93,757,207.81**	**$11,473,372.48**	**$105,230,580.29**	**$122,568,878.94**	**($17,338,298.65)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$270,056,849.88	$269,743,382.14	$313,467.74	$270,056,849.88	$270,905,359.58	($848,509.70)
Preliminary Surveys	$2,785,599.09	$2,545,851.86	$239,747.23	$2,785,599.09	$3,797,652.27	($1,012,053.18)
Clearing Accounts	$28,833.70	$0.00	$28,833.70	$28,833.70	$0.00	$28,833.70

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	Month: *Oct - 2018*	Previous Month	Variance	Month: *Oct - 2018*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$4,910,238.48	$4,954,986.48	($44,748.00)	$4,910,238.48	$5,029,166.00	($118,927.52)
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$154,971,137.00	$154,402,537.00	$568,600.00	$154,971,137.00	$73,139,609.00	$81,831,528.00
Unrecovered Purchase Gas Costs	$736,565.73	($1,094,124.62)	$1,830,690.35	$736,565.73	$150,696.49	$585,869.24
Deferred Debits	**$433,489,223.88**	**$430,552,632.86**	**$2,936,591.02**	**$433,489,223.88**	**$353,022,483.34**	**$80,466,740.54**
Assets and Other Debits	**$2,588,631,581.74**	**$2,555,412,148.60**	**$33,219,433.14**	**$2,588,631,581.74**	**$2,358,633,387.41**	**$229,998,194.33**
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	$52,889,827.00	$52,889,827.00	$0.00	$52,889,827.00	$7,889,827.00	$45,000,000.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$734,584,317.03	$733,064,435.72	$1,519,881.31	$734,584,317.03	$682,583,016.14	$52,001,300.89
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$832,601,944.03**	**$831,082,062.72**	**$1,519,881.31**	**$832,601,944.03**	**$735,600,643.14**	**$97,001,300.89**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$705,515,000.00	$705,515,000.00	$0.00	$705,515,000.00	$625,515,000.00	$80,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$705,515,000.00**	**$705,515,000.00**	**$0.00**	**$705,515,000.00**	**$625,515,000.00**	**$80,000,000.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$29,067,309.84	$29,160,649.65	($93,339.81)	$29,067,309.84	$29,971,205.66	($903,895.82)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$99,607.66	$93,716.66	$5,891.00	$99,607.66	$131,519.00	($31,911.34)
Accum Prov - Pension & Benefit	$2,491,297.20	$2,488,941.51	$2,355.69	$2,491,297.20	$2,243,278.35	$248,018.85
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	**$31,658,214.70**	**$31,743,307.82**	**($85,093.12)**	**$31,658,214.70**	**$32,346,003.01**	**($687,788.31)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$39,782,184.28	$34,228,928.35	$5,553,255.93	$39,782,184.28	$37,788,423.33	$1,993,760.95
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	$98,175,024.91	$85,582,539.70	$12,592,485.21	$98,175,024.91	$160,735,431.76	($62,560,406.85)
Customer Deposits	$3,214,315.69	$3,123,702.69	$90,613.00	$3,214,315.69	$3,008,010.69	$206,305.00
Taxes Accrued	$897,040.18	$1,176,980.89	($279,940.71)	$897,040.18	$645,926.54	$251,113.64
Interest Accrued	$313,603.00	$311,215.40	$2,387.60	$313,603.00	$313,923.85	($320.85)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$70,296.26	$45,896.70	$24,399.56	$70,296.26	$487,772.79	($417,476.53)
Misc Current & Accrued Liab	$64,371,966.53	$53,762,458.62	$10,609,507.91	$64,371,966.53	$58,562,693.20	$5,809,273.33
Obligation Cap Lease - Current	$1,074,415.39	$1,067,454.78	$6,960.61	$1,074,415.39	$992,132.84	$82,282.55
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$207,898,846.24**	**$179,299,177.13**	**$28,599,669.11**	**$207,898,846.24**	**$262,534,315.00**	**($54,635,468.76)**
Deferred Credits						
Customer Adv. for Construction	$4,979,026.00	$4,893,530.84	$85,495.16	$4,979,026.00	$5,019,190.62	($40,164.62)
Acc Defd Investment Tax Credit	$1,879,258.00	$1,904,222.00	($24,964.00)	$1,879,258.00	$2,130,553.00	($251,295.00)
Other Deferred Credits	$6,129,512.74	$6,135,530.03	($6,017.29)	$6,129,512.74	$8,543,870.82	($2,414,358.08)

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	Month: *Oct - 2018*	Previous Month	Variance	Month: *Oct - 2018*	December of Previous Year	Variance
Other Regulatory Liabilities	$334,728,702.34	$332,644,283.37	$2,084,418.97	$334,728,702.34	$324,250,547.13	$10,478,155.21
Accum Defer Inc Tax - Oth Prop	$459,350,153.70	$458,146,745.70	$1,203,408.00	$459,350,153.70	$358,134,913.70	$101,215,240.00
Accum Defer Inc Tax - Other	$3,890,923.99	$4,048,288.99	($157,365.00)	$3,890,923.99	$4,558,350.99	($667,427.00)
Deferred Credits	**$810,957,576.77**	**$807,772,600.93**	**$3,184,975.84**	**$810,957,576.77**	**$702,637,426.26**	**$108,320,150.51**
Total Liabilities and Equity	**$2,588,631,581.74**	**$2,555,412,148.60**	**$33,219,433.14**	**$2,588,631,581.74**	**$2,358,633,387.41**	**$229,998,194.33**

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	Month: *Nov - 2018*	Previous Month	Variance	Month: *Nov - 2018*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,431,576,772.27	$2,411,608,052.97	$19,968,719.30	$2,431,576,772.27	$2,260,087,164.72	$171,489,607.55
Construction Work In Progress	$66,923,492.01	$66,504,312.78	$419,179.23	$66,923,492.01	$25,509,347.01	$41,414,145.00
Total Utility Plant	**$2,498,500,264.28**	**$2,478,112,365.75**	**$20,387,898.53**	**$2,498,500,264.28**	**$2,285,596,511.73**	**$212,903,752.55**
Accum Prov - Amort and Depr	($461,596,970.25)	($458,879,876.49)	($2,717,093.76)	($461,596,970.25)	($430,976,763.25)	($30,620,207.00)
Net Utility Plant	**$2,036,903,294.03**	**$2,019,232,489.26**	**$17,670,804.77**	**$2,036,903,294.03**	**$1,854,619,748.48**	**$182,283,545.55**
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	**$2,037,635,166.28**	**$2,019,964,361.51**	**$17,670,804.77**	**$2,037,635,166.28**	**$1,855,351,620.73**	**$182,283,545.55**
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	$19,913,079.01	$19,856,765.52	$56,313.49	$19,913,079.01	$19,552,266.91	$360,812.10
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$10,293,805.55	$10,082,304.05	$211,501.50	$10,293,805.55	$8,129,791.00	$2,164,014.55
Other Property and Investments	**$30,215,231.05**	**$29,947,416.06**	**$267,814.99**	**$30,215,231.05**	**$27,690,404.40**	**$2,524,826.65**
Current and Accrued Assets						
Cash	$2,180,498.37	$1,754,641.56	$425,856.81	$2,180,498.37	$3,234,594.06	($1,054,095.69)
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	$253,000.00	$0.00
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$39,355,711.14	$20,001,419.39	$19,354,291.75	$39,355,711.14	$52,210,953.84	($12,855,242.70)
AR from Associated Cos	$106,254.02	$54,365.65	$51,888.37	$106,254.02	$170,365.19	($64,111.17)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$1,020,640.59	$1,010,039.53	$10,601.06	$1,020,640.59	$902,237.57	$118,403.02
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$68,080,702.15	$78,161,369.41	($10,080,667.26)	$68,080,702.15	$63,036,979.95	$5,043,722.20
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$3,984,619.61	$3,915,467.26	$69,152.35	$3,984,619.61	$2,751,040.54	$1,233,579.07
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$22,326.25	$77,727.49	($55,401.24)	$22,326.25	$7,157.79	$15,168.46
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$115,006,302.13**	**$105,230,580.29**	**$9,775,721.84**	**$115,006,302.13**	**$122,568,878.94**	**($7,562,576.81)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$270,276,364.21	$270,056,849.88	$219,514.33	$270,276,364.21	$270,905,359.58	($628,995.37)
Preliminary Surveys	$2,788,789.01	$2,785,599.09	$3,189.92	$2,788,789.01	$3,797,652.27	($1,008,863.26)
Clearing Accounts	$0.00	$28,833.70	($28,833.70)	$0.00	$0.00	$0.00

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	Month: *Nov - 2018*	Previous Month	Variance	Month: *Nov - 2018*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$4,994,523.85	$4,910,238.48	$84,285.37	$4,994,523.85	$5,029,166.00	($34,642.15)
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$153,871,341.00	$154,971,137.00	($1,099,796.00)	$153,871,341.00	$73,139,609.00	$80,731,732.00
Unrecovered Purchase Gas Costs	$2,883,107.61	$736,565.73	$2,146,541.88	$2,883,107.61	$150,696.49	$2,732,411.12
Deferred Debits	**$434,814,125.68**	**$433,489,223.88**	**$1,324,901.80**	**$434,814,125.68**	**$353,022,483.34**	**$81,791,642.34**
Assets and Other Debits	**$2,617,670,825.14**	**$2,588,631,581.74**	**$29,039,243.40**	**$2,617,670,825.14**	**$2,358,633,387.41**	**$259,037,437.73**
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	$52,889,827.00	$52,889,827.00	$0.00	$52,889,827.00	$7,889,827.00	$45,000,000.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$749,564,261.24	$734,584,317.03	$14,979,944.21	$749,564,261.24	$682,583,016.14	$66,981,245.10
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$847,581,888.24**	**$832,601,944.03**	**$14,979,944.21**	**$847,581,888.24**	**$735,600,643.14**	**$111,981,245.10**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$705,515,000.00	$705,515,000.00	$0.00	$705,515,000.00	$625,515,000.00	$80,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$705,515,000.00**	**$705,515,000.00**	**$0.00**	**$705,515,000.00**	**$625,515,000.00**	**$80,000,000.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$28,973,516.28	$29,067,309.84	($93,793.56)	$28,973,516.28	$29,971,205.66	($997,689.38)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$113,132.96	$99,607.66	$13,525.30	$113,132.96	$131,519.00	($18,386.04)
Accum Prov - Pension & Benefit	$2,431,941.34	$2,491,297.20	($59,355.86)	$2,431,941.34	$2,243,278.35	$188,662.99
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	**$31,518,590.58**	**$31,658,214.70**	**($139,624.12)**	**$31,518,590.58**	**$32,346,003.01**	**($827,412.43)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$35,546,866.06	$39,782,184.28	($4,235,318.22)	$35,546,866.06	$37,788,423.33	($2,241,557.27)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	$109,695,093.49	$98,175,024.91	$11,520,068.58	$109,695,093.49	$160,735,431.76	($51,040,338.27)
Customer Deposits	$3,279,181.69	$3,214,315.69	$64,866.00	$3,279,181.69	$3,008,010.69	$271,171.00
Taxes Accrued	$4,557,668.76	$897,040.18	$3,660,628.58	$4,557,668.76	$645,926.54	$3,911,742.22
Interest Accrued	$314,997.27	$313,603.00	$1,394.27	$314,997.27	$313,923.85	$1,073.42
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$301,872.93	$70,296.26	$231,576.67	$301,872.93	$487,772.79	($185,899.86)
Misc Current & Accrued Liab	$65,616,258.97	$64,371,966.53	$1,244,292.44	$65,616,258.97	$58,562,693.20	$7,053,565.77
Obligation Cap Lease - Current	$1,081,416.36	$1,074,415.39	$7,000.97	$1,081,416.36	$992,132.84	$89,283.52
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$220,393,355.53**	**$207,898,846.24**	**$12,494,509.29**	**$220,393,355.53**	**$262,534,315.00**	**($42,140,959.47)**
Deferred Credits						
Customer Adv. for Construction	$5,009,462.77	$4,979,026.00	$30,436.77	$5,009,462.77	$5,019,190.62	($9,727.85)
Acc Defd Investment Tax Credit	$1,854,294.00	$1,879,258.00	($24,964.00)	$1,854,294.00	$2,130,553.00	($276,259.00)
Other Deferred Credits	$6,127,741.12	$6,129,512.74	($1,771.62)	$6,127,741.12	$8,543,870.82	($2,416,129.70)

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	Month: *Nov - 2018*	Previous Month	Variance	Month: *Nov - 2018*	December of Previous Year	Variance
Other Regulatory Liabilities	$335,068,556.21	$334,728,702.34	$339,853.87	$335,068,556.21	$324,250,547.13	$10,818,009.08
Accum Defer Inc Tax - Oth Prop	$461,284,145.70	$459,350,153.70	$1,933,992.00	$461,284,145.70	$358,134,913.70	$103,149,232.00
Accum Defer Inc Tax - Other	$3,317,790.99	$3,890,923.99	($573,133.00)	$3,317,790.99	$4,558,350.99	($1,240,560.00)
Deferred Credits	**$812,661,990.79**	**$810,957,576.77**	**$1,704,414.02**	**$812,661,990.79**	**$702,637,426.26**	**$110,024,564.53**
Total Liabilities and Equity	**$2,617,670,825.14**	**$2,588,631,581.74**	**$29,039,243.40**	**$2,617,670,825.14**	**$2,358,633,387.41**	**$259,037,437.73**

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	Month: *Dec - 2018*	Previous Month	Variance	Month: *Dec - 2018*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,470,071,060.77	$2,431,576,772.27	$38,494,288.50	$2,470,071,060.77	$2,260,087,164.72	$209,983,896.05
Construction Work In Progress	$47,472,392.48	$66,923,492.01	($19,451,099.53)	$47,472,392.48	$25,509,347.01	$21,963,045.47
Total Utility Plant	**$2,517,543,453.25**	**$2,498,500,264.28**	**$19,043,188.97**	**$2,517,543,453.25**	**$2,285,596,511.73**	**$231,946,941.52**
Accum Prov - Amort and Depr	($463,846,358.44)	($461,596,970.25)	($2,249,388.19)	($463,846,358.44)	($430,976,763.25)	($32,869,595.19)
Net Utility Plant	**$2,053,697,094.81**	**$2,036,903,294.03**	**$16,793,800.78**	**$2,053,697,094.81**	**$1,854,619,748.48**	**$199,077,346.33**
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	**$2,054,428,967.06**	**$2,037,635,166.28**	**$16,793,800.78**	**$2,054,428,967.06**	**$1,855,351,620.73**	**$199,077,346.33**
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	$19,968,120.31	$19,913,079.01	$55,041.30	$19,968,120.31	$19,552,266.91	$415,853.40
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$634,282.07	$10,293,805.55	($9,659,523.48)	$634,282.07	$8,129,791.00	($7,495,508.93)
Other Property and Investments	**$20,610,748.87**	**$30,215,231.05**	**($9,604,482.18)**	**$20,610,748.87**	**$27,690,404.40**	**($7,079,655.53)**
Current and Accrued Assets						
Cash	$3,928,067.44	$2,180,498.37	$1,747,569.07	$3,928,067.44	$3,234,594.06	$693,473.38
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	$253,205.46	$253,000.00	$205.46	$253,205.46	$253,000.00	$205.46
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$44,704,353.21	$39,355,711.14	$5,348,642.07	$44,704,353.21	$52,210,953.84	($7,506,600.63)
AR from Associated Cos	$153,583.67	$106,254.02	$47,329.65	$153,583.67	$170,365.19	($16,781.52)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$1,040,236.81	$1,020,640.59	$19,596.22	$1,040,236.81	$902,237.57	$137,999.24
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$60,321,626.56	$68,080,702.15	($7,759,075.59)	$60,321,626.56	$63,036,979.95	($2,715,353.39)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$4,717,578.59	$3,984,619.61	$732,958.98	$4,717,578.59	$2,751,040.54	$1,966,538.05
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$234,291.47	$22,326.25	$211,965.22	$234,291.47	$7,157.79	$227,133.68
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$115,355,493.21**	**$115,006,302.13**	**$349,191.08**	**$115,355,493.21**	**$122,568,878.94**	**($7,213,385.73)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$292,807,239.64	$270,276,364.21	$22,530,875.43	$292,807,239.64	$270,905,359.58	$21,901,880.06
Preliminary Surveys	$1,766,047.14	$2,788,789.01	($1,022,741.87)	$1,766,047.14	$3,797,652.27	($2,031,605.13)
Clearing Accounts	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

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	Month: *Dec - 2018*	Previous Month	Variance	Month: *Dec - 2018*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$5,012,465.63	$4,994,523.85	$17,941.78	$5,012,465.63	$5,029,166.00	($16,700.37)
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$130,360,758.00	$153,871,341.00	($23,510,583.00)	$130,360,758.00	$73,139,609.00	$57,221,149.00
Unrecovered Purchase Gas Costs	$5,792,437.98	$2,883,107.61	$2,909,330.37	$5,792,437.98	$150,696.49	$5,641,741.49
Deferred Debits	**$435,738,948.39**	**$434,814,125.68**	**$924,822.71**	**$435,738,948.39**	**$353,022,483.34**	**$82,716,465.05**
Assets and Other Debits	**$2,626,134,157.53**	**$2,617,670,825.14**	**$8,463,332.39**	**$2,626,134,157.53**	**$2,358,633,387.41**	**$267,500,770.12**
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	$52,889,827.00	$52,889,827.00	$0.00	$52,889,827.00	$7,889,827.00	$45,000,000.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$788,379,727.86	$749,564,261.24	$38,815,466.62	$788,379,727.86	$682,583,016.14	$105,796,711.72
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$886,397,354.86**	**$847,581,888.24**	**$38,815,466.62**	**$886,397,354.86**	**$735,600,643.14**	**$150,796,711.72**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$705,515,000.00	$705,515,000.00	$0.00	$705,515,000.00	$625,515,000.00	$80,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$705,515,000.00**	**$705,515,000.00**	**$0.00**	**$705,515,000.00**	**$625,515,000.00**	**$80,000,000.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$28,879,266.00	$28,973,516.28	($94,250.28)	$28,879,266.00	$29,971,205.66	($1,091,939.66)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$113,922.28	$113,132.96	$789.32	$113,922.28	$131,519.00	($17,596.72)
Accum Prov - Pension & Benefit	$6,164,095.93	$2,431,941.34	$3,732,154.59	$6,164,095.93	$2,243,278.35	$3,920,817.58
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	**$35,157,284.21**	**$31,518,590.58**	**$3,638,693.63**	**$35,157,284.21**	**$32,346,003.01**	**$2,811,281.20**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$51,512,287.03	$35,546,866.06	$15,965,420.97	$51,512,287.03	$37,788,423.33	$13,723,863.70
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	$85,227,080.96	$109,695,093.49	($24,468,012.53)	$85,227,080.96	$160,735,431.76	($75,508,350.80)
Customer Deposits	$3,341,168.69	$3,279,181.69	$61,987.00	$3,341,168.69	$3,008,010.69	$333,158.00
Taxes Accrued	$17,076,471.21	$4,557,668.76	$12,518,802.45	$17,076,471.21	$645,926.54	$16,430,544.67
Interest Accrued	$320,692.87	$314,997.27	$5,695.60	$320,692.87	$313,923.85	$6,769.02
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$501,506.84	$301,872.93	$199,633.91	$501,506.84	$487,772.79	$13,734.05
Misc Current & Accrued Liab	$60,809,351.05	$65,616,258.97	($4,806,907.92)	$60,809,351.05	$58,562,693.20	$2,246,657.85
Obligation Cap Lease - Current	$1,088,458.01	$1,081,416.36	$7,041.65	$1,088,458.01	$992,132.84	$96,325.17
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$219,877,016.66**	**$220,393,355.53**	**($516,338.87)**	**$219,877,016.66**	**$262,534,315.00**	**($42,657,298.34)**
Deferred Credits						
Customer Adv. for Construction	$4,954,204.27	$5,009,462.77	($55,258.50)	$4,954,204.27	$5,019,190.62	($64,986.35)
Acc Defd Investment Tax Credit	$1,829,330.00	$1,854,294.00	($24,964.00)	$1,829,330.00	$2,130,553.00	($301,223.00)
Other Deferred Credits	$5,734,277.43	$6,127,741.12	($393,463.69)	$5,734,277.43	$8,543,870.82	($2,809,593.39)

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	Month: *Dec - 2018*	Previous Month	Variance	Month: *Dec - 2018*	December of Previous Year	Variance
Other Regulatory Liabilities	$267,658,578.41	$335,068,556.21	($67,409,977.80)	$267,658,578.41	$324,250,547.13	($56,591,968.72)
Accum Defer Inc Tax - Oth Prop	$492,715,525.70	$461,284,145.70	$31,431,380.00	$492,715,525.70	$358,134,913.70	$134,580,612.00
Accum Defer Inc Tax - Other	$6,295,585.99	$3,317,790.99	$2,977,795.00	$6,295,585.99	$4,558,350.99	$1,737,235.00
Deferred Credits	**$779,187,501.80**	**$812,661,990.79**	**($33,474,488.99)**	**$779,187,501.80**	**$702,637,426.26**	**$76,550,075.54**
Total Liabilities and Equity	**$2,626,134,157.53**	**$2,617,670,825.14**	**$8,463,332.39**	**$2,626,134,157.53**	**$2,358,633,387.41**	**$267,500,770.12**

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	Month: *Jan - 2019*	Previous Month	Variance	Month: *Jan - 2019*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,486,753,868.22	$2,470,071,060.77	$16,682,807.45	$2,486,753,868.22	$2,470,071,060.77	$16,682,807.45
Construction Work In Progress	$47,501,130.02	$47,472,392.48	$28,737.54	$47,501,130.02	$47,472,392.48	$28,737.54
Total Utility Plant	**$2,534,254,998.24**	**$2,517,543,453.25**	**$16,711,544.99**	**$2,534,254,998.24**	**$2,517,543,453.25**	**$16,711,544.99**
Accum Prov - Amort and Depr	($467,066,975.41)	($463,846,358.44)	($3,220,616.97)	($467,066,975.41)	($463,846,358.44)	($3,220,616.97)
Net Utility Plant	**$2,067,188,022.83**	**$2,053,697,094.81**	**$13,490,928.02**	**$2,067,188,022.83**	**$2,053,697,094.81**	**$13,490,928.02**
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	**$2,067,919,895.08**	**$2,054,428,967.06**	**$13,490,928.02**	**$2,067,919,895.08**	**$2,054,428,967.06**	**$13,490,928.02**
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	$19,977,656.88	$19,968,120.31	$9,536.57	$19,977,656.88	$19,968,120.31	$9,536.57
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$657,844.15	$634,282.07	$23,562.08	$657,844.15	$634,282.07	$23,562.08
Other Property and Investments	**$20,643,847.52**	**$20,610,748.87**	**$33,098.65**	**$20,643,847.52**	**$20,610,748.87**	**$33,098.65**
Current and Accrued Assets						
Cash	$4,792,367.02	$3,928,067.44	$864,299.58	$4,792,367.02	$3,928,067.44	$864,299.58
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	$253,429.02	$253,205.46	$223.56	$253,429.02	$253,205.46	$223.56
Accum Prov Uncollectible - Cr	$7,674.71	$0.00	$7,674.71	$7,674.71	$0.00	$7,674.71
NR from Associated Cos	$45,426,356.42	$44,704,353.21	$722,003.21	$45,426,356.42	$44,704,353.21	$722,003.21
AR from Associated Cos	$244,459.93	$153,583.67	$90,876.26	$244,459.93	$153,583.67	$90,876.26
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$1,086,006.89	$1,040,236.81	$45,770.08	$1,086,006.89	$1,040,236.81	$45,770.08
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$41,113,374.93	$60,321,626.56	($19,208,251.63)	$41,113,374.93	$60,321,626.56	($19,208,251.63)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$4,382,284.27	$4,717,578.59	($335,294.32)	$4,382,284.27	$4,717,578.59	($335,294.32)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$1,455,302.38	$234,291.47	$1,221,010.91	$1,455,302.38	$234,291.47	$1,221,010.91
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$98,763,805.57**	**$115,355,493.21**	**($16,591,687.64)**	**$98,763,805.57**	**$115,355,493.21**	**($16,591,687.64)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$291,976,883.39	$292,807,239.64	($830,356.25)	$291,976,883.39	$292,807,239.64	($830,356.25)
Preliminary Surveys	$2,364,986.62	$1,766,047.14	$598,939.48	$2,364,986.62	$1,766,047.14	$598,939.48
Clearing Accounts	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

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	Month: *Jan - 2019*	Previous Month	Variance	Month: *Jan - 2019*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$5,919,757.83	$5,012,465.63	$907,292.20	$5,919,757.83	$5,012,465.63	$907,292.20
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$130,360,758.00	$130,360,758.00	$0.00	$130,360,758.00	$130,360,758.00	$0.00
Unrecovered Purchase Gas Costs	($3,204,998.92)	$5,792,437.98	($8,997,436.90)	($3,204,998.92)	$5,792,437.98	($8,997,436.90)
Deferred Debits	**$427,417,386.92**	**$435,738,948.39**	**($8,321,561.47)**	**$427,417,386.92**	**$435,738,948.39**	**($8,321,561.47)**
Assets and Other Debits	**$2,614,744,935.09**	**$2,626,134,157.53**	**($11,389,222.44)**	**$2,614,744,935.09**	**$2,626,134,157.53**	**($11,389,222.44)**
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	$52,889,827.00	$52,889,827.00	$0.00	$52,889,827.00	$52,889,827.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$831,752,489.54	$788,379,727.86	$43,372,761.68	$831,752,489.54	$788,379,727.86	$43,372,761.68
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$929,770,116.54**	**$886,397,354.86**	**$43,372,761.68**	**$929,770,116.54**	**$886,397,354.86**	**$43,372,761.68**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$705,515,000.00	$705,515,000.00	$0.00	$705,515,000.00	$705,515,000.00	$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$705,515,000.00**	**$705,515,000.00**	**$0.00**	**$705,515,000.00**	**$705,515,000.00**	**$0.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$30,876,085.94	$28,879,266.00	$1,996,819.94	$30,876,085.94	$28,879,266.00	$1,996,819.94
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$135,878.14	$113,922.28	$21,955.86	$135,878.14	$113,922.28	$21,955.86
Accum Prov - Pension & Benefit	$6,042,552.34	$6,164,095.93	($121,543.59)	$6,042,552.34	$6,164,095.93	($121,543.59)
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	**$37,054,516.42**	**$35,157,284.21**	**$1,897,232.21**	**$37,054,516.42**	**$35,157,284.21**	**$1,897,232.21**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$37,508,983.33	$51,512,287.03	($14,003,303.70)	$37,508,983.33	$51,512,287.03	($14,003,303.70)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	$59,775,820.22	$85,227,080.96	($25,451,260.74)	$59,775,820.22	$85,227,080.96	($25,451,260.74)
Customer Deposits	$3,245,325.69	$3,341,168.69	($95,843.00)	$3,245,325.69	$3,341,168.69	($95,843.00)
Taxes Accrued	$17,471,834.46	$17,076,471.21	$395,363.25	$17,471,834.46	$17,076,471.21	$395,363.25
Interest Accrued	$271,517.36	$320,692.87	($49,175.51)	$271,517.36	$320,692.87	($49,175.51)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$327,305.00	$501,506.84	($174,201.84)	$327,305.00	$501,506.84	($174,201.84)
Misc Current & Accrued Liab	$41,622,036.01	$60,809,351.05	($19,187,315.04)	$41,622,036.01	$60,809,351.05	($19,187,315.04)
Obligation Cap Lease - Current	$2,269,567.46	$1,088,458.01	$1,181,109.45	$2,269,567.46	$1,088,458.01	$1,181,109.45
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$162,492,389.53**	**$219,877,016.66**	**($57,384,627.13)**	**$162,492,389.53**	**$219,877,016.66**	**($57,384,627.13)**
Deferred Credits						
Customer Adv. for Construction	$4,883,993.90	$4,954,204.27	($70,210.37)	$4,883,993.90	$4,954,204.27	($70,210.37)
Acc Defd Investment Tax Credit	$1,829,330.00	$1,829,330.00	$0.00	$1,829,330.00	$1,829,330.00	$0.00
Other Deferred Credits	$5,733,584.71	$5,734,277.43	($692.72)	$5,733,584.71	$5,734,277.43	($692.72)

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	Month: *Jan - 2019*	Previous Month	Variance	Month: *Jan - 2019*	December of Previous Year	Variance
Other Regulatory Liabilities	$268,454,892.30	$267,658,578.41	$796,313.89	$268,454,892.30	$267,658,578.41	$796,313.89
Accum Defer Inc Tax - Oth Prop	$492,715,525.70	$492,715,525.70	$0.00	$492,715,525.70	$492,715,525.70	$0.00
Accum Defer Inc Tax - Other	$6,295,585.99	$6,295,585.99	$0.00	$6,295,585.99	$6,295,585.99	$0.00
Deferred Credits	**$779,912,912.60**	**$779,187,501.80**	**$725,410.80**	**$779,912,912.60**	**$779,187,501.80**	**$725,410.80**
Total Liabilities and Equity	**$2,614,744,935.09**	**$2,626,134,157.53**	**($11,389,222.44)**	**$2,614,744,935.09**	**$2,626,134,157.53**	**($11,389,222.44)**

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	Month: *Feb - 2019*	Previous Month	Variance	Month: *Feb - 2019*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,501,232,351.80	$2,486,753,868.22	$14,478,483.58	$2,501,232,351.80	$2,470,071,060.77	$31,161,291.03
Construction Work In Progress	$48,830,013.01	$47,501,130.02	$1,328,882.99	$48,830,013.01	$47,472,392.48	$1,357,620.53
Total Utility Plant	**$2,550,062,364.81**	**$2,534,254,998.24**	**$15,807,366.57**	**$2,550,062,364.81**	**$2,517,543,453.25**	**$32,518,911.56**
Accum Prov - Amort and Depr	($471,822,965.73)	($467,066,975.41)	($4,755,990.32)	($471,822,965.73)	($463,846,358.44)	($7,976,607.29)
Net Utility Plant	**$2,078,239,399.08**	**$2,067,188,022.83**	**$11,051,376.25**	**$2,078,239,399.08**	**$2,053,697,094.81**	**$24,542,304.27**
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	**$2,078,971,271.33**	**$2,067,919,895.08**	**$11,051,376.25**	**$2,078,971,271.33**	**$2,054,428,967.06**	**$24,542,304.27**
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	$20,039,048.12	$19,977,656.88	$61,391.24	$20,039,048.12	$19,968,120.31	$70,927.81
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$820,251.23	$657,844.15	$162,407.08	$820,251.23	$634,282.07	$185,969.16
Other Property and Investments	**$20,867,645.84**	**$20,643,847.52**	**$223,798.32**	**$20,867,645.84**	**$20,610,748.87**	**$256,896.97**
Current and Accrued Assets						
Cash	$3,873,890.13	$4,792,367.02	($918,476.89)	$3,873,890.13	$3,928,067.44	($54,177.31)
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	$253,429.02	$253,429.02	$0.00	$253,429.02	$253,205.46	$223.56
Accum Prov Uncollectible - Cr	$0.00	$7,674.71	($7,674.71)	$0.00	$0.00	$0.00
NR from Associated Cos	$43,576,016.10	$45,426,356.42	($1,850,340.32)	$43,576,016.10	$44,704,353.21	($1,128,337.11)
AR from Associated Cos	$179,116.37	$244,459.93	($65,343.56)	$179,116.37	$153,583.67	$25,532.70
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$1,086,297.90	$1,086,006.89	$291.01	$1,086,297.90	$1,040,236.81	$46,061.09
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$25,510,813.73	$41,113,374.93	($15,602,561.20)	$25,510,813.73	$60,321,626.56	($34,810,812.83)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$5,215,795.43	$4,382,284.27	$833,511.16	$5,215,795.43	$4,717,578.59	$498,216.84
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$2,388,961.83	$1,455,302.38	$933,659.45	$2,388,961.83	$234,291.47	$2,154,670.36
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$82,086,870.51**	**$98,763,805.57**	**($16,676,935.06)**	**$82,086,870.51**	**$115,355,493.21**	**($33,268,622.70)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$291,961,587.21	$291,976,883.39	($15,296.18)	$291,961,587.21	$292,807,239.64	($845,652.43)
Preliminary Surveys	$3,067,179.81	$2,364,986.62	$702,193.19	$3,067,179.81	$1,766,047.14	$1,301,132.67
Clearing Accounts	$45.60	$0.00	$45.60	$45.60	$0.00	$45.60

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	Month: *Feb - 2019*	Previous Month	Variance	Month: *Feb - 2019*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$5,675,304.24	$5,919,757.83	($244,453.59)	$5,675,304.24	$5,012,465.63	$662,838.61
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$124,864,657.00	$130,360,758.00	($5,496,101.00)	$124,864,657.00	$130,360,758.00	($5,496,101.00)
Unrecovered Purchase Gas Costs	($7,491,785.70)	($3,204,998.92)	($4,286,786.78)	($7,491,785.70)	$5,792,437.98	($13,284,223.68)
Deferred Debits	**$418,076,988.16**	**$427,417,386.92**	**($9,340,398.76)**	**$418,076,988.16**	**$435,738,948.39**	**($17,661,960.23)**
Assets and Other Debits	**$2,600,002,775.84**	**$2,614,744,935.09**	**($14,742,159.25)**	**$2,600,002,775.84**	**$2,626,134,157.53**	**($26,131,381.69)**
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	$52,889,827.00	$52,889,827.00	$0.00	$52,889,827.00	$52,889,827.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$847,578,207.22	$831,752,489.54	$15,825,717.68	$847,578,207.22	$788,379,727.86	$59,198,479.36
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$945,595,834.22**	**$929,770,116.54**	**$15,825,717.68**	**$945,595,834.22**	**$886,397,354.86**	**$59,198,479.36**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$705,515,000.00	$705,515,000.00	$0.00	$705,515,000.00	$705,515,000.00	$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$705,515,000.00**	**$705,515,000.00**	**$0.00**	**$705,515,000.00**	**$705,515,000.00**	**$0.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$30,684,982.52	$30,876,085.94	($191,103.42)	$30,684,982.52	$28,879,266.00	$1,805,716.52
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$146,442.90	$135,878.14	$10,564.76	$146,442.90	$113,922.28	$32,520.62
Accum Prov - Pension & Benefit	$5,762,536.50	$6,042,552.34	($280,015.84)	$5,762,536.50	$6,164,095.93	($401,559.43)
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	**$36,593,961.92**	**$37,054,516.42**	**($460,554.50)**	**$36,593,961.92**	**$35,157,284.21**	**$1,436,677.71**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$34,228,077.46	$37,508,983.33	($3,280,905.87)	$34,228,077.46	$51,512,287.03	($17,284,209.57)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	$35,810,021.61	$59,775,820.22	($23,965,798.61)	$35,810,021.61	$85,227,080.96	($49,417,059.35)
Customer Deposits	$3,195,513.69	$3,245,325.69	($49,812.00)	$3,195,513.69	$3,341,168.69	($145,655.00)
Taxes Accrued	$33,191,450.30	$17,471,834.46	$15,719,615.84	$33,191,450.30	$17,076,471.21	$16,114,979.09
Interest Accrued	$276,832.98	$271,517.36	$5,315.62	$276,832.98	$320,692.87	($43,859.89)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$685,958.89	$327,305.00	$358,653.89	$685,958.89	$501,506.84	$184,452.05
Misc Current & Accrued Liab	$26,978,717.33	$41,622,036.01	($14,643,318.68)	$26,978,717.33	$60,809,351.05	($33,830,633.72)
Obligation Cap Lease - Current	$2,268,635.34	$2,269,567.46	($932.12)	$2,268,635.34	$1,088,458.01	$1,180,177.33
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$136,635,207.60**	**$162,492,389.53**	**($25,857,181.93)**	**$136,635,207.60**	**$219,877,016.66**	**($83,241,809.06)**
Deferred Credits						
Customer Adv. for Construction	$4,874,766.30	$4,883,993.90	($9,227.60)	$4,874,766.30	$4,954,204.27	($79,437.97)
Acc Defd Investment Tax Credit	$1,779,402.00	$1,829,330.00	($49,928.00)	$1,779,402.00	$1,829,330.00	($49,928.00)
Other Deferred Credits	$5,695,970.25	$5,733,584.71	($37,614.46)	$5,695,970.25	$5,734,277.43	($38,307.18)

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	Month: *Feb - 2019*	Previous Month	Variance	Month: *Feb - 2019*	December of Previous Year	Variance
Other Regulatory Liabilities	$261,530,290.86	$268,454,892.30	($6,924,601.44)	$261,530,290.86	$267,658,578.41	($6,128,287.55)
Accum Defer Inc Tax - Oth Prop	$496,975,387.70	$492,715,525.70	$4,259,862.00	$496,975,387.70	$492,715,525.70	$4,259,862.00
Accum Defer Inc Tax - Other	$4,806,954.99	$6,295,585.99	($1,488,631.00)	$4,806,954.99	$6,295,585.99	($1,488,631.00)
Deferred Credits	**$775,662,772.10**	**$779,912,912.60**	**($4,250,140.50)**	**$775,662,772.10**	**$779,187,501.80**	**($3,524,729.70)**
Total Liabilities and Equity	**$2,600,002,775.84**	**$2,614,744,935.09**	**($14,742,159.25)**	**$2,600,002,775.84**	**$2,626,134,157.53**	**($26,131,381.69)**

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	Month: *Mar - 2019*	Previous Month	Variance	Month: *Mar - 2019*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,515,950,545.29	$2,501,232,351.80	$14,718,193.49	$2,515,950,545.29	$2,470,071,060.77	$45,879,484.52
Construction Work In Progress	$53,177,633.09	$48,830,013.01	$4,347,620.08	$53,177,633.09	$47,472,392.48	$5,705,240.61
Total Utility Plant	**$2,569,128,178.38**	**$2,550,062,364.81**	**$19,065,813.57**	**$2,569,128,178.38**	**$2,517,543,453.25**	**$51,584,725.13**
Accum Prov - Amort and Depr	($476,416,946.06)	($471,822,965.73)	($4,593,980.33)	($476,416,946.06)	($463,846,358.44)	($12,570,587.62)
Net Utility Plant	**$2,092,711,232.32**	**$2,078,239,399.08**	**$14,471,833.24**	**$2,092,711,232.32**	**$2,053,697,094.81**	**$39,014,137.51**
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	**$2,093,443,104.57**	**$2,078,971,271.33**	**$14,471,833.24**	**$2,093,443,104.57**	**$2,054,428,967.06**	**$39,014,137.51**
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	$20,074,553.83	$20,039,048.12	$35,505.71	$20,074,553.83	$19,968,120.31	$106,433.52
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$3,512,319.77	$820,251.23	$2,692,068.54	$3,512,319.77	$634,282.07	$2,878,037.70
Other Property and Investments	**$23,595,220.09**	**$20,867,645.84**	**$2,727,574.25**	**$23,595,220.09**	**$20,610,748.87**	**$2,984,471.22**
Current and Accrued Assets						
Cash	$3,868,857.87	$3,873,890.13	($5,032.26)	$3,868,857.87	$3,928,067.44	($59,209.57)
Special Deposits	-	-	-	-	-	-
Working Funds	$2,550.00	$2,550.00	$0.00	$2,550.00	$2,550.00	$0.00
Temp Cash Investments	$161,072.90	$0.00	$161,072.90	$161,072.90	$0.00	$161,072.90
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other Accounts Receivable	$253,429.02	$253,429.02	$0.00	$253,429.02	$253,205.46	$223.56
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$34,750,853.10	$43,576,016.10	($8,825,163.00)	$34,750,853.10	$44,704,353.21	($9,953,500.11)
AR from Associated Cos	$17,030,210.83	$179,116.37	$16,851,094.46	$17,030,210.83	$153,583.67	$16,876,627.16
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$1,093,064.36	$1,086,297.90	$6,766.46	$1,093,064.36	$1,040,236.81	$52,827.55
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$14,550,435.23	$25,510,813.73	($10,960,378.50)	$14,550,435.23	$60,321,626.56	($45,771,191.33)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$3,040,738.78	$5,215,795.43	($2,175,056.65)	$3,040,738.78	$4,717,578.59	($1,676,839.81)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$4,176,911.95	$2,388,961.83	$1,787,950.12	$4,176,911.95	$234,291.47	$3,942,620.48
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$78,928,124.04**	**$82,086,870.51**	**($3,158,746.47)**	**$78,928,124.04**	**$115,355,493.21**	**($36,427,369.17)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$289,249,152.75	$291,961,587.21	($2,712,434.46)	$289,249,152.75	$292,807,239.64	($3,558,086.89)
Preliminary Surveys	$3,035,516.15	$3,067,179.81	($31,663.66)	$3,035,516.15	$1,766,047.14	$1,269,469.01
Clearing Accounts	$0.00	$45.60	($45.60)	$0.00	$0.00	$0.00

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
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	Month: *Mar - 2019*	Previous Month	Variance	Month: *Mar - 2019*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$6,304,808.45	$5,675,304.24	$629,504.21	$6,304,808.45	$5,012,465.63	$1,292,342.82
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$122,717,620.00	$124,864,657.00	($2,147,037.00)	$122,717,620.00	$130,360,758.00	($7,643,138.00)
Unrecovered Purchase Gas Costs	($12,807,315.55)	($7,491,785.70)	($5,315,529.85)	($12,807,315.55)	$5,792,437.98	($18,599,753.53)
Deferred Debits	**$408,499,781.80**	**$418,076,988.16**	**($9,577,206.36)**	**$408,499,781.80**	**$435,738,948.39**	**($27,239,166.59)**
Assets and Other Debits	**$2,604,466,230.50**	**$2,600,002,775.84**	**$4,463,454.66**	**$2,604,466,230.50**	**$2,626,134,157.53**	**($21,667,927.03)**
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	$52,889,827.00	$52,889,827.00	$0.00	$52,889,827.00	$52,889,827.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$869,285,673.73	$847,578,207.22	$21,707,466.51	$869,285,673.73	$788,379,727.86	$80,905,945.87
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$967,303,300.73**	**$945,595,834.22**	**$21,707,466.51**	**$967,303,300.73**	**$886,397,354.86**	**$80,905,945.87**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$705,515,000.00	$705,515,000.00	$0.00	$705,515,000.00	$705,515,000.00	$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$705,515,000.00**	**$705,515,000.00**	**$0.00**	**$705,515,000.00**	**$705,515,000.00**	**$0.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$30,500,655.14	$30,684,982.52	($184,327.38)	$30,500,655.14	$28,879,266.00	$1,621,389.14
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$121,540.67	$146,442.90	($24,902.23)	$121,540.67	$113,922.28	$7,618.39
Accum Prov - Pension & Benefit	$6,316,882.48	$5,762,536.50	$554,345.98	$6,316,882.48	$6,164,095.93	$152,786.55
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	**$36,939,078.29**	**$36,593,961.92**	**$345,116.37**	**$36,939,078.29**	**$35,157,284.21**	**$1,781,794.08**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$37,576,632.69	$34,228,077.46	$3,348,555.23	$37,576,632.69	$51,512,287.03	($13,935,654.34)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	$21,701,747.48	$35,810,021.61	($14,108,274.13)	$21,701,747.48	$85,227,080.96	($63,525,333.48)
Customer Deposits	$3,151,400.69	$3,195,513.69	($44,113.00)	$3,151,400.69	$3,341,168.69	($189,768.00)
Taxes Accrued	$37,425,982.42	$33,191,450.30	$4,234,532.12	$37,425,982.42	$17,076,471.21	$20,349,511.21
Interest Accrued	$278,296.41	$276,832.98	$1,463.43	$278,296.41	$320,692.87	($42,396.46)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$592,936.74	$685,958.89	($93,022.15)	$592,936.74	$501,506.84	$91,429.90
Misc Current & Accrued Liab	$17,942,207.36	$26,978,717.33	($9,036,509.97)	$17,942,207.36	$60,809,351.05	($42,867,143.69)
Obligation Cap Lease - Current	$2,278,438.63	$2,268,635.34	$9,803.29	$2,278,438.63	$1,088,458.01	$1,189,980.62
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$120,947,642.42**	**$136,635,207.60**	**($15,687,565.18)**	**$120,947,642.42**	**$219,877,016.66**	**($98,929,374.24)**
Deferred Credits						
Customer Adv. for Construction	$4,870,445.49	$4,874,766.30	($4,320.81)	$4,870,445.49	$4,954,204.27	($83,758.78)
Acc Defd Investment Tax Credit	$1,754,438.00	$1,779,402.00	($24,964.00)	$1,754,438.00	$1,829,330.00	($74,892.00)
Other Deferred Credits	$5,683,903.34	$5,695,970.25	($12,066.91)	$5,683,903.34	$5,734,277.43	($50,374.09)

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	Month: *Mar - 2019*	Previous Month	Variance	Month: *Mar - 2019*	December of Previous Year	Variance
Other Regulatory Liabilities	$257,773,805.54	$261,530,290.86	($3,756,485.32)	$257,773,805.54	$267,658,578.41	($9,884,772.87)
Accum Defer Inc Tax - Oth Prop	$499,105,318.70	$496,975,387.70	$2,129,931.00	$499,105,318.70	$492,715,525.70	$6,389,793.00
Accum Defer Inc Tax - Other	$4,573,297.99	$4,806,954.99	($233,657.00)	$4,573,297.99	$6,295,585.99	($1,722,288.00)
Deferred Credits	**$773,761,209.06**	**$775,662,772.10**	**($1,901,563.04)**	**$773,761,209.06**	**$779,187,501.80**	**($5,426,292.74)**
Total Liabilities and Equity	**$2,604,466,230.50**	**$2,600,002,775.84**	**$4,463,454.66**	**$2,604,466,230.50**	**$2,626,134,157.53**	**($21,667,927.03)**

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Apr - 2019
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	Month: *Apr - 2019*	Previous Month	Variance	Month: *Apr - 2019*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,537,310,463.28	$2,515,950,545.29	$21,359,917.99	$2,537,310,463.28	$2,470,071,060.77	$67,239,402.51
Construction Work In Progress	$54,158,683.09	$53,177,633.09	$981,050.00	$54,158,683.09	$47,472,392.48	$6,686,290.61
Total Utility Plant	**$2,591,469,146.37**	**$2,569,128,178.38**	**$22,340,967.99**	**$2,591,469,146.37**	**$2,517,543,453.25**	**$73,925,693.12**
Accum Prov - Amort and Depr	($479,318,870.15)	($476,416,946.06)	($2,901,924.09)	($479,318,870.15)	($463,846,358.44)	($15,472,511.71)
Net Utility Plant	**$2,112,150,276.22**	**$2,092,711,232.32**	**$19,439,043.90**	**$2,112,150,276.22**	**$2,053,697,094.81**	**$58,453,181.41**
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	**$2,112,882,148.47**	**$2,093,443,104.57**	**$19,439,043.90**	**$2,112,882,148.47**	**$2,054,428,967.06**	**$58,453,181.41**
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	$20,047,709.76	$20,074,553.83	($26,844.07)	$20,047,709.76	$19,968,120.31	$79,589.45
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$3,640,230.65	$3,512,319.77	$127,910.88	$3,640,230.65	$634,282.07	$3,005,948.58
Other Property and Investments	**$23,696,286.90**	**$23,595,220.09**	**$101,066.81**	**$23,696,286.90**	**$20,610,748.87**	**$3,085,538.03**
Current and Accrued Assets						
Cash	$2,995,883.58	$3,868,857.87	($872,974.29)	$2,995,883.58	$3,928,067.44	($932,183.86)
Special Deposits	-	-	-	-	-	-
Working Funds	$2,550.00	$2,550.00	$0.00	$2,550.00	$2,550.00	$0.00
Temp Cash Investments	$60,360.49	$161,072.90	($100,712.41)	$60,360.49	$0.00	$60,360.49
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other Accounts Receivable	$253,429.02	$253,429.02	$0.00	$253,429.02	$253,205.46	$223.56
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$19,927,506.61	$34,750,853.10	($14,823,346.49)	$19,927,506.61	$44,704,353.21	($24,776,846.60)
AR from Associated Cos	$19,389,850.95	$17,030,210.83	$2,359,640.12	$19,389,850.95	$153,583.67	$19,236,267.28
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$1,094,130.30	$1,093,064.36	$1,065.94	$1,094,130.30	$1,040,236.81	$53,893.49
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$20,881,345.07	$14,550,435.23	$6,330,909.84	$20,881,345.07	$60,321,626.56	($39,440,281.49)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$2,565,939.43	$3,040,738.78	($474,799.35)	$2,565,939.43	$4,717,578.59	($2,151,639.16)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$5,693,006.54	$4,176,911.95	$1,516,094.59	$5,693,006.54	$234,291.47	$5,458,715.07
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$72,864,001.99**	**$78,928,124.04**	**($6,064,122.05)**	**$72,864,001.99**	**$115,355,493.21**	**($42,491,491.22)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$289,028,445.99	$289,249,152.75	($220,706.76)	$289,028,445.99	$292,807,239.64	($3,778,793.65)
Preliminary Surveys	$3,241,919.64	$3,035,516.15	$206,403.49	$3,241,919.64	$1,766,047.14	$1,475,872.50
Clearing Accounts	$107,011.66	$0.00	$107,011.66	$107,011.66	$0.00	$107,011.66

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	Month: *Apr - 2019*	Previous Month	Variance	Month: *Apr - 2019*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$6,498,746.72	$6,304,808.45	$193,938.27	$6,498,746.72	$5,012,465.63	$1,486,281.09
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$122,423,304.00	$122,717,620.00	($294,316.00)	$122,423,304.00	$130,360,758.00	($7,937,454.00)
Unrecovered Purchase Gas Costs	($13,407,370.79)	($12,807,315.55)	($600,055.24)	($13,407,370.79)	$5,792,437.98	($19,199,808.77)
Deferred Debits	**$407,892,057.22**	**$408,499,781.80**	**($607,724.58)**	**$407,892,057.22**	**$435,738,948.39**	**($27,846,891.17)**
Assets and Other Debits	**$2,617,334,494.58**	**$2,604,466,230.50**	**$12,868,264.08**	**$2,617,334,494.58**	**$2,626,134,157.53**	**($8,799,662.95)**
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	$52,889,827.00	$52,889,827.00	$0.00	$52,889,827.00	$52,889,827.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$875,095,094.15	$869,285,673.73	$5,809,420.42	$875,095,094.15	$788,379,727.86	$86,715,366.29
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$973,112,721.15**	**$967,303,300.73**	**$5,809,420.42**	**$973,112,721.15**	**$886,397,354.86**	**$86,715,366.29**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$705,515,000.00	$705,515,000.00	$0.00	$705,515,000.00	$705,515,000.00	$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$705,515,000.00**	**$705,515,000.00**	**$0.00**	**$705,515,000.00**	**$705,515,000.00**	**$0.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$30,302,382.65	$30,500,655.14	($198,272.49)	$30,302,382.65	$28,879,266.00	$1,423,116.65
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$103,309.64	$121,540.67	($18,231.03)	$103,309.64	$113,922.28	($10,612.64)
Accum Prov - Pension & Benefit	$6,310,599.61	$6,316,882.48	($6,282.87)	$6,310,599.61	$6,164,095.93	$146,503.68
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	**$36,716,291.90**	**$36,939,078.29**	**($222,786.39)**	**$36,716,291.90**	**$35,157,284.21**	**$1,559,007.69**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$42,757,733.01	$37,576,632.69	$5,181,100.32	$42,757,733.01	$51,512,287.03	($8,754,554.02)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	$23,613,785.50	$21,701,747.48	$1,912,038.02	$23,613,785.50	$85,227,080.96	($61,613,295.46)
Customer Deposits	$3,111,039.80	$3,151,400.69	($40,360.89)	$3,111,039.80	$3,341,168.69	($230,128.89)
Taxes Accrued	$36,922,769.95	$37,425,982.42	($503,212.47)	$36,922,769.95	$17,076,471.21	$19,846,298.74
Interest Accrued	$281,652.03	$278,296.41	$3,355.62	$281,652.03	$320,692.87	($39,040.84)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$203,006.08	$592,936.74	($389,930.66)	$203,006.08	$501,506.84	($298,500.76)
Misc Current & Accrued Liab	$19,885,038.19	$17,942,207.36	$1,942,830.83	$19,885,038.19	$60,809,351.05	($40,924,312.86)
Obligation Cap Lease - Current	$2,298,969.50	$2,278,438.63	$20,530.87	$2,298,969.50	$1,088,458.01	$1,210,511.49
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$129,073,994.06**	**$120,947,642.42**	**$8,126,351.64**	**$129,073,994.06**	**$219,877,016.66**	**($90,803,022.60)**
Deferred Credits						
Customer Adv. for Construction	$4,874,997.98	$4,870,445.49	$4,552.49	$4,874,997.98	$4,954,204.27	($79,206.29)
Acc Defd Investment Tax Credit	$1,729,474.00	$1,754,438.00	($24,964.00)	$1,729,474.00	$1,829,330.00	($99,856.00)
Other Deferred Credits	$5,675,231.39	$5,683,903.34	($8,671.95)	$5,675,231.39	$5,734,277.43	($59,046.04)

Columbia Gas of Pennsylvania
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	Month: *Apr - 2019*	Previous Month	Variance	Month: *Apr - 2019*	December of Previous Year	Variance
Other Regulatory Liabilities	$254,585,137.41	$257,773,805.54	($3,188,668.13)	$254,585,137.41	$267,658,578.41	($13,073,441.00)
Accum Defer Inc Tax - Oth Prop	$501,235,251.70	$499,105,318.70	$2,129,933.00	$501,235,251.70	$492,715,525.70	$8,519,726.00
Accum Defer Inc Tax - Other	$4,816,394.99	$4,573,297.99	$243,097.00	$4,816,394.99	$6,295,585.99	($1,479,191.00)
Deferred Credits	**$772,916,487.47**	**$773,761,209.06**	**($844,721.59)**	**$772,916,487.47**	**$779,187,501.80**	**($6,271,014.33)**
Total Liabilities and Equity	**$2,617,334,494.58**	**$2,604,466,230.50**	**$12,868,264.08**	**$2,617,334,494.58**	**$2,626,134,157.53**	**($8,799,662.95)**

Columbia Gas of Pennsylvania
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	Month: *May - 2019*	Previous Month	Variance	Month: *May - 2019*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,553,990,859.39	$2,537,310,463.28	$16,680,396.11	$2,553,990,859.39	$2,470,071,060.77	$83,919,798.62
Construction Work In Progress	$64,802,783.75	$54,158,683.09	$10,644,100.66	$64,802,783.75	$47,472,392.48	$17,330,391.27
Total Utility Plant	**$2,618,793,643.14**	**$2,591,469,146.37**	**$27,324,496.77**	**$2,618,793,643.14**	**$2,517,543,453.25**	**$101,250,189.89**
Accum Prov - Amort and Depr	($483,017,063.04)	($479,318,870.15)	($3,698,192.89)	($483,017,063.04)	($463,846,358.44)	($19,170,704.60)
Net Utility Plant	**$2,135,776,580.10**	**$2,112,150,276.22**	**$23,626,303.88**	**$2,135,776,580.10**	**$2,053,697,094.81**	**$82,079,485.29**
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	**$2,136,508,452.35**	**$2,112,882,148.47**	**$23,626,303.88**	**$2,136,508,452.35**	**$2,054,428,967.06**	**$82,079,485.29**
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	$20,044,363.69	$20,047,709.76	($3,346.07)	$20,044,363.69	$19,968,120.31	$76,243.38
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$3,751,791.18	$3,640,230.65	$111,560.53	$3,751,791.18	$634,282.07	$3,117,509.11
Other Property and Investments	**$23,804,501.36**	**$23,696,286.90**	**$108,214.46**	**$23,804,501.36**	**$20,610,748.87**	**$3,193,752.49**
Current and Accrued Assets						
Cash	$2,333,716.86	$2,995,883.58	($662,166.72)	$2,333,716.86	$3,928,067.44	($1,594,350.58)
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	$60,360.49	($60,360.49)	$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	$253,429.02	($429.02)	$253,000.00	$253,205.46	($205.46)
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$18,160,341.40	$19,927,506.61	($1,767,165.21)	$18,160,341.40	$44,704,353.21	($26,544,011.81)
AR from Associated Cos	$120,783.52	$19,389,850.95	($19,269,067.43)	$120,783.52	$153,583.67	($32,800.15)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$1,103,021.08	$1,094,130.30	$8,890.78	$1,103,021.08	$1,040,236.81	$62,784.27
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$30,410,633.22	$20,881,345.07	$9,529,288.15	$30,410,633.22	$60,321,626.56	($29,910,993.34)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$2,189,915.03	$2,565,939.43	($376,024.40)	$2,189,915.03	$4,717,578.59	($2,527,663.56)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$5,723,849.37	$5,693,006.54	$30,842.83	$5,723,849.37	$234,291.47	$5,489,557.90
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$60,297,810.48**	**$72,864,001.99**	**($12,566,191.51)**	**$60,297,810.48**	**$115,355,493.21**	**($55,057,682.73)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$288,512,328.03	$289,028,445.99	($516,117.96)	$288,512,328.03	$292,807,239.64	($4,294,911.61)
Preliminary Surveys	$3,391,147.85	$3,241,919.64	$149,228.21	$3,391,147.85	$1,766,047.14	$1,625,100.71
Clearing Accounts	$128,390.62	$107,011.66	$21,378.96	$128,390.62	$0.00	$128,390.62

Columbia Gas of Pennsylvania
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Regulated - Account FERC Hierarchy
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	Month: *May - 2019*	Previous Month	Variance	Month: *May - 2019*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$6,835,479.40	$6,498,746.72	$336,732.68	$6,835,479.40	$5,012,465.63	$1,823,013.77
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$122,837,189.00	$122,423,304.00	$413,885.00	$122,837,189.00	$130,360,758.00	($7,523,569.00)
Unrecovered Purchase Gas Costs	($11,356,004.43)	($13,407,370.79)	$2,051,366.36	($11,356,004.43)	$5,792,437.98	($17,148,442.41)
Deferred Debits	**$410,348,530.47**	**$407,892,057.22**	**$2,456,473.25**	**$410,348,530.47**	**$435,738,948.39**	**($25,390,417.92)**
Assets and Other Debits	**$2,630,959,294.66**	**$2,617,334,494.58**	**$13,624,800.08**	**$2,630,959,294.66**	**$2,626,134,157.53**	**$4,825,137.13**
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	$52,889,827.00	$52,889,827.00	$0.00	$52,889,827.00	$52,889,827.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$872,180,594.61	$875,095,094.15	($2,914,499.54)	$872,180,594.61	$788,379,727.86	$83,800,866.75
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$970,198,221.61**	**$973,112,721.15**	**($2,914,499.54)**	**$970,198,221.61**	**$886,397,354.86**	**$83,800,866.75**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$705,515,000.00	$705,515,000.00	$0.00	$705,515,000.00	$705,515,000.00	$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$705,515,000.00**	**$705,515,000.00**	**$0.00**	**$705,515,000.00**	**$705,515,000.00**	**$0.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$30,103,301.30	$30,302,382.65	($199,081.35)	$30,103,301.30	$28,879,266.00	$1,224,035.30
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$122,527.26	$103,309.64	$19,217.62	$122,527.26	$113,922.28	$8,604.98
Accum Prov - Pension & Benefit	$6,267,618.56	$6,310,599.61	($42,981.05)	$6,267,618.56	$6,164,095.93	$103,522.63
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	**$36,493,447.12**	**$36,716,291.90**	**($222,844.78)**	**$36,493,447.12**	**$35,157,284.21**	**$1,336,162.91**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$39,252,789.41	$42,757,733.01	($3,504,943.60)	$39,252,789.41	$51,512,287.03	($12,259,497.62)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	$43,377,117.06	$23,613,785.50	$19,763,331.56	$43,377,117.06	$85,227,080.96	($41,849,963.90)
Customer Deposits	$3,143,242.80	$3,111,039.80	$32,203.00	$3,143,242.80	$3,341,168.69	($197,925.89)
Taxes Accrued	$31,660,433.25	$36,922,769.95	($5,262,336.70)	$31,660,433.25	$17,076,471.21	$14,583,962.04
Interest Accrued	$284,127.74	$281,652.03	$2,475.71	$284,127.74	$320,692.87	($36,565.13)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$69,629.70	$203,006.08	($133,376.38)	$69,629.70	$501,506.84	($431,877.14)
Misc Current & Accrued Liab	$25,268,678.61	$19,885,038.19	$5,383,640.42	$25,268,678.61	$60,809,351.05	($35,540,672.44)
Obligation Cap Lease - Current	$2,329,714.62	$2,298,969.50	$30,745.12	$2,329,714.62	$1,088,458.01	$1,241,256.61
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$145,385,733.19**	**$129,073,994.06**	**$16,311,739.13**	**$145,385,733.19**	**$219,877,016.66**	**($74,491,283.47)**
Deferred Credits						
Customer Adv. for Construction	$4,873,159.89	$4,874,997.98	($1,838.09)	$4,873,159.89	$4,954,204.27	($81,044.38)
Acc Defd Investment Tax Credit	$1,704,510.00	$1,729,474.00	($24,964.00)	$1,704,510.00	$1,829,330.00	($124,820.00)
Other Deferred Credits	$5,659,533.08	$5,675,231.39	($15,698.31)	$5,659,533.08	$5,734,277.43	($74,744.35)

Columbia Gas of Pennsylvania
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	Month: *May - 2019*	Previous Month	Variance	Month: *May - 2019*	December of Previous Year	Variance
Other Regulatory Liabilities	$252,636,859.08	$254,585,137.41	($1,948,278.33)	$252,636,859.08	$267,658,578.41	($15,021,719.33)
Accum Defer Inc Tax - Oth Prop	$503,365,186.70	$501,235,251.70	$2,129,935.00	$503,365,186.70	$492,715,525.70	$10,649,661.00
Accum Defer Inc Tax - Other	$5,127,643.99	$4,816,394.99	$311,249.00	$5,127,643.99	$6,295,585.99	($1,167,942.00)
Deferred Credits	**$773,366,892.74**	**$772,916,487.47**	**$450,405.27**	**$773,366,892.74**	**$779,187,501.80**	**($5,820,609.06)**
Total Liabilities and Equity	**$2,630,959,294.66**	**$2,617,334,494.58**	**$13,624,800.08**	**$2,630,959,294.66**	**$2,626,134,157.53**	**$4,825,137.13**

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Regulated - Account FERC Hierarchy
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	Month: *Jun - 2019*	Previous Month	Variance	Month: *Jun - 2019*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,583,104,787.35	$2,553,990,859.39	$29,113,927.96	$2,583,104,787.35	$2,470,071,060.77	$113,033,726.58
Construction Work In Progress	$68,558,363.56	$64,802,783.75	$3,755,579.81	$68,558,363.56	$47,472,392.48	$21,085,971.08
Total Utility Plant	**$2,651,663,150.91**	**$2,618,793,643.14**	**$32,869,507.77**	**$2,651,663,150.91**	**$2,517,543,453.25**	**$134,119,697.66**
Accum Prov - Amort and Depr	($487,082,553.71)	($483,017,063.04)	($4,065,490.67)	($487,082,553.71)	($463,846,358.44)	($23,236,195.27)
Net Utility Plant	**$2,164,580,597.20**	**$2,135,776,580.10**	**$28,804,017.10**	**$2,164,580,597.20**	**$2,053,697,094.81**	**$110,883,502.39**
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	**$2,165,312,469.45**	**$2,136,508,452.35**	**$28,804,017.10**	**$2,165,312,469.45**	**$2,054,428,967.06**	**$110,883,502.39**
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	$20,025,241.99	$20,044,363.69	($19,121.70)	$20,025,241.99	$19,968,120.31	$57,121.68
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$3,651,414.01	$3,751,791.18	($100,377.17)	$3,651,414.01	$634,282.07	$3,017,131.94
Other Property and Investments	**$23,685,002.49**	**$23,804,501.36**	**($119,498.87)**	**$23,685,002.49**	**$20,610,748.87**	**$3,074,253.62**
Current and Accrued Assets						
Cash	$1,666,559.62	$2,333,716.86	($667,157.24)	$1,666,559.62	$3,928,067.44	($2,261,507.82)
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	$253,205.46	($205.46)
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$18,103,257.13	$18,160,341.40	($57,084.27)	$18,103,257.13	$44,704,353.21	($26,601,096.08)
AR from Associated Cos	$76,250.64	$120,783.52	($44,532.88)	$76,250.64	$153,583.67	($77,333.03)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$1,123,403.91	$1,103,021.08	$20,382.83	$1,123,403.91	$1,040,236.81	$83,167.10
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$39,791,876.89	$30,410,633.22	$9,381,243.67	$39,791,876.89	$60,321,626.56	($20,529,749.67)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$1,289,340.59	$2,189,915.03	($900,574.44)	$1,289,340.59	$4,717,578.59	($3,428,238.00)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$4,696,170.33	$5,723,849.37	($1,027,679.04)	$4,696,170.33	$234,291.47	$4,461,878.86
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$67,002,409.11**	**$60,297,810.48**	**$6,704,598.63**	**$67,002,409.11**	**$115,355,493.21**	**($48,353,084.10)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$288,402,342.02	$288,512,328.03	($109,986.01)	$288,402,342.02	$292,807,239.64	($4,404,897.62)
Preliminary Surveys	$3,540,041.01	$3,391,147.85	$148,893.16	$3,540,041.01	$1,766,047.14	$1,773,993.87
Clearing Accounts	$149,438.05	$128,390.62	$21,047.43	$149,438.05	$0.00	$149,438.05

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	Month: *Jun - 2019*	Previous Month	Variance	Month: *Jun - 2019*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$6,017,919.96	$6,835,479.40	($817,559.44)	$6,017,919.96	$5,012,465.63	$1,005,454.33
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$123,457,051.00	$122,837,189.00	$619,862.00	$123,457,051.00	$130,360,758.00	($6,903,707.00)
Unrecovered Purchase Gas Costs	($7,952,040.74)	($11,356,004.43)	$3,403,963.69	($7,952,040.74)	$5,792,437.98	($13,744,478.72)
Deferred Debits	**$413,614,751.30**	**$410,348,530.47**	**$3,266,220.83**	**$413,614,751.30**	**$435,738,948.39**	**($22,124,197.09)**
Assets and Other Debits	**$2,669,614,632.35**	**$2,630,959,294.66**	**$38,655,337.69**	**$2,669,614,632.35**	**$2,626,134,157.53**	**$43,480,474.82**
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	$52,889,827.00	$52,889,827.00	$0.00	$52,889,827.00	$52,889,827.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$865,373,532.82	$872,180,594.61	($6,807,061.79)	$865,373,532.82	$788,379,727.86	$76,993,804.96
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$963,391,159.82**	**$970,198,221.61**	**($6,807,061.79)**	**$963,391,159.82**	**$886,397,354.86**	**$76,993,804.96**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$705,515,000.00	$705,515,000.00	$0.00	$705,515,000.00	$705,515,000.00	$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$705,515,000.00**	**$705,515,000.00**	**$0.00**	**$705,515,000.00**	**$705,515,000.00**	**$0.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$35,996,532.64	$30,103,301.30	$5,893,231.34	$35,996,532.64	$28,879,266.00	$7,117,266.64
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$133,243.69	$122,527.26	$10,716.43	$133,243.69	$113,922.28	$19,321.41
Accum Prov - Pension & Benefit	$6,291,356.08	$6,267,618.56	$23,737.52	$6,291,356.08	$6,164,095.93	$127,260.15
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	**$42,421,132.41**	**$36,493,447.12**	**$5,927,685.29**	**$42,421,132.41**	**$35,157,284.21**	**$7,263,848.20**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$42,526,231.73	$39,252,789.41	$3,273,442.32	$42,526,231.73	$51,512,287.03	($8,986,055.30)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	$78,316,327.04	$43,377,117.06	$34,939,209.98	$78,316,327.04	$85,227,080.96	($6,910,753.92)
Customer Deposits	$3,191,650.11	$3,143,242.80	$48,407.31	$3,191,650.11	$3,341,168.69	($149,518.58)
Taxes Accrued	$26,962,112.81	$31,660,433.25	($4,698,320.44)	$26,962,112.81	$17,076,471.21	$9,885,641.60
Interest Accrued	$286,959.59	$284,127.74	$2,831.85	$286,959.59	$320,692.87	($33,733.28)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$54,493.08	$69,629.70	($15,136.62)	$54,493.08	$501,506.84	($447,013.76)
Misc Current & Accrued Liab	$29,870,898.57	$25,268,678.61	$4,602,219.96	$29,870,898.57	$60,809,351.05	($30,938,452.48)
Obligation Cap Lease - Current	$2,118,040.18	$2,329,714.62	($211,674.44)	$2,118,040.18	$1,088,458.01	$1,029,582.17
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$183,326,713.11**	**$145,385,733.19**	**$37,940,979.92**	**$183,326,713.11**	**$219,877,016.66**	**($36,550,303.55)**
Deferred Credits						
Customer Adv. for Construction	$4,934,854.52	$4,873,159.89	$61,694.63	$4,934,854.52	$4,954,204.27	($19,349.75)
Acc Defd Investment Tax Credit	$1,679,546.00	$1,704,510.00	($24,964.00)	$1,679,546.00	$1,829,330.00	($149,784.00)
Other Deferred Credits	$5,748,216.00	$5,659,533.08	$88,682.92	$5,748,216.00	$5,734,277.43	$13,938.57

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	Month: *Jun - 2019*	Previous Month	Variance	Month: *Jun - 2019*	December of Previous Year	Variance
Other Regulatory Liabilities	$251,808,027.80	$252,636,859.08	($828,831.28)	$251,808,027.80	$267,658,578.41	($15,850,550.61)
Accum Defer Inc Tax - Oth Prop	$505,495,124.70	$503,365,186.70	$2,129,938.00	$505,495,124.70	$492,715,525.70	$12,779,599.00
Accum Defer Inc Tax - Other	$5,294,857.99	$5,127,643.99	$167,214.00	$5,294,857.99	$6,295,585.99	($1,000,728.00)
Deferred Credits	**$774,960,627.01**	**$773,366,892.74**	**$1,593,734.27**	**$774,960,627.01**	**$779,187,501.80**	**($4,226,874.79)**
Total Liabilities and Equity	**$2,669,614,632.35**	**$2,630,959,294.66**	**$38,655,337.69**	**$2,669,614,632.35**	**$2,626,134,157.53**	**$43,480,474.82**

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	Month: *Jul - 2019*	Previous Month	Variance	Month: *Jul - 2019*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,600,765,049.95	$2,583,104,787.35	$17,660,262.60	$2,600,765,049.95	$2,470,071,060.77	$130,693,989.18
Construction Work In Progress	$78,004,077.49	$68,558,363.56	$9,445,713.93	$78,004,077.49	$47,472,392.48	$30,531,685.01
Total Utility Plant	**$2,678,769,127.44**	**$2,651,663,150.91**	**$27,105,976.53**	**$2,678,769,127.44**	**$2,517,543,453.25**	**$161,225,674.19**
Accum Prov - Amort and Depr	($490,971,730.03)	($487,082,553.71)	($3,889,176.32)	($490,971,730.03)	($463,846,358.44)	($27,125,371.59)
Net Utility Plant	**$2,187,797,397.41**	**$2,164,580,597.20**	**$23,216,800.21**	**$2,187,797,397.41**	**$2,053,697,094.81**	**$134,100,302.60**
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	**$2,188,529,269.66**	**$2,165,312,469.45**	**$23,216,800.21**	**$2,188,529,269.66**	**$2,054,428,967.06**	**$134,100,302.60**
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	$20,056,405.28	$20,025,241.99	$31,163.29	$20,056,405.28	$19,968,120.31	$88,284.97
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$3,687,358.18	$3,651,414.01	$35,944.17	$3,687,358.18	$634,282.07	$3,053,076.11
Other Property and Investments	**$23,752,109.95**	**$23,685,002.49**	**$67,107.46**	**$23,752,109.95**	**$20,610,748.87**	**$3,141,361.08**
Current and Accrued Assets						
Cash	$1,627,179.80	$1,666,559.62	($39,379.82)	$1,627,179.80	$3,928,067.44	($2,300,887.64)
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	$253,205.46	($205.46)
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$12,648,847.17	$18,103,257.13	($5,454,409.96)	$12,648,847.17	$44,704,353.21	($32,055,506.04)
AR from Associated Cos	$75,338.23	$76,250.64	($912.41)	$75,338.23	$153,583.67	($78,245.44)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$1,106,721.81	$1,123,403.91	($16,682.10)	$1,106,721.81	$1,040,236.81	$66,485.00
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$48,999,416.10	$39,791,876.89	$9,207,539.21	$48,999,416.10	$60,321,626.56	($11,322,210.46)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$5,597,794.30	$1,289,340.59	$4,308,453.71	$5,597,794.30	$4,717,578.59	$880,215.71
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$1,372,929.82	$4,696,170.33	($3,323,240.51)	$1,372,929.82	$234,291.47	$1,138,638.35
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$71,683,777.23**	**$67,002,409.11**	**$4,681,368.12**	**$71,683,777.23**	**$115,355,493.21**	**($43,671,715.98)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$288,031,983.05	$288,402,342.02	($370,358.97)	$288,031,983.05	$292,807,239.64	($4,775,256.59)
Preliminary Surveys	$3,600,076.57	$3,540,041.01	$60,035.56	$3,600,076.57	$1,766,047.14	$1,834,029.43
Clearing Accounts	$135,496.90	$149,438.05	($13,941.15)	$135,496.90	$0.00	$135,496.90

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	Month: *Jul - 2019*	Previous Month	Variance	Month: *Jul - 2019*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$6,136,663.55	$6,017,919.96	$118,743.59	$6,136,663.55	$5,012,465.63	$1,124,197.92
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$123,809,219.00	$123,457,051.00	$352,168.00	$123,809,219.00	$130,360,758.00	($6,551,539.00)
Unrecovered Purchase Gas Costs	($5,049,624.17)	($7,952,040.74)	$2,902,416.57	($5,049,624.17)	$5,792,437.98	($10,842,062.15)
Deferred Debits	**$416,663,814.90**	**$413,614,751.30**	**$3,049,063.60**	**$416,663,814.90**	**$435,738,948.39**	**($19,075,133.49)**
Assets and Other Debits	**$2,700,628,971.74**	**$2,669,614,632.35**	**$31,014,339.39**	**$2,700,628,971.74**	**$2,626,134,157.53**	**$74,494,814.21**
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	$52,889,827.00	$52,889,827.00	$0.00	$52,889,827.00	$52,889,827.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$859,716,767.26	$865,373,532.82	($5,656,765.56)	$859,716,767.26	$788,379,727.86	$71,337,039.40
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$957,734,394.26**	**$963,391,159.82**	**($5,656,765.56)**	**$957,734,394.26**	**$886,397,354.86**	**$71,337,039.40**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$705,515,000.00	$705,515,000.00	$0.00	$705,515,000.00	$705,515,000.00	$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$705,515,000.00**	**$705,515,000.00**	**$0.00**	**$705,515,000.00**	**$705,515,000.00**	**$0.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$35,753,567.16	$35,996,532.64	($242,965.48)	$35,753,567.16	$28,879,266.00	$6,874,301.16
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$137,839.32	$133,243.69	$4,595.63	$137,839.32	$113,922.28	$23,917.04
Accum Prov - Pension & Benefit	$6,358,606.15	$6,291,356.08	$67,250.07	$6,358,606.15	$6,164,095.93	$194,510.22
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	**$42,250,012.63**	**$42,421,132.41**	**($171,119.78)**	**$42,250,012.63**	**$35,157,284.21**	**$7,092,728.42**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$37,770,888.91	$42,526,231.73	($4,755,342.82)	$37,770,888.91	$51,512,287.03	($13,741,398.12)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	$114,438,695.48	$78,316,327.04	$36,122,368.44	$114,438,695.48	$85,227,080.96	$29,211,614.52
Customer Deposits	$3,206,470.11	$3,191,650.11	$14,820.00	$3,206,470.11	$3,341,168.69	($134,698.58)
Taxes Accrued	$23,078,201.78	$26,962,112.81	($3,883,911.03)	$23,078,201.78	$17,076,471.21	$6,001,730.57
Interest Accrued	$281,445.28	$286,959.59	($5,514.31)	$281,445.28	$320,692.87	($39,247.59)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$27,982.43	$54,493.08	($26,510.65)	$27,982.43	$501,506.84	($473,524.41)
Misc Current & Accrued Liab	$37,719,655.92	$29,870,898.57	$7,848,757.35	$37,719,655.92	$60,809,351.05	($23,089,695.13)
Obligation Cap Lease - Current	$2,209,180.92	$2,118,040.18	$91,140.74	$2,209,180.92	$1,088,458.01	$1,120,722.91
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$218,732,520.83**	**$183,326,713.11**	**$35,405,807.72**	**$218,732,520.83**	**$219,877,016.66**	**($1,144,495.83)**
Deferred Credits						
Customer Adv. for Construction	$4,957,770.93	$4,934,854.52	$22,916.41	$4,957,770.93	$4,954,204.27	$3,566.66
Acc Defd Investment Tax Credit	$1,654,582.00	$1,679,546.00	($24,964.00)	$1,654,582.00	$1,829,330.00	($174,748.00)
Other Deferred Credits	$5,730,438.01	$5,748,216.00	($17,777.99)	$5,730,438.01	$5,734,277.43	($3,839.42)

Columbia Gas of Pennsylvania
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	Month: *Jul - 2019*	Previous Month	Variance	Month: *Jul - 2019*	December of Previous Year	Variance
Other Regulatory Liabilities	$251,040,627.39	$251,808,027.80	($767,400.41)	$251,040,627.39	$267,658,578.41	($16,617,951.02)
Accum Defer Inc Tax - Oth Prop	$507,625,061.70	$505,495,124.70	$2,129,937.00	$507,625,061.70	$492,715,525.70	$14,909,536.00
Accum Defer Inc Tax - Other	$5,388,563.99	$5,294,857.99	$93,706.00	$5,388,563.99	$6,295,585.99	($907,022.00)
Deferred Credits	**$776,397,044.02**	**$774,960,627.01**	**$1,436,417.01**	**$776,397,044.02**	**$779,187,501.80**	**($2,790,457.78)**
Total Liabilities and Equity	**$2,700,628,971.74**	**$2,669,614,632.35**	**$31,014,339.39**	**$2,700,628,971.74**	**$2,626,134,157.53**	**$74,494,814.21**

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	Month: *Aug - 2019*	Previous Month	Variance	Month: *Aug - 2019*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,620,569,512.32	$2,600,765,049.95	$19,804,462.37	$2,620,569,512.32	$2,470,071,060.77	$150,498,451.55
Construction Work In Progress	$86,859,929.59	$78,004,077.49	$8,855,852.10	$86,859,929.59	$47,472,392.48	$39,387,537.11
Total Utility Plant	**$2,707,429,441.91**	**$2,678,769,127.44**	**$28,660,314.47**	**$2,707,429,441.91**	**$2,517,543,453.25**	**$189,885,988.66**
Accum Prov - Amort and Depr	($494,549,452.69)	($490,971,730.03)	($3,577,722.66)	($494,549,452.69)	($463,846,358.44)	($30,703,094.25)
Net Utility Plant	**$2,212,879,989.22**	**$2,187,797,397.41**	**$25,082,591.81**	**$2,212,879,989.22**	**$2,053,697,094.81**	**$159,182,894.41**
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	**$2,213,611,861.47**	**$2,188,529,269.66**	**$25,082,591.81**	**$2,213,611,861.47**	**$2,054,428,967.06**	**$159,182,894.41**
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	$20,071,487.61	$20,056,405.28	$15,082.33	$20,071,487.61	$19,968,120.31	$103,367.30
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$3,723,302.35	$3,687,358.18	$35,944.17	$3,723,302.35	$634,282.07	$3,089,020.28
Other Property and Investments	**$23,803,136.45**	**$23,752,109.95**	**$51,026.50**	**$23,803,136.45**	**$20,610,748.87**	**$3,192,387.58**
Current and Accrued Assets						
Cash	$1,708,056.55	$1,627,179.80	$80,876.75	$1,708,056.55	$3,928,067.44	($2,220,010.89)
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	$253,205.46	($205.46)
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$10,091,059.42	$12,648,847.17	($2,557,787.75)	$10,091,059.42	$44,704,353.21	($34,613,293.79)
AR from Associated Cos	$86,277.11	$75,338.23	$10,938.88	$86,277.11	$153,583.67	($67,306.56)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$1,115,996.87	$1,106,721.81	$9,275.06	$1,115,996.87	$1,040,236.81	$75,760.06
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$57,111,146.32	$48,999,416.10	$8,111,730.22	$57,111,146.32	$60,321,626.56	($3,210,480.24)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$4,466,741.83	$5,597,794.30	($1,131,052.47)	$4,466,741.83	$4,717,578.59	($250,836.76)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$68,916.36	$1,372,929.82	($1,304,013.46)	$68,916.36	$234,291.47	($165,375.11)
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$74,903,744.46**	**$71,683,777.23**	**$3,219,967.23**	**$74,903,744.46**	**$115,355,493.21**	**($40,451,748.75)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$287,687,173.54	$288,031,983.05	($344,809.51)	$287,687,173.54	$292,807,239.64	($5,120,066.10)
Preliminary Surveys	$4,099,479.02	$3,600,076.57	$499,402.45	$4,099,479.02	$1,766,047.14	$2,333,431.88
Clearing Accounts	$218,017.15	$135,496.90	$82,520.25	$218,017.15	$0.00	$218,017.15

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	Month: *Aug - 2019*	Previous Month	Variance	Month: *Aug - 2019*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$6,153,090.34	$6,136,663.55	$16,426.79	$6,153,090.34	$5,012,465.63	$1,140,624.71
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$124,245,843.00	$123,809,219.00	$436,624.00	$124,245,843.00	$130,360,758.00	($6,114,915.00)
Unrecovered Purchase Gas Costs	($2,131,362.14)	($5,049,624.17)	$2,918,262.03	($2,131,362.14)	$5,792,437.98	($7,923,800.12)
Deferred Debits	**$420,272,240.91**	**$416,663,814.90**	**$3,608,426.01**	**$420,272,240.91**	**$435,738,948.39**	**($15,466,707.48)**
Assets and Other Debits	**$2,732,590,983.29**	**$2,700,628,971.74**	**$31,962,011.55**	**$2,732,590,983.29**	**$2,626,134,157.53**	**$106,456,825.76**
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	$52,889,827.00	$52,889,827.00	$0.00	$52,889,827.00	$52,889,827.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$853,468,802.42	$859,716,767.26	($6,247,964.84)	$853,468,802.42	$788,379,727.86	$65,089,074.56
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$951,486,429.42**	**$957,734,394.26**	**($6,247,964.84)**	**$951,486,429.42**	**$886,397,354.86**	**$65,089,074.56**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$705,515,000.00	$705,515,000.00	$0.00	$705,515,000.00	$705,515,000.00	$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$705,515,000.00**	**$705,515,000.00**	**$0.00**	**$705,515,000.00**	**$705,515,000.00**	**$0.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$35,569,080.43	$35,753,567.16	($184,486.73)	$35,569,080.43	$28,879,266.00	$6,689,814.43
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$136,052.65	$137,839.32	($1,786.67)	$136,052.65	$113,922.28	$22,130.37
Accum Prov - Pension & Benefit	$6,260,210.10	$6,358,606.15	($98,396.05)	$6,260,210.10	$6,164,095.93	$96,114.17
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	**$41,965,343.18**	**$42,250,012.63**	**($284,669.45)**	**$41,965,343.18**	**$35,157,284.21**	**$6,808,058.97**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$39,597,841.73	$37,770,888.91	$1,826,952.82	$39,597,841.73	$51,512,287.03	($11,914,445.30)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	$146,692,251.39	$114,438,695.48	$32,253,555.91	$146,692,251.39	$85,227,080.96	$61,465,170.43
Customer Deposits	$3,190,318.11	$3,206,470.11	($16,152.00)	$3,190,318.11	$3,341,168.69	($150,850.58)
Taxes Accrued	$18,914,188.26	$23,078,201.78	($4,164,013.52)	$18,914,188.26	$17,076,471.21	$1,837,717.05
Interest Accrued	$282,808.64	$281,445.28	$1,363.36	$282,808.64	$320,692.87	($37,884.23)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$23,793.04	$27,982.43	($4,189.39)	$23,793.04	$501,506.84	($477,713.80)
Misc Current & Accrued Liab	$44,324,625.66	$37,719,655.92	$6,604,969.74	$44,324,625.66	$60,809,351.05	($16,484,725.39)
Obligation Cap Lease - Current	$2,225,805.86	$2,209,180.92	$16,624.94	$2,225,805.86	$1,088,458.01	$1,137,347.85
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$255,251,632.69**	**$218,732,520.83**	**$36,519,111.86**	**$255,251,632.69**	**$219,877,016.66**	**$35,374,616.03**
Deferred Credits						
Customer Adv. for Construction	$4,970,963.65	$4,957,770.93	$13,192.72	$4,970,963.65	$4,954,204.27	$16,759.38
Acc Defd Investment Tax Credit	$1,629,618.00	$1,654,582.00	($24,964.00)	$1,629,618.00	$1,829,330.00	($199,712.00)
Other Deferred Credits	$5,717,778.31	$5,730,438.01	($12,659.70)	$5,717,778.31	$5,734,277.43	($16,499.12)

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	Month: *Aug - 2019*	Previous Month	Variance	Month: *Aug - 2019*	December of Previous Year	Variance
Other Regulatory Liabilities	$250,809,255.35	$251,040,627.39	($231,372.04)	$250,809,255.35	$267,658,578.41	($16,849,323.06)
Accum Defer Inc Tax - Oth Prop	$509,755,001.70	$507,625,061.70	$2,129,940.00	$509,755,001.70	$492,715,525.70	$17,039,476.00
Accum Defer Inc Tax - Other	$5,489,960.99	$5,388,563.99	$101,397.00	$5,489,960.99	$6,295,585.99	($805,625.00)
Deferred Credits	**$778,372,578.00**	**$776,397,044.02**	**$1,975,533.98**	**$778,372,578.00**	**$779,187,501.80**	**($814,923.80)**
Total Liabilities and Equity	**$2,732,590,983.29**	**$2,700,628,971.74**	**$31,962,011.55**	**$2,732,590,983.29**	**$2,626,134,157.53**	**$106,456,825.76**

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	Month: *Sep - 2019*	Previous Month	Variance	Month: *Sep - 2019*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,655,091,348.58	$2,620,569,512.32	$34,521,836.26	$2,655,091,348.58	$2,470,071,060.77	$185,020,287.81
Construction Work In Progress	$77,970,243.89	$86,859,929.59	($8,889,685.70)	$77,970,243.89	$47,472,392.48	$30,497,851.41
Total Utility Plant	**$2,733,061,592.47**	**$2,707,429,441.91**	**$25,632,150.56**	**$2,733,061,592.47**	**$2,517,543,453.25**	**$215,518,139.22**
Accum Prov - Amort and Depr	($497,053,923.02)	($494,549,452.69)	($2,504,470.33)	($497,053,923.02)	($463,846,358.44)	($33,207,564.58)
Net Utility Plant	**$2,236,007,669.45**	**$2,212,879,989.22**	**$23,127,680.23**	**$2,236,007,669.45**	**$2,053,697,094.81**	**$182,310,574.64**
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	**$2,236,739,541.70**	**$2,213,611,861.47**	**$23,127,680.23**	**$2,236,739,541.70**	**$2,054,428,967.06**	**$182,310,574.64**
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	$20,110,252.78	$20,071,487.61	$38,765.17	$20,110,252.78	$19,968,120.31	$142,132.47
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$3,639,339.54	$3,723,302.35	($83,962.81)	$3,639,339.54	$634,282.07	$3,005,057.47
Other Property and Investments	**$23,757,938.81**	**$23,803,136.45**	**($45,197.64)**	**$23,757,938.81**	**$20,610,748.87**	**$3,147,189.94**
Current and Accrued Assets						
Cash	$2,617,118.23	$1,708,056.55	$909,061.68	$2,617,118.23	$3,928,067.44	($1,310,949.21)
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	$1,508,139.49	$253,000.00	$1,255,139.49	$1,508,139.49	$253,205.46	$1,254,934.03
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$6,964,549.18	$10,091,059.42	($3,126,510.24)	$6,964,549.18	$44,704,353.21	($37,739,804.03)
AR from Associated Cos	$35,105.61	$86,277.11	($51,171.50)	$35,105.61	$153,583.67	($118,478.06)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$1,121,269.86	$1,115,996.87	$5,272.99	$1,121,269.86	$1,040,236.81	$81,033.05
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$63,573,083.77	$57,111,146.32	$6,461,937.45	$63,573,083.77	$60,321,626.56	$3,251,457.21
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$6,283,020.86	$4,466,741.83	$1,816,279.03	$6,283,020.86	$4,717,578.59	$1,565,442.27
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$320,702.53	$68,916.36	$251,786.17	$320,702.53	$234,291.47	$86,411.06
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$82,425,539.53**	**$74,903,744.46**	**$7,521,795.07**	**$82,425,539.53**	**$115,355,493.21**	**($32,929,953.68)**
Deferred Debits						
Unamortized Debt Expense	$1,820.38	$0.00	$1,820.38	$1,820.38	$0.00	$1,820.38
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$287,310,429.19	$287,687,173.54	($376,744.35)	$287,310,429.19	$292,807,239.64	($5,496,810.45)
Preliminary Surveys	$4,529,206.16	$4,099,479.02	$429,727.14	$4,529,206.16	$1,766,047.14	$2,763,159.02
Clearing Accounts	$2,157.37	$218,017.15	($215,859.78)	$2,157.37	$0.00	$2,157.37

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	Month: *Sep - 2019*	Previous Month	Variance	Month: *Sep - 2019*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$6,069,996.31	$6,153,090.34	($83,094.03)	$6,069,996.31	$5,012,465.63	$1,057,530.68
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$125,420,810.00	$124,245,843.00	$1,174,967.00	$125,420,810.00	$130,360,758.00	($4,939,948.00)
Unrecovered Purchase Gas Costs	$1,253,659.59	($2,131,362.14)	$3,385,021.73	$1,253,659.59	$5,792,437.98	($4,538,778.39)
Deferred Debits	**$424,588,079.00**	**$420,272,240.91**	**$4,315,838.09**	**$424,588,079.00**	**$435,738,948.39**	**($11,150,869.39)**
Assets and Other Debits	**$2,767,511,099.04**	**$2,732,590,983.29**	**$34,920,115.75**	**$2,767,511,099.04**	**$2,626,134,157.53**	**$141,376,941.51**
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	$52,889,827.00	$52,889,827.00	$0.00	$52,889,827.00	$52,889,827.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$847,274,586.14	$853,468,802.42	($6,194,216.28)	$847,274,586.14	$788,379,727.86	$58,894,858.28
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$945,292,213.14**	**$951,486,429.42**	**($6,194,216.28)**	**$945,292,213.14**	**$886,397,354.86**	**$58,894,858.28**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$805,515,000.00	$705,515,000.00	$100,000,000.00	$805,515,000.00	$705,515,000.00	$100,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$805,515,000.00**	**$705,515,000.00**	**$100,000,000.00**	**$805,515,000.00**	**$705,515,000.00**	**$100,000,000.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$35,383,817.77	$35,569,080.43	($185,262.66)	$35,383,817.77	$28,879,266.00	$6,504,551.77
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$144,544.85	$136,052.65	$8,492.20	$144,544.85	$113,922.28	$30,622.57
Accum Prov - Pension & Benefit	$6,237,076.65	$6,260,210.10	($23,133.45)	$6,237,076.65	$6,164,095.93	$72,980.72
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	**$41,765,439.27**	**$41,965,343.18**	**($199,903.91)**	**$41,765,439.27**	**$35,157,284.21**	**$6,608,155.06**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$40,442,086.17	$39,597,841.73	$844,244.44	$40,442,086.17	$51,512,287.03	($11,070,200.86)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	$79,373,882.46	$146,692,251.39	($67,318,368.93)	$79,373,882.46	$85,227,080.96	($5,853,198.50)
Customer Deposits	$3,226,014.11	$3,190,318.11	$35,696.00	$3,226,014.11	$3,341,168.69	($115,154.58)
Taxes Accrued	$14,441,164.23	$18,914,188.26	($4,473,024.03)	$14,441,164.23	$17,076,471.21	($2,635,306.98)
Interest Accrued	$284,260.35	$282,808.64	$1,451.71	$284,260.35	$320,692.87	($36,432.52)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$20,423.45	$23,793.04	($3,369.59)	$20,423.45	$501,506.84	($481,083.39)
Misc Current & Accrued Liab	$55,137,381.53	$44,324,625.66	$10,812,755.87	$55,137,381.53	$60,809,351.05	($5,671,969.52)
Obligation Cap Lease - Current	$2,409,028.73	$2,225,805.86	$183,222.87	$2,409,028.73	$1,088,458.01	$1,320,570.72
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$195,334,241.03**	**$255,251,632.69**	**($59,917,391.66)**	**$195,334,241.03**	**$219,877,016.66**	**($24,542,775.63)**
Deferred Credits						
Customer Adv. for Construction	$4,859,336.23	$4,970,963.65	($111,627.42)	$4,859,336.23	$4,954,204.27	($94,868.04)
Acc Defd Investment Tax Credit	$1,604,654.00	$1,629,618.00	($24,964.00)	$1,604,654.00	$1,829,330.00	($224,676.00)
Other Deferred Credits	$5,684,127.72	$5,717,778.31	($33,650.59)	$5,684,127.72	$5,734,277.43	($50,149.71)

Columbia Gas of Pennsylvania
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	Month: *Sep - 2019*	Previous Month	Variance	Month: *Sep - 2019*	December of Previous Year	Variance
Other Regulatory Liabilities	$249,817,488.96	$250,809,255.35	($991,766.39)	$249,817,488.96	$267,658,578.41	($17,841,089.45)
Accum Defer Inc Tax - Oth Prop	$511,884,942.70	$509,755,001.70	$2,129,941.00	$511,884,942.70	$492,715,525.70	$19,169,417.00
Accum Defer Inc Tax - Other	$5,753,655.99	$5,489,960.99	$263,695.00	$5,753,655.99	$6,295,585.99	($541,930.00)
Deferred Credits	**$779,604,205.60**	**$778,372,578.00**	**$1,231,627.60**	**$779,604,205.60**	**$779,187,501.80**	**$416,703.80**
Total Liabilities and Equity	**$2,767,511,099.04**	**$2,732,590,983.29**	**$34,920,115.75**	**$2,767,511,099.04**	**$2,626,134,157.53**	**$141,376,941.51**

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	Month: *Oct - 2019*	Previous Month	Variance	Month: *Oct - 2019*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,701,590,603.14	$2,655,091,348.58	$46,499,254.56	$2,701,590,603.14	$2,470,071,060.77	$231,519,542.37
Construction Work In Progress	$61,601,260.10	$77,970,243.89	($16,368,983.79)	$61,601,260.10	$47,472,392.48	$14,128,867.62
Total Utility Plant	**$2,763,191,863.24**	**$2,733,061,592.47**	**$30,130,270.77**	**$2,763,191,863.24**	**$2,517,543,453.25**	**$245,648,409.99**
Accum Prov - Amort and Depr	($501,371,670.64)	($497,053,923.02)	($4,317,747.62)	($501,371,670.64)	($463,846,358.44)	($37,525,312.20)
Net Utility Plant	**$2,261,820,192.60**	**$2,236,007,669.45**	**$25,812,523.15**	**$2,261,820,192.60**	**$2,053,697,094.81**	**$208,123,097.79**
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	**$2,262,552,064.85**	**$2,236,739,541.70**	**$25,812,523.15**	**$2,262,552,064.85**	**$2,054,428,967.06**	**$208,123,097.79**
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	$20,151,610.13	$20,110,252.78	$41,357.35	$20,151,610.13	$19,968,120.31	$183,489.82
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$3,675,283.71	$3,639,339.54	$35,944.17	$3,675,283.71	$634,282.07	$3,041,001.64
Other Property and Investments	**$23,835,240.33**	**$23,757,938.81**	**$77,301.52**	**$23,835,240.33**	**$20,610,748.87**	**$3,224,491.46**
Current and Accrued Assets						
Cash	$1,456,087.38	$2,617,118.23	($1,161,030.85)	$1,456,087.38	$3,928,067.44	($2,471,980.06)
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	$1,508,139.49	($1,255,139.49)	$253,000.00	$253,205.46	($205.46)
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$16,165,639.82	$6,964,549.18	$9,201,090.64	$16,165,639.82	$44,704,353.21	($28,538,713.39)
AR from Associated Cos	$89,446.02	$35,105.61	$54,340.41	$89,446.02	$153,583.67	($64,137.65)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$1,155,734.44	$1,121,269.86	$34,464.58	$1,155,734.44	$1,040,236.81	$115,497.63
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$65,811,031.60	$63,573,083.77	$2,237,947.83	$65,811,031.60	$60,321,626.56	$5,489,405.04
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$5,799,206.66	$6,283,020.86	($483,814.20)	$5,799,206.66	$4,717,578.59	$1,081,628.07
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$290,294.83	$320,702.53	($30,407.70)	$290,294.83	$234,291.47	$56,003.36
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$91,022,990.75**	**$82,425,539.53**	**$8,597,451.22**	**$91,022,990.75**	**$115,355,493.21**	**($24,332,502.46)**
Deferred Debits						
Unamortized Debt Expense	$0.00	$1,820.38	($1,820.38)	$0.00	$0.00	$0.00
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$286,965,632.71	$287,310,429.19	($344,796.48)	$286,965,632.71	$292,807,239.64	($5,841,606.93)
Preliminary Surveys	$4,665,096.25	$4,529,206.16	$135,890.09	$4,665,096.25	$1,766,047.14	$2,899,049.11
Clearing Accounts	($13,423.72)	$2,157.37	($15,581.09)	($13,423.72)	$0.00	($13,423.72)

Columbia Gas of Pennsylvania
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	Month: *Oct - 2019*	Previous Month	Variance	Month: *Oct - 2019*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$5,485,337.02	$6,069,996.31	($584,659.29)	$5,485,337.02	$5,012,465.63	$472,871.39
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$127,528,456.00	$125,420,810.00	$2,107,646.00	$127,528,456.00	$130,360,758.00	($2,832,302.00)
Unrecovered Purchase Gas Costs	$2,766,456.68	$1,253,659.59	$1,512,797.09	$2,766,456.68	$5,792,437.98	($3,025,981.30)
Deferred Debits	**$427,397,554.94**	**$424,588,079.00**	**$2,809,475.94**	**$427,397,554.94**	**$435,738,948.39**	**($8,341,393.45)**
Assets and Other Debits	**$2,804,807,850.87**	**$2,767,511,099.04**	**$37,296,751.83**	**$2,804,807,850.87**	**$2,626,134,157.53**	**$178,673,693.34**
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	$52,889,827.00	$52,889,827.00	$0.00	$52,889,827.00	$52,889,827.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$844,914,448.29	$847,274,586.14	($2,360,137.85)	$844,914,448.29	$788,379,727.86	$56,534,720.43
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$942,932,075.29**	**$945,292,213.14**	**($2,360,137.85)**	**$942,932,075.29**	**$886,397,354.86**	**$56,534,720.43**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$805,515,000.00	$805,515,000.00	$0.00	$805,515,000.00	$705,515,000.00	$100,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$805,515,000.00**	**$805,515,000.00**	**$0.00**	**$805,515,000.00**	**$705,515,000.00**	**$100,000,000.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$35,197,774.99	$35,383,817.77	($186,042.78)	$35,197,774.99	$28,879,266.00	$6,318,508.99
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$137,030.85	$144,544.85	($7,514.00)	$137,030.85	$113,922.28	$23,108.57
Accum Prov - Pension & Benefit	$6,110,405.43	$6,237,076.65	($126,671.22)	$6,110,405.43	$6,164,095.93	($53,690.50)
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	**$41,445,211.27**	**$41,765,439.27**	**($320,228.00)**	**$41,445,211.27**	**$35,157,284.21**	**$6,287,927.06**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$37,788,684.41	$40,442,086.17	($2,653,401.76)	$37,788,684.41	$51,512,287.03	($13,723,602.62)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	$112,061,092.62	$79,373,882.46	$32,687,210.16	$112,061,092.62	$85,227,080.96	$26,834,011.66
Customer Deposits	$3,296,033.11	$3,226,014.11	$70,019.00	$3,296,033.11	$3,341,168.69	($45,135.58)
Taxes Accrued	$17,274,105.78	$14,441,164.23	$2,832,941.55	$17,274,105.78	$17,076,471.21	$197,634.57
Interest Accrued	$283,743.85	$284,260.35	($516.50)	$283,743.85	$320,692.87	($36,949.02)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$28,224.39	$20,423.45	$7,800.94	$28,224.39	$501,506.84	($473,282.45)
Misc Current & Accrued Liab	$65,164,691.19	$55,137,381.53	$10,027,309.66	$65,164,691.19	$60,809,351.05	$4,355,340.14
Obligation Cap Lease - Current	$2,669,151.68	$2,409,028.73	$260,122.95	$2,669,151.68	$1,088,458.01	$1,580,693.67
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$238,565,727.03**	**$195,334,241.03**	**$43,231,486.00**	**$238,565,727.03**	**$219,877,016.66**	**$18,688,710.37**
Deferred Credits						
Customer Adv. for Construction	$4,297,229.60	$4,859,336.23	($562,106.63)	$4,297,229.60	$4,954,204.27	($656,974.67)
Acc Defd Investment Tax Credit	$1,579,690.00	$1,604,654.00	($24,964.00)	$1,579,690.00	$1,829,330.00	($249,640.00)
Other Deferred Credits	$5,664,834.85	$5,684,127.72	($19,292.87)	$5,664,834.85	$5,734,277.43	($69,442.58)

Columbia Gas of Pennsylvania
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	Month: *Oct - 2019*	Previous Month	Variance	Month: *Oct - 2019*	December of Previous Year	Variance
Other Regulatory Liabilities	$250,845,818.14	$249,817,488.96	$1,028,329.18	$250,845,818.14	$267,658,578.41	($16,812,760.27)
Accum Defer Inc Tax - Oth Prop	$508,278,393.70	$511,884,942.70	($3,606,549.00)	$508,278,393.70	$492,715,525.70	$15,562,868.00
Accum Defer Inc Tax - Other	$5,683,870.99	$5,753,655.99	($69,785.00)	$5,683,870.99	$6,295,585.99	($611,715.00)
Deferred Credits	**$776,349,837.28**	**$779,604,205.60**	**($3,254,368.32)**	**$776,349,837.28**	**$779,187,501.80**	**($2,837,664.52)**
Total Liabilities and Equity	**$2,804,807,850.87**	**$2,767,511,099.04**	**$37,296,751.83**	**$2,804,807,850.87**	**$2,626,134,157.53**	**$178,673,693.34**

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
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	Month: *Nov - 2019*	Previous Month	Variance	Month: *Nov - 2019*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$2,720,771,019.43	$2,701,590,603.14	$19,180,416.29	$2,720,771,019.43	$2,470,071,060.77	$250,699,958.66
Construction Work In Progress	$68,940,447.82	$61,601,260.10	$7,339,187.72	$68,940,447.82	$47,472,392.48	$21,468,055.34
Total Utility Plant	**$2,789,711,467.25**	**$2,763,191,863.24**	**$26,519,604.01**	**$2,789,711,467.25**	**$2,517,543,453.25**	**$272,168,014.00**
Accum Prov - Amort and Depr	($502,691,310.01)	($501,371,670.64)	($1,319,639.37)	($502,691,310.01)	($463,846,358.44)	($38,844,951.57)
Net Utility Plant	**$2,287,020,157.24**	**$2,261,820,192.60**	**$25,199,964.64**	**$2,287,020,157.24**	**$2,053,697,094.81**	**$233,323,062.43**
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	**$2,287,752,029.49**	**$2,262,552,064.85**	**$25,199,964.64**	**$2,287,752,029.49**	**$2,054,428,967.06**	**$233,323,062.43**
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	$20,214,952.11	$20,151,610.13	$63,341.98	$20,214,952.11	$19,968,120.31	$246,831.80
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	$3,679,392.88	$3,675,283.71	$4,109.17	$3,679,392.88	$634,282.07	$3,045,110.81
Other Property and Investments	**$23,902,691.48**	**$23,835,240.33**	**$67,451.15**	**$23,902,691.48**	**$20,610,748.87**	**$3,291,942.61**
Current and Accrued Assets						
Cash	$410,181.45	$1,456,087.38	($1,045,905.93)	$410,181.45	$3,928,067.44	($3,517,885.99)
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	$253,205.46	($205.46)
Accum Prov Uncollectible - Cr	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NR from Associated Cos	$38,501,029.93	$16,165,639.82	$22,335,390.11	$38,501,029.93	$44,704,353.21	($6,203,323.28)
AR from Associated Cos	$111,007.59	$89,446.02	$21,561.57	$111,007.59	$153,583.67	($42,576.08)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$1,158,550.74	$1,155,734.44	$2,816.30	$1,158,550.74	$1,040,236.81	$118,313.93
Merchandise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$59,220,987.16	$65,811,031.60	($6,590,044.44)	$59,220,987.16	$60,321,626.56	($1,100,639.40)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$5,092,243.25	$5,799,206.66	($706,963.41)	$5,092,243.25	$4,717,578.59	$374,664.66
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc Current & Accrued Assets	$1,353,762.91	$290,294.83	$1,063,468.08	$1,353,762.91	$234,291.47	$1,119,471.44
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$106,103,313.03**	**$91,022,990.75**	**$15,080,322.28**	**$106,103,313.03**	**$115,355,493.21**	**($9,252,180.18)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$285,794,016.00	$286,965,632.71	($1,171,616.71)	$285,794,016.00	$292,807,239.64	($7,013,223.64)
Preliminary Surveys	$4,817,638.69	$4,665,096.25	$152,542.44	$4,817,638.69	$1,766,047.14	$3,051,591.55
Clearing Accounts	$1,296.33	($13,423.72)	$14,720.05	$1,296.33	$0.00	$1,296.33

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Nov - 2019
FDW Standard Report - For Internal Use Only

	Month: *Nov - 2019*	Previous Month	Variance	Month: *Nov - 2019*	December of Previous Year	Variance
Miscellaneous Deferred Debits	$5,507,955.49	$5,485,337.02	$22,618.47	$5,507,955.49	$5,012,465.63	$495,489.86
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$124,000,822.00	$127,528,456.00	($3,527,634.00)	$124,000,822.00	$130,360,758.00	($6,359,936.00)
Unrecovered Purchase Gas Costs	$1,775,504.93	$2,766,456.68	($990,951.75)	$1,775,504.93	$5,792,437.98	($4,016,933.05)
Deferred Debits	**$421,897,233.44**	**$427,397,554.94**	**($5,500,321.50)**	**$421,897,233.44**	**$435,738,948.39**	**($13,841,714.95)**
Assets and Other Debits	**$2,839,655,267.44**	**$2,804,807,850.87**	**$34,847,416.57**	**$2,839,655,267.44**	**$2,626,134,157.53**	**$213,521,109.91**
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	$52,889,827.00	$52,889,827.00	$0.00	$52,889,827.00	$52,889,827.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$859,124,191.53	$844,914,448.29	$14,209,743.24	$859,124,191.53	$788,379,727.86	$70,744,463.67
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$957,141,818.53**	**$942,932,075.29**	**$14,209,743.24**	**$957,141,818.53**	**$886,397,354.86**	**$70,744,463.67**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$785,515,000.00	$805,515,000.00	($20,000,000.00)	$785,515,000.00	$705,515,000.00	$80,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$785,515,000.00**	**$805,515,000.00**	**($20,000,000.00)**	**$785,515,000.00**	**$705,515,000.00**	**$80,000,000.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$27,087,751.28	$35,197,774.99	($8,110,023.71)	$27,087,751.28	$28,879,266.00	($1,791,514.72)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$143,664.60	$137,030.85	$6,633.75	$143,664.60	$113,922.28	$29,742.32
Accum Prov - Pension & Benefit	$5,935,103.46	$6,110,405.43	($175,301.97)	$5,935,103.46	$6,164,095.93	($228,992.47)
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	**$33,166,519.34**	**$41,445,211.27**	**($8,278,691.93)**	**$33,166,519.34**	**$35,157,284.21**	**($1,990,764.87)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$43,680,534.54	$37,788,684.41	$5,891,850.13	$43,680,534.54	$51,512,287.03	($7,831,752.49)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	$153,810,659.99	$112,061,092.62	$41,749,567.37	$153,810,659.99	$85,227,080.96	$68,583,579.03
Customer Deposits	$3,406,498.11	$3,296,033.11	$110,465.00	$3,406,498.11	$3,341,168.69	$65,329.42
Taxes Accrued	$18,053,167.79	$17,274,105.78	$779,062.01	$18,053,167.79	$17,076,471.21	$976,696.58
Interest Accrued	$287,134.10	$283,743.85	$3,390.25	$287,134.10	$320,692.87	($33,558.77)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$156,499.49	$28,224.39	$128,275.10	$156,499.49	$501,506.84	($345,007.35)
Misc Current & Accrued Liab	$67,027,441.26	$65,164,691.19	$1,862,750.07	$67,027,441.26	$60,809,351.05	$6,218,090.21
Obligation Cap Lease - Current	$2,513,265.92	$2,669,151.68	($155,885.76)	$2,513,265.92	$1,088,458.01	$1,424,807.91
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$288,935,201.20**	**$238,565,727.03**	**$50,369,474.17**	**$288,935,201.20**	**$219,877,016.66**	**$69,058,184.54**
Deferred Credits						
Customer Adv. for Construction	$4,225,187.75	$4,297,229.60	($72,041.85)	$4,225,187.75	$4,954,204.27	($729,016.52)
Acc Defd Investment Tax Credit	$1,554,726.00	$1,579,690.00	($24,964.00)	$1,554,726.00	$1,829,330.00	($274,604.00)
Other Deferred Credits	$5,658,059.91	$5,664,834.85	($6,774.94)	$5,658,059.91	$5,734,277.43	($76,217.52)

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Nov - 2019
FDW Standard Report - For Internal Use Only

	Month: *Nov - 2019*	Previous Month	Variance	Month: *Nov - 2019*	December of Previous Year	Variance
Other Regulatory Liabilities	$248,143,965.02	$250,845,818.14	($2,701,853.12)	$248,143,965.02	$267,658,578.41	($19,514,613.39)
Accum Defer Inc Tax - Oth Prop	$510,408,337.70	$508,278,393.70	$2,129,944.00	$510,408,337.70	$492,715,525.70	$17,692,812.00
Accum Defer Inc Tax - Other	$4,906,451.99	$5,683,870.99	($777,419.00)	$4,906,451.99	$6,295,585.99	($1,389,134.00)
Deferred Credits	**$774,896,728.37**	**$776,349,837.28**	**($1,453,108.91)**	**$774,896,728.37**	**$779,187,501.80**	**($4,290,773.43)**
Total Liabilities and Equity	**$2,839,655,267.44**	**$2,804,807,850.87**	**$34,847,416.57**	**$2,839,655,267.44**	**$2,626,134,157.53**	**$213,521,109.91**

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 2015 to December 2019.

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.

CREDIT RATINGS MATRIX

NiSource

Moody's	2019	2018	2017	2016	2015
Issuer Rating	Baa2	Baa2	Baa2	Baa2	Baa2
Commercial Paper	P-2	P-2	P-2	P-2	P-2
Standard & Poor's					
Corporate Credit Rating	BBB+	BBB+	BBB+	BBB+	BBB+
Commercial Paper	A-2	A-2	A-2	A-2	A-2
Fitch					
Issuer Rating	BBB	BBB	BBB	BBB	BBB-
Commercial Paper	F-2	F-2	F-3	F-3	F-3

Columbia Gas of Pennsylvania

Moody's	2019	2018	2017	2016	2015
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 – Fitch (October 2018)
Attachment B – Fitch (October 2018)
Attachment C – Fitch (October 2019)
Attachment D – Moody's (September 2018)
Attachment E – Moody's (July 2019)
Attachment F – Standard & Poors (May 2018)
Attachment G – Standard & Poors (September 2018)

FitchRatings

Fitch Affirms NiSource Inc.'s LT IDR at 'BBB'; Outlook Stable

Fitch Ratings-New York-17 October 2018: Fitch Ratings has affirmed the Long-Term Issuer Default Ratings (IDRs) of NiSource Inc. (NI) and Northern Indiana Public Service Company (NIPSCO) at 'BBB'. The Rating Outlook is Stable. Approximately $9.2 billion debt obligations are affected by this rating action. A complete list of rating actions follows at the end of this release.

KEY RATING DRIVERS

Boston-area Gas Explosion

The Boston-area gas explosions in NiSource's service territory are credit negative. However, the rating impact arising from these types of incidents depends on the outcome of investigations and potential range of liabilities. We will incorporate into our analysis the amount and timing of fines and penalties, the sufficiency of insurance, the recoverability of costs, the utility's desire and/or ability to adjust its financial strategy to support the rating, as well as the severity of political and community backlash arising from these events. Management indicated that it has a combined insurance coverage of $800 million applicable to such incidents. Fitch has assumed a certain amount of unrecoverable costs including fines and penalties in its rating case.

A preliminary report by National Transportation Safety Board (NTSB) indicated that Columbia Gas of Massachusetts (CGM) developed and approved a work package that did not ensure the gas regulators sensed actual system pressure, leading to the over-pressurization of low-pressure gas pipelines. CGM was criticized by politicians for being unprepared for the incident, and Governor Baker directed competitor Eversource Energy to lead service restoration efforts. At the time of the incident, CGM was in the process of executing its pipeline line replacement program in the area. After the incident, CGM announced plans to accelerate the replacement of 48 miles of case iron and bare-steel pipelines and 6,100 service lines with excess flow valves in the affected area. They expect to complete the replacements by Nov. 19.

CGM has withdrawn its rate case in order to focus on restoring service to the affected communities. The rate case was filed in April 2018, and a settlement was reached in early September that allows a $33 million rate increase with 9.7% ROE on 53.25% equity. Fitch believes the impact from the withdrawal is mitigated by NiSource's diversified service territories. CGM represented about 7.3% of NiSource's total rate base as of YE 2017.

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 66% and 34%, respectively, of the total rate base at year end 2017. 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 and Ohio, NI's primary service territories, to be among the most supportive jurisdictions. Fitch believes that 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 large capex program and legacy debt leverage.

NIPSCO Gas Rate Case Approval

NIPSCO's gas distribution rate case was constructive, in Fitch's view. A total of $107.3 million rate increase will be implemented through three steps based on a 9.85% ROE with equity component rising from 45.81% to 46.88%. Out of the total rate increase, $85.6 million rate increase took effect on Oct 1, 2018, followed by $29.2 million (second step) to be implemented on Jan. 1, 2019. Third and last step is an $8.4 million refund beginning Jan. 1, 2020 to flow back over 12 years the unprotected accumulated deferred income tax. The ROE and 12-year amortization are both above industry average, a credit positive. The new capital structure has a higher equity component than the 46.29% authorized in the 2009 rate case.

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 75% 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 2017, 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 benefited 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). NI's robust capex program is supported by infrastructure modernization legislations in most of NI's service territories. All of NI's utilities use infrastructure trackers on a regular basis except Pennsylvania. 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. The capex program will pressure the credit metrics. Fitch projects NI's FFO-adjusted leverage will rise to 6x in

2018, driven primarily by capex, and decline to 5x by 2020.

Tax Reform

NiSource issued $600 million equity in the second quarter of 2018, in anticipation of the negative impact from tax reform. Since then, several of NiSource's utility subsidiaries have been able to receive reasonable outcomes in their respective states to mitigate the adverse impact of tax reform. The majority of benefits from federal tax reduction and return of excess accumulated deferred income taxes will flow to customers and offset requested rate increases in rate cases in Indiana, Pennsylvania, Maryland and Massachusetts and in Ohio's gas infrastructure tracker, with implementation occurring from 2018 to as late as 2020. With the equity issuance, NiSource is expected to largely neutralize the negative impact from tax reform.

Exiting Coal

Fitch views favorably NI's recent announcement that it will accelerate the retirement of its entire coal generation to be completed by 2028. NIPSCO has retired as planned the two Bailly generation units this year. In September 2018, NI indicated that it will accelerate the retirement of its remaining five coal-fired generation stations including four units at the R.M. Schahfer station retiring no later than 2023 and one at Michigan City station retiring by 2028. The capacity will likely be replaced by renewable energy and battery storage. Currently, NIPSCO's electric generation capacity is consisted of 77% coal, 22% natural gas and 1% other.

Parent Sub Linkage

Generally, Fitch considers NIPSCO to be stronger than NiSource due to its lower leverage and lower operating risks as a regulated utility. However, NiSource finances all its operating subsidiaries including NIPSCO at the parent level and distribute proceeds through equity and intercompany loan. As such, NIPSCO's standalone credit profile is not analytically meaningful and its rating will reflect NI's consolidated credit profile.

DERIVATION SUMMARY

NiSource's fully regulated business model provides more predictable earnings and cash flow, compared with its similarly rated-peers CenterPoint Energy Inc. (CNP; IDR BBB/Stable), Southern Company Gas (GAS; IDR BBB+/Negative) and National Fuel Gas (NFG; IDR BBB/Stable), which invest in unregulated operations. NiSource's business model, along with geographic diversification and supportive regulation mitigate its relatively weak credit metrics. Similar to IPALCO Enterprises, Inc. (IPALCO; IDR BB+/Positive), which also operates in Indiana, NiSource's subsidiary NIPSCO has coal generation. However, NiSource's operation is more diversified and gas-focused compared with IPALCO's single state electric generation.

NIPSCO's gas and electric assets are superior to Indianapolis Power and Light's (IPL; IDR BBB-/Positive) electric only operations as gas utilities generally have lower operating risks and enjoy favorable regulation. NIPSCO and IPL's coal generation portfolio relies on Indiana's supportive environmental cost recovery mechanisms. NIPSCO's standalone credit profile is strong. However, its rating is the same as its corporate parent NiSource, as it depends on NiSource for funding through intercompany notes and equity injection. IPL's rating is constrained by ownership by IPALCO which relies on IPL solely to service its debt obligations.

KEY ASSUMPTIONS

Fitch's key assumptions within its rating case for the issuers include:

--Capex of $5 billion-$6 billion for 2018-2020 forecast period;
--$600 million equity issuance in 2018;
--$400 million preferred stock issuance in 2018 with 50% equity credit;
--A certain amount of unrecoverable costs including fines and penalties is assumed as result of the Boston-area gas explosions;
--Over the forecast period, issuance of additional equity or equity-credit instruments as necessary to achieve stated leverage targets.

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

- If NiSource receives a substantially larger fine or penalties than what Fitch has incorporated in its rating case and/or relationship with politicians and customers deteriorates substantially over an extended period of time as a result of the Boston-area gas explosions, negative rating actions could occur;
- 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.

Fitch has affirmed following ratings with a Stable Outlook:

NiSource Inc.
--Long-term IDR at 'BBB';
--Short-term IDR at 'F2';
--Commercial paper at 'F2';
--Senior unsecured notes at 'BBB';
--Preferred stock at 'BB+'.

Northern Indiana Public Service Co.
--Long-term IDR at 'BBB';
--Senior unsecured and revenue bonds at 'BBB+'.

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Additional information is available on www.fitchratings.com

Applicable Criteria

Corporate Rating Criteria (pub. 23 Mar 2018) (https://www.fitchratings.com/site/re/10023785)
Corporates Notching and Recovery Ratings Criteria (pub. 23 Mar 2018) (https://www.fitchratings.com/site/re/10024585)
Parent and Subsidiary Rating Linkage (pub. 16 Jul 2018) (https://www.fitchratings.com/site/re/10036366)

Additional Disclosures

Dodd-Frank Rating Information Disclosure Form (https://www.fitchratings.com/site/dodd-frank-disclosure/10048861)
Solicitation Status (https://www.fitchratings.com/site/pr/10048861#solicitation)
Endorsement Policy (https://www.fitchratings.com/regulatory)

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NiSource Inc.

Rating Type	Rating	Outlook	Last Rating Action
Long-Term IDR	BBB	Stable	Affirmed 16 October 2018
Short-Term IDR/CP	F2		Affirmed 16 October 2018
Senior Unsecured	BBB		Affirmed 16 October 2018
Preferred	BB+		Affirmed 16 October 2018

Financial Summary

(USDm)	Dec 2014	Dec 2015	Dec 2016	Dec 2017
Gross Revenue	6,471	4,652	4,493	4,875
Operating EBITDAR	1,813	1,344	1,420	1,500
Cash Flow from Operations (Fitch Defined)	1,320	1,163	805	742
Capital Intensity (Capex/Revenue) (%)	31.3	29.3	32.8	34.8
Total Adjusted Debt With Equity Credit	10,181	7,140	8,033	9,184
FFO Fixed-Charge Coverage (x)	4.2	3.5	4.0	3.0
FFO-Adjusted Leverage (x)	5.3	5.0	5.7	8.4
Total Adjusted Debt/Operating EBITDAR (x)	5.6	5.3	5.7	6.1

Source: Fitch Ratings, Fitch Solutions.

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. The financial impact from the Boston-area gas explosions is uncertain over the near to medium term, an event risk. NI's ratings and Outlook have incorporated Fitch Ratings' assumptions of a certain amount of fines and penalties based on outcomes of past incidents. 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 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

Boston-Area Gas Explosion: The Boston-area gas explosions in NI's service territory are credit negative. However, the rating impact arising from these types of incidents depends on the outcome of investigations and potential range of liabilities. We will incorporate into our analysis the amount and timing of fines and penalties, the sufficiency of insurance, the recoverability of costs, the utility's desire and/or ability to adjust its financial strategy to support the rating, as well as the severity of political and community backlash arising from these events. Management indicated it has a combined insurance coverage of $800 million applicable to such incidents. Fitch has assumed a certain amount of unrecoverable costs, including fines and penalties in its rating case.

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 66% and 34%, respectively, of the total rate base at YE 2017. 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 and Ohio, NI's primary service territories, to be among 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 large capex program and legacy debt leverage.

NIPSCO Gas Rate Case Approval: NI's subsidiary Northern Indiana Public Service Company's (NIPSCO, BBB/Stable) gas distribution rate case was constructive, in Fitch's view. A $107.3 million rate increase will be implemented through three steps based on a 9.85% ROE, with equity component rising to 46.88% from 45.81%. Out of the total rate increase, the $84.3 million rate increase took effect on Oct. 1, 2018, followed by $31.4 million (second step) to be implemented on March 1, 2019. The third and last step is an $8.4 million refund beginning Jan. 1, 2020 to flow back the unprotected accumulated deferred income tax over 12 years. The ROE and 12-year amortization are both above industry average, a credit positive. The new capital structure has a higher equity component than the 46.29% authorized in the 2009 rate case.

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 75% 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 2017, 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 benefited 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). NI's robust capex program is supported by infrastructure modernization legislations in most of NI's service territories. All of NI's utilities use infrastructure trackers on a regular basis except Pennsylvania. These investments will grow rate base for the gas segment by 9%–11% annually and for the electric segment by 4%–6% through 2020. The capex program will pressure the credit metrics. Fitch projects NI's FFO-adjusted leverage will rise to 6.0x in 2018, driven primarily by capex, and decline to 5.0x by 2020.

Tax Reform: NI issued $600 million equity in the second quarter of 2018, in anticipation of the negative impact from tax reform. Since then, several of NI's utility subsidiaries have been able to receive reasonable outcomes in their respective states to mitigate the adverse impact of tax reform. The majority of benefits from federal tax reduction and return of excess accumulated deferred income taxes will flow to customers and offset requested rate increases in rate cases in Indiana, Pennsylvania, Maryland and Massachusetts and in Ohio's gas infrastructure tracker, with implementation occurring from 2018 to as late as 2020. With the equity issuance, NI is expected to largely neutralize the negative impact from tax reform.

Exiting Coal: Fitch views favorably NI's recent announcement it will accelerate the retirement of its entire coal generation. NIPSCO has retired as planned the two Bailly generation units this year. NI indicated it will accelerate the retirement of its remaining five coal-fired generation stations in September 2018, including four units at the R.M. Schahfer station retiring no later than 2023 and one at Michigan City station retiring by 2028. The capacity will likely be replaced by renewable energy and battery storage. NIPSCO's electric generation capacity consists of 77% coal, 22% natural gas and 1% other.

Parent-Sub Linkage: Generally, Fitch considers NIPSCO to be stronger than NI due to its lower leverage and lower operating risks as a regulated utility. However, NI finances all its operating subsidiaries, including NIPSCO at the parent level, and distributes proceeds through equity and intercompany loan. As such, NIPSCO's stand-alone credit profile is not analytically meaningful and its rating reflects NI's consolidated credit profile.

Rating Derivation Relative to Peers

Rating Derivation Versus Peers	
Peer Comparison	NI's fully regulated business model provides more predictable earnings and cash flow, compared with its similarly rated-peers CenterPoint Energy Inc. (CNP; Issuer Default Rating [IDR] BBB/Stable), Southern Company Gas (GAS; IDR BBB+/Negative) and National Fuel Gas (NFG; IDR BBB/Stable), which invest in unregulated operations. NI's business model, along with geographic diversification and supportive regulation, mitigate its relatively weak credit metrics. Similar to IPALCO Enterprises, Inc. (IPALCO; IDR BB+/Positive), which also operates in Indiana, NI's subsidiary NIPSCO has coal generation. However, NI's operation is more diversified and gas-focused compared with IPALCO's single-state electric generation. NIPSCO's gas and electric assets are superior to Indianapolis Power and Light's (IPL; IDR BBB–/Positive) electric only operations as gas utilities generally have lower operating risks and enjoy favorable regulation. NIPSCO and IPL's coal generation portfolio relies on Indiana's supportive environmental cost recovery mechanisms. NIPSCO's stand-alone credit profile is strong. However, its rating is the same as its corporate parent NI, as it depends on NI for funding through intercompany notes and equity injection. IPL's rating is constrained by ownership by IPALCO, which relies on IPL solely to service its debt obligations.
Parent/Subsidiary Linkage	Generally, Fitch considers NIPSCO to be stronger than NI due to its lower leverage and lower operating risks as a regulated utility. However, NI finances all its operating subsidiaries, including NIPSCO at the parent level, and distributes proceeds through equity and intercompany loan. As such, NIPSCO's stand-alone credit profile is not analytically meaningful and its rating reflects NI's consolidated credit profile.
Source: Fitch Ratings.	

Rating Sensitivities

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.

Developments That May, Individually or Collectively, Lead to Negative Rating Action

- If NI receives a substantially larger fine or penalties than what Fitch has incorporated in its rating case and/or relationship with politicians and customers deteriorates substantially over an extended period of time as a result of the Boston-area gas explosions, negative rating actions could occur;
- 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

Adquate Liquidity: NI has sufficient liquidity. NI currently maintains a $1.9 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. NI had no outstanding CP and $10.2 million of stand-by LOC outstanding under the revolving credit facility at June 30, 2018, leaving $1.8 billion available under the revolver. NI had $68.2 million in cash. The revolver sets a maximum debt/cap ratio of 70%. The debt/cap was 60.3% as of June 30, 2018. In addition, the regulated utilities' liquidity is also supported by accounts receivable securitization program ($320 million limit as of June 30, 2018), which did not have an outstanding amount as of June 30, 2018.

NI has been actively refinancing its debt maturities with longer tenor and lower interest rates. In 2018, using the proceeds from equity, preferred securities, a $600 million term loan and $350 million senior unsecured note, NI redeemed $760 million of notes maturing in 2019, 2020 and 2022. Debt maturities are manageable with no debt due in remainder of 2018 and $600 million term loan due April 2019 and $41 million pollution control bonds due at NIPSCO in April 2019, most of which will be refinanced.

Debt Maturities and Liquidity at June 30, 2018

Liquidity Summary

(USD Mil.)	12/31/2017	6/30/2018
Total Cash and Cash Equivalents	38	81
Short-Term Investments	0	0
Less: Not Readily Available Cash and Cash Equivalents	9	13
Fitch-Defined Readily Available Cash and Cash Equivalents	**29**	**68**
Availability Under Committed Lines of Credit	970	2,160
Total Liquidity	**999**	**2,228**
LTM EBITDA	1,486	1,468
LTM FCF	(1,183)	(1,143)

Source: Fitch Ratings, Fitch Solutions, NiSource Inc.

Scheduled Debt Maturities

(USD Mil.)	6/30/2018
2018	0
2019	641
2020	0
2021	64
2022	530
Thereafter	6,395
Total Debt Maturities	**7,630**

Source: Fitch Ratings, Fitch Solutions, NiSource Inc.

Key Rating Issues

The Issue	Boston-area gas explosion
Our View	Fitch views the recent gas explosion in NI's service territory negatively. However, the rating impact arising from these types of incidents depends on the outcome of investigations and potential range of liabilities. On Sept. 13, 2018, the service territory of Columbia Gas of Massachusetts (CGM, a NI subsidiary) in the Boston suburb experienced several gas explosions and fires, causing one death, dozens of injuries and damage to homes. The incident was caused by over-pressurization of low-pressure gas pipelines pressure. A preliminary report by National Transportation Safety Board (NTSB) indicated that CGM developed and approved a work package that did not ensure the gas regulators sensed actual system pressure, leading to the over-pressurization of low-pressure gas pipelines. CGM was criticized by politicians for being unprepared for the incident, and Governor Baker directed competitor Eversource Energy to lead service restoration efforts. At the time of the incident, CGM was in the process of executing its pipeline line replacement program in the area. After the incident, CGM announced plans to accelerate the replacement of 48 miles of case iron and bare-steel pipelines and 6,100 service lines with excess flow valves in the affected area. They expect to complete the replacements by Nov. 19, 2018. CGM has withdrawn its rate case to focus on restoring service to the affected communities. The rate case was filed in April 2018, and a settlement was reached in early September that allows a $33 million rate increase with 9.7% ROE on 53.25% equity. Fitch believes the impact from the withdrawal is mitigated by NI's diversified service territories. CGM represented about 7.3% of NI's total rate base as of YE 2017. Fitch views the tragic event negatively. However, based on observation of past incidents, political rhetoric from the incident tends to outweigh the ultimate impact for the affected utilities in the near term. Nevertheless, we are monitoring the situation closely. We will incorporate into our analysis the amount and timing of fines and penalties, the sufficiency of insurance, the recoverability of costs, the utility's desire and/or ability to adjust its financial strategy to support the rating, as well as the severity of political and community backlash arising from these events. Management indicated it has a combined insurance coverage of $800 million applicable to such incidents. Fitch has assumed a certain amount of unrecoverable costs, including fines and penalties in its rating case.
Timeline:	Short to intermediate term — Rating Impact: Neutral to negative

The Issue	NI's robust capex program will pressure credit metrics
Our View	NI continues to execute the largest capex program in its history, driven by politically uncontroversial infrastructure programs, which will pressure the credit metrics temporarily. NI's capex began to ramp up in 2012 after averaging $709 million per year from 2008 to 2011. Since then, capex has averaged $1.7 billion per year, a trend which will continue. Capex will total $5.3 billion, or $1.8 billion per year, during 2018–2020. The capex investments will grow the rate base for the gas segment by 9%–11% per year and for the electric segment by 4%–6% through 2020 and the company estimates 75% of the capex will begin earning within 12 months, which Fitch views favorably. NI plans to meet the annual net cash needs using at-the-market equity issuance, hybrid equity issuance, employee stock purchase plan and incremental debt financing. Primarily due to the high capex, credit metrics will be elevated in the intermediate term. Fitch projects NI's FFO-adjusted leverage will rise to 6.0x in 2018, driven primarily by capex, and decline to 5.0x by 2020. Debt balances at year end are inflated, as gas local distribution companies normally borrow to finance their gas supply for winter heating needs. On a normalized basis, the FFO-adjusted leverage would have been approximately 0.3x lower in this case.
Timeline:	Intermediate — Rating Impact: Short-term negative and long-term positive

Key Assumptions

Fitch's Key Assumptions Within Our Rating Case for the Issuer Include:

- Capex of $5 billion–$6 billion for 2018–2020 forecast period;
- $600 million equity issuance in 2018;
- $400 million preferred stock issuance in 2018 with 50% equity credit;
- A certain amount of unrecoverable costs, including fines and penalties, is assumed as result of the Boston-area gas explosions;
- Over the forecast period, issuance of additional equity or equity-credit instruments as necessary to achieve stated leverage targets.

Financial Data

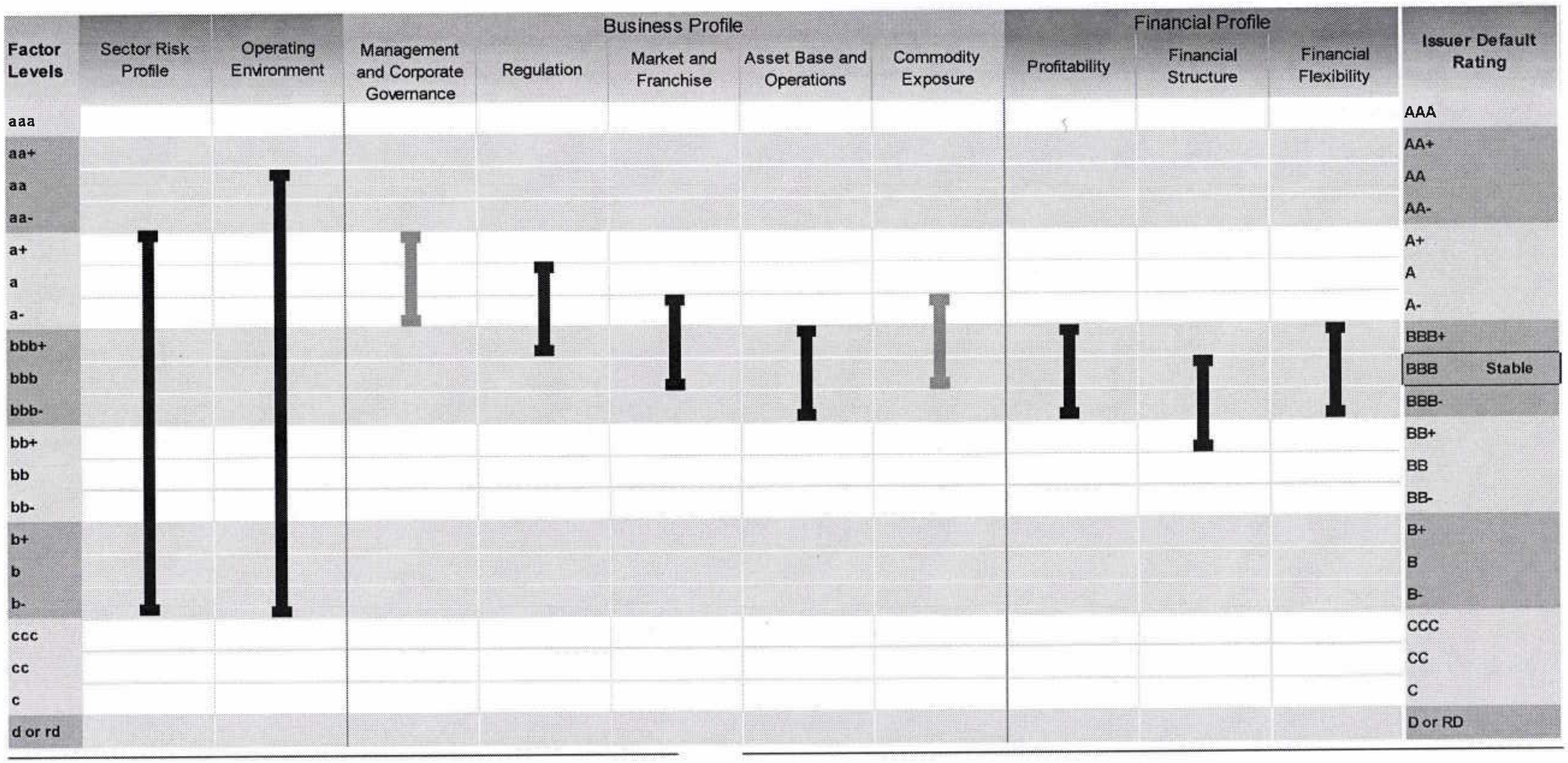
(USDm)	Historical				
	Dec 2013	Dec 2014	Dec 2015	Dec 2016	Dec 2017
Summary Income Statement					
Gross Revenue	5,657	6,471	4,652	4,493	4,875
Revenue Growth (%)	11.8	14.4	-28.1	-3.4	8.5
Operating EBITDA (Before Income from Associates)	1,666	1,790	1,326	1,404	1,486
Operating EBITDA Margin (%)	29.5	27.7	28.5	31.3	30.5
Operating EBITDAR	1,687	1,813	1,344	1,420	1,500
Operating EBITDAR Margin (%)	29.8	28.0	28.9	31.6	30.8
Operating EBIT	1,089	1,184	802	857	916
Operating EBIT Margin (%)	19.3	18.3	17.2	19.1	18.8
Gross Interest Expense	-434	-444	-380	-355	-359
Pretax Income (Including Associate Income/Loss)	735	810	340	510	443
Summary Balance Sheet					
Readily Available Cash and Equivalents	27	25	16	26	29
Total Debt with Equity Credit	8,834	9,999	6,993	7,909	9,074
Total Adjusted Debt with Equity Credit	9,005	10,181	7,140	8,033	9,184
Net Debt	8,807	9,974	6,977	7,883	9,045
Summary Cash Flow Statement					
Operating EBITDA	1,666	1,790	1,326	1,404	1,486
Cash Interest Paid	-403	-429	-390	-338	-346
Cash Tax	-10	-19	-21	-8	-6
Dividends Received Less Dividends Paid to Minorities (Inflow/(Out)flow)	0	0	0	0	0
Other Items Before FFO	119	119	102	-8	-394
Funds Flow from Operations	1,372	1,461	1,017	1,051	741
FFO Margin (%)	24.3	22.6	21.9	23.4	15.2
Change in Working Capital	65	-141	147	-246	1
Cash Flow from Operations (Fitch Defined)	1,437	1,320	1,163	805	742
Total Non-Operating/Nonrecurring Cash Flow	0	0	293	-1	0
Capex	-1,880	-2,029	-1,361	-1,475	-1,696
Capital Intensity (Capex/Revenue) %	33.2	31.3	29.3	32.8	34.8
Common Dividends	-306	-321	-263	-206	-229
FCF	-749	-1,030	-167	-877	-1,183
Net Acquisitions and Divestitures	18	13	5	0	0
Other Investing and Financing Cash Flow Items	-162	-110	3,179	-112	-257
Net Debt Proceeds	719	1,106	-3,029	986	1,113
Net Equity Proceeds	36	20	2	14	330
Total Change in Cash	-138	-1	-10	11	3
Calculations for Forecast Publication					
Capex, Dividends, Acquisitions and Other Items Before FCF	-2,168	-2,337	-1,326	-1,682	-1,925
FCF After Acquisitions and Divestitures	-731	-1,017	-163	-877	-1,183
FCF Margin (After Net Acquisitions) (%)	-12.9	-15.7	-3.5	-19.5	-24.3
Coverage Ratios					
FFO Interest Coverage (x)	4.4	4.4	3.6	4.1	3.1
FFO Fixed-Charge Coverage (x)	4.2	4.2	3.5	4.0	3.0
Operating EBITDAR/Interest Paid + Rents (x)	4.0	4.0	3.3	4.0	4.2
Operating EBITDA/Interest Paid (x)	4.1	4.2	3.4	4.2	4.3
Leverage Ratios					
Total Adjusted Debt/Operating EBITDAR (x)	5.3	5.6	5.3	5.7	6.1
Total Adjusted Net Debt/Operating EBITDAR (x)	5.3	5.6	5.3	5.6	6.1
Total Debt with Equity Credit/Operating EBITDA (x)	5.3	5.6	5.3	5.6	6.1
FFO-Adjusted Leverage (x)	5.0	5.3	5.0	5.7	8.4
FFO-Adjusted Net Leverage (x)	5.0	5.3	5.0	5.7	8.3

Source: Fitch Ratings, Fitch Solutions.

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	bb	3.5x
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

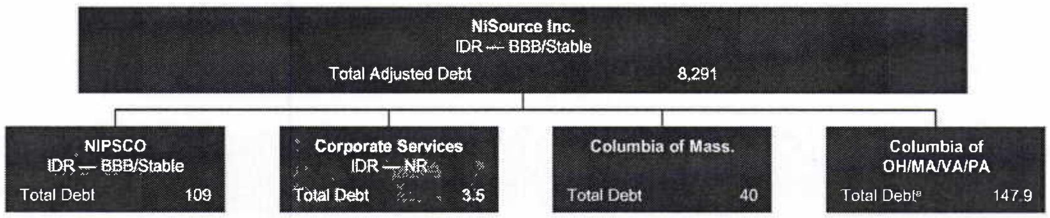
bbb+	Lease Adjusted FFO Gross Leverage	bbb	5.0x
bbb	Total Adjusted Debt/Operating	bb	4.75x
bbb-			
bb+			
bb			

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 1.42.2.0

Simplified Group Structure Diagram

Organizational and Debt Structure
($ Mil., Debt As of June 30, 2018)



[a]Capital leases. IDR – Issuer Default Rating. NR – Not rated.
Source: Fitch Ratings, Fitch Solutions, NiSource Inc.

Peer Financial Summary

Company	IDR	Financial Statement Date	Gross Revenue ($ Mil.)	Funds Flow From Operations ($ Mil.)	FFO Fixed Charge Coverage (x)	FFO-Adjusted Leverage (x)	Total Adjusted Debt/Operating EBITDAR (x)
NiSource Inc.	BBB						
	BBB	2017	4,875	741	3.0	8.4	6.1
	BBB	2016	4,493	1,051	4.0	5.7	5.7
	BBB–	2015	4,652	1,017	3.5	5.0	5.3
National Fuel Gas Co.	BBB						
	BBB	2017	1,580	625	6.1	3.3	3.1
	BBB	2016	1,452	640	5.9	2.8	2.7
	BBB+	2015	1,761	764	8.3	2.5	2.5
CenterPoint Energy Resources Corp.	BBB						
	BBB	2017	7,093	885	5.5	4.7	4.1
	BBB	2016	4,857	890	5.8	3.8	4.2
	BBB	2015	4,931	957	6.2	3.6	4.3
Southern Company Gas	BBB+						
	BBB+	2017	3,920	904	5.2	6.4	6.1
	BBB+	2016	3,557	633	4.3	7.4	5.8
	BBB+	2015	3,941	1,135	6.6	3.6	4.0

Source: Fitch Ratings, Fitch Solutions.

Related Research & Criteria

Parent and Subsidiary Rating Linkage (July 2018)
Corporate Hybrids Treatment and Notching Criteria (March 2018)
Corporate Rating Criteria (March 2018)
Corporates Notching and Recovery Ratings Criteria (March 2018)

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NiSource Inc.

Rating Type	Rating	Outlook	Last Rating Action
Long-Term IDR	BBB	Stable	Review - No Action April 17, 2019
Short-Term IDR	F2	—	Review - No Action April 17, 2019
Senior Unsecured	BBB	—	Review - No Action April 17, 2019
Preferred Stock	BB+	—	Review - No Action April 17, 2019
Click here for full list of ratings			

Financial Summary

(USD Mil.)	Dec 2016	Dec 2017	Dec 2018	LTM Jun 2019
Gross Revenue	4,493	4,875	5,115	5,237
Operating EBITDAR	1,420	1,500	737	1,118
Cash Flow from Operations	805	742	529	617
Capital Intensity (Capex/Revenue) (%)	32.8	34.8	35.6	34.9
Total Adjusted Debt with Equity Credit	8,033	9,184	9,729	9,787
FFO Fixed-Charge Coverage (x)	4.0	3.0	2.2	2.8
FFO-Adjusted Leverage (x)	5.7	8.4	11.4	8.3
Total Adjusted Debt/Operating EBITDAR (x)	5.7	6.1	13.2	8.8

Source: Fitch Ratings, Fitch Solutions.

NiSource Inc.'s ratings and Outlook are supported by stable cash flows and earnings from a geographically diverse mix of 100% regulated gas and electric utilities in seven states. However, a series of safety-related incidents in the last 13 months weigh on NiSource's credit profile. Since 2018, NiSource's credit metrics have weakened substantially, primarily due to costs associated with natural gas explosions in Massachusetts in September 2018. NiSource's ability to recover from the financial and reputational damage from the incident and subsequent events in a credit-supportive manner is critical to maintaining its rating and Outlook.

Key Rating Drivers

Aftermath of Boston-Area Explosions: Gas explosions in the service territory of NiSource subsidiary Columbia Gas of Massachusetts (CMA) in the Boston suburbs in September 2018 continue to pressure NiSource's credit profile. NiSource estimated in July 2019 that total costs associated with the incident could be $1.67 billion–$1.72 billion, including pipeline replacement, third-party claims and other expenses. The company has $1.1 billion of total insurance coverage, including $800 million casualty and $300 million in property coverage.

Through June 30, 2019, $670 million casualty insurance receivables have been recorded and $535 million cash has been received. The cost estimate does not include any potential fines and penalties, which remain a concern. Fitch Ratings believes that NiSource is committed to its ratings and that unrecovered costs, if financed in a credit-supportive manner, can be managed within the current rating category.

Safety Culture in Doubt: Notwithstanding the financial impact, which Fitch believes could be mitigated, concerns over NiSource's safety culture are mounting and could linger beyond financial remedies. On Sept. 24, 2019, the National Transportation Safety Board's (NTSB) investigation determined that CMA failed to develop a plan with proper instructions for handling regulator stations, which led to the explosions. This conclusion suggests a systematic failure that, in Fitch's view, is politically damaging and could potentially lead to more backlash and penalties from state regulators. The NTSB's determination followed CMA's voluntary report in mid-September that it discovered in July that safety measures were not followed for abandoned pipelines. On Sept. 27, 2019, CMA reported gas leaks due to failure to properly abandon a valve in the same area as the 2018 explosions. These developments occurred while NiSource is implementing a safety management system (SMS) across all states it serves, and an independent quality review board is overseeing implementation of the SMS.

Low Business Risk: NiSource'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 60% and 40%, respectively, of total operating earnings at YE 2018. 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 NiSource's gas distribution utilities benefit from more supportive regulations with less exposure to stringent environmental mandates. Fitch considers Indiana and Ohio, NiSource's primary service territories, to be among the country's most supportive jurisdictions.

Favorable Regulation: Balanced regulation is particularly important for NiSource in light of its aggressive gas and electric infrastructure modernization programs and high leverage. Approximately 75% of total capex through 2022 will be recovered through trackers and other mechanisms and begin earning within 12 months. Most of NiSource's gas utilities have decoupling, including in Ohio, Massachusetts, Maryland and Virginia; weather normalization, in Pennsylvania, Maryland, Virginia and Kentucky; and straight fixed variable rates in Indiana. Approximately 65% of the total revenue is non-volumetric.

All of NiSource'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 a forward-looking test year in a base rate case. Most of the utilities don't have specified authorized ROEs, except for Northern Indiana Public Service Company (NIPSCO) and CMA, which have authorized ROEs of 9.85% and 9.55%, respectively, modestly higher than the industry average of 9.5%.

NIPSCO's transmission projects benefited from constructive Federal Energy Regulatory Commission (FERC) regulation, including forward-looking rates and construction work in progress recovery. NIPSCO's ROE under FERC is 10.82%, inclusive of a 50bps adder for participating in the Midcontinent Independent System Operator transmission service and wholesale energy market.

In Indiana, the integrated resource plan (IRP) allows utilities to inform the Indiana Utility Regulatory Commission (IURC) of their long-term capital investment plans on a non-binding basis years ahead of construction. The IRP process provides transparency before utilities submit their requests for approval to begin construction, a credit positive. The Transmission, Distribution and Storage System Improvement Charge 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. Up to 80% of eligible costs can be recovered using semi-annual trackers.

Indiana legislation allows cost recovery of federally mandated requirements, including modernization or environmental capex. NIPSCO has approval from the IURC to recover environmental costs through an environmental cost tracker, which allows the utility to earn a return on the capital investment as well as related operating and maintenance expenses once operational. NIPSCO owns and operates 2.5 gigawatts of coal generation plants that were fully scrubbed at YE 2015; all comply with sulfur dioxide, nitrogen oxide and Mercury and Air Toxics Standards rules.

High Capex: NiSource's capex began to ramp up in 2012. Management estimated that 2019 total capex could be \$1.6 billion–\$1.7 billion. From 2020 to 2022, capital investment could range from \$1.6 billion to \$2.0 billion per year. The range is wider than previously planned \$1.6 billion–\$1.8 billion per year. Management estimates that the capex investments will grow rate base for the gas segment by 9%–11% per year and for the electric segment by 4%–6%, which Fitch views favorably. NiSource's robust capex program is supported by infrastructure modernization legislation in all of its service territories, mitigating regulatory lag and negative pressure on credit metrics.

Rate Case Proceedings: NiSource's utilities file rate cases frequently. NIPSCO's gas distribution rate case was a significant case approved in September 2018. The rate case outcome was constructive, in Fitch's view. A total $107.3 million rate increase will be implemented through three steps, based on a 9.85% ROE with equity component rising to 46.88% from 45.81%. Of the total rate increase, $85.6 million took effect on Oct 1, 2018, followed by $29.2 million, which was implemented on Jan. 1, 2019. The final step is an $8.4 million refund beginning Jan. 1, 2020 to flow back over 12 years the unprotected accumulated deferred income tax. The ROE and 12-year amortization are both above the industry averages, a credit positive. The new capital structure has a higher equity component than the 46.29% authorized in a 2009 rate case.

NIPSCO's electric base rate case is ongoing. The parties reached a partial settlement in April 2019 allowing for a $47.7 million rate increase, versus the requested $111.4 million, and a 9.90% ROE, versus the requested 10.80%. The settlement incorporated the federal tax reform and deprecation schedule. An order is expected in 4Q19. Columbia Gas of Maryland's base rate case is relatively small, requesting a $3.7 million total annual revenue increase, or $2.5 million net of infrastructure trackers. An order is expected by YE 2019.

Credit Metrics: Fitch believes that a fully regulated business model, primarily with gas distribution utility operations, mitigates relatively high leverage, which has been the case for NiSource due to its large capex program and legacy debt. Since 2018, NiSource's credit metrics have deteriorated materially, primarily due to the gas explosions and timing difference between the incurred costs and insurance proceeds. Management plans to issue at-the-market equity of $200 million–$300 million per year, and $35 million–$60 million equity per year from employee stock plans as well as approximately $500 million in debt to support capex and expenses from the gas explosions incident.

The financing plan could change, depending on the timing of insurance payments. Fitch expects NiSource's FFO-adjusted leverage to stabilize in the low 5x range in the near to intermediate term. Fitch's projection includes a certain amount of penalties or fines associated with the gas explosions.

Tax Reform: NiSource issued $600 million in equity in 2Q18 in anticipation of the negative impact from tax reform. Since then, several of NiSource's utility subsidiaries have been able to receive reasonable outcomes in their states to mitigate the effect of tax reform. The majority of benefits from federal tax reduction and return of excess accumulated deferred income taxes will flow to customers and offset requested rate increases in Indiana, Pennsylvania, Maryland and Massachusetts and in Ohio's gas infrastructure tracker, with implementation occurring from 2018 to as late as 2020.

To date, tax reform-related refunds have been settled in all states except for the passback of overcollections in Massachusetts, which is pending an order from the Massachusetts Department of Public Utilities Commission. With the equity issuance, NiSource is expected to largely neutralize the negative impact from tax reform.

Exiting Coal: NIPSCO's electric generation capacity consists of 72% coal, 26% natural gas and 2% other. In September 2018, NiSource indicated that it will accelerate retirement of its remaining five coal-fired generation stations, including four units at the R.M. Schahfer station retiring no later than 2023 and one at Michigan City station retiring by 2028. Fitch views this decision favorably. These units have 2,080 MW capacity, representing 100% of the company's coal-fired generation capacity. They will likely be replaced by renewable energy and battery storage through power purchase agreements (PPAs) or NIPSCO ownership.

In January 2019, NIPSCO secured two, 20-year PPAs with name plate capacity of 700MW. The IURC approved the PPAs in June 2019. In August 2019, IURC also approved an 100MW Build-Own-Transfer joint venture project.

Rating Derivation Relative to Peers

Rating Derivation versus Peers	
Peer Comparison	NiSource's fully regulated business model provides more predictable earnings and cash flow than, similarly rated-peers CenterPoint Energy Inc. (CNP; BBB/Stable), Southern Company Gas (GAS; BBB+/Negative) and National Fuel Gas Co. (NFG; BBB/Stable), all of which invest in unregulated operations. Similar to the fully regulated IPALCO Enterprises, Inc. (BBB–/Stable), which also operates in Indiana, NiSource's NIPSCO has coal generation. However, NiSource's operation is more diversified and gas-focused compared with IPALCO's single-state electric generation. NiSource's business model, along with geographic diversification and supportive regulations, mitigates its relatively weak credit metrics. After the gas explosions in 2018, NiSource's credit metrics were significantly affected, with FFO-adjusted leverage exceeding 11.0x in 2018. With insurance proceeds and expected balanced financing, NiSource could manage the financial effects within its current rating category. However, the reputational damage and concerns over NiSource's safety culture may linger beyond financial remedies.
Parent/Subsidiary Linkage	Generally, Fitch considers NIPSCO to be stronger than NiSource due to its lower leverage and lower operating risks as a regulated utility. However, NiSource finances all of its operating subsidiaries, including NIPSCO, at the parent level and distributes proceeds through equity and intercompany loans. As such, NIPSCO's standalone credit profile is not analytically meaningful, and NIPSCO's ratings and Outlook mirror those of NiSource.
Country Ceiling	No Country Ceiling constraint was in effect for these ratings.
Operating Environment	NiSource's utilities enjoy favorable regulatory environment supportive of their large infrastructure programs.
Other Factors	None
Source: Fitch Ratings.	

Navigator Peer Comparison

Issuer		Business profile						Financial profile		
	IDR/Outlook	Operating Environment	Management and Corporate Governance	Regulation	Market and Franchise	Asset Base and Operations	Commodity Exposure	Profitability	Financial Structure	Financial Flexibility
CenterPoint Energy, Inc.	BBB/Sta	aa	a	bbb	bbb+	bbb	bbb	bbb	bbb	bbb
IPALCO Enterprises, Inc.	BBB-/Sta	aa	a-	a-	bbb+	bbb-	bbb+	bbb-	bbb-	bbb-
NiSource Inc.	BBB/Sta	aa	a	bbb+	bbb+	bbb	bbb+	bbb	bbb-	bbb
Southern Company Gas	BBB+/Neg	aa	bbb+	a-	bbb+	a-	bbb+	bbb+	bbb	bbb+
Source: Fitch Ratings.					Importance	Higher	Moderate	Lower		

Rating Sensitivities

Developments That May, Individually or Collectively, Lead to Positive Rating Action

- Consolidated FFO-adjusted leverage is sustained below 4.5x after the high capex period.

Developments That May, Individually or Collectively, Lead to Negative Rating Action

- A substantially larger fine or penalties than what Fitch has incorporated in its rating case;
- The company's relationship with politicians and customers deteriorates substantially, associated with safety issues, over an extended period;
- Material adverse changes in NiSource's regulatory construct that result in unexpected lag or disallowance in recovering capital spending;
- Consolidated FFO-adjusted leverage remains above 5.5x with low probability of recovery after the high capex period.

Liquidity and Debt Structure

Adequate Liquidity: NiSource maintains a $1.85 billion revolving credit facility with a termination date of Feb. 20, 2024. The facility's purpose is to fund ongoing working capital requirements, including liquidity support for a $1.5 billion CP program; provide for the issuance of LOC; and for general corporate purposes. Gas utilities draw the most liquidity, as they purchase gas inventory months before heating season arrives, and they reduce borrowing as the heating season ends.

At June 30, 2019, NiSource had $911 million in CP outstanding and $10.7 million of LOC outstanding under the revolving credit facility, leaving $928 million available under the revolver. NiSource had $23.7 million in cash. The revolver sets a maximum debt/capitalization ratio of 70%. As of June 30, 2019, the debt/cap ratio was 60.6%. In addition, the regulated utilities' liquidity is also supported by an accounts receivable securitization program that had an outstanding balance of $320 million as of June 30, 2019.

NiSource refinanced its debt maturities with longer tenor and lower interest rates in 2018. Using the proceeds from common equity and preferred issuances, a $600 million term loan and a $350 million senior unsecured note, NiSource redeemed $760 million of notes maturing in 2019, 2020 and 2022. In April 2019, NIPSCO repaid $41 million of 5.85% pollution control bonds at maturity. The next major debt maturity is the $850 million term loan at NiSource, upsized from $600 million in April 2019, which is due April 2020 and is likely to be refinanced.

ESG Considerations

Unless otherwise disclosed in this section, the highest level of Environmental, Social and Governance (ESG) credit relevance is a score of '3' – ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity.

NiSource has an ESG relevance score of '4' for customer welfare, as the gas pipeline explosions and leaks in NiSource's service territory have raised safety concerns, heightened financial and regulatory risks, and are relevant to its ratings in conjunction with other factors.

For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

Liquidity and Debt Maturities

Liquidity Analysis

(USD Mil.)	12/31/18	6/30/19
Total Cash and Cash Equivalents	121	32
Short-Term Investments	—	—
Less: Not Readily Available Cash and Cash Equivalents	8	9
Fitch-Defined Readily Available Cash and Cash Equivalents	**113**	**24**
Availability Under Committed Lines of Credit	1,840	1,840
Total Liquidity	**1,953**	**1,864**
LTM EBITDA After Associates and Minorities	726	1,108
LTM FCF	(1,563)	(1,503)

Source: Fitch Ratings, Fitch Solutions, NiSource Inc.

Scheduled Debt Maturities

(USD Mil.)	6/30/19
2019	0
2020	1,181
2021	64
2022	530
2023	600
Thereafter	6,893
Total	**9,267**

Note: Maturities include $850 million term loan maturities in 2020 and existing borrowings under or backed by the company's revolver, which matures in 2024. Accounts receivable securitization balances generally mature within one year, and thus are included in the 2020 maturities. Maturities include capital leases without interest. As of June 30, 2019, a $10.7 million capital lease is included in the 2020 maturities and a $186.9 million lease is included in the Thereafter row. Data does not include unamortized issuance costs and discounts, which are approximately $65.6 million as of June 30, 2019.
Source: Fitch Ratings, Fitch Solutions, NiSource Inc.

Key Rating Issues

The Issue	Aftermath of Boston Area Explosion		
Our View	Generally, credit risks from gas explosion incidents depend on the outcome of investigations, sufficiency of insurance, recoverability of costs and an issuer's desire and/or ability to defend its rating, as well as the severity of political and community backlash from the events, in Fitch's view. On Sept. 13, 2018, CMA's service territory in the Boston suburbs experienced several gas explosions and fires, causing one death, dozens of injuries and damage to multiple homes. The incident was caused by overpressurization of low-pressure gas pipelines. Pressure in natural gas pipelines spiked to 12 times normal levels prior to the explosions. Politicians criticized CMA as being unprepared for the incident and Gov. Charlie Baker directed peer EverSource Energy to lead service-restoration efforts. After the incident, CMA accelerated replacement of 48 miles of cast- iron and bare-steel pipelines and 6,100 service lines with excess flow valves in the affected area before Nov. 19, 2018. CMA also withdrew its rate case to focus on restoring service. The rate case had been filed in April 2018, and a settlement was reached in early September 2019 that allows a $13 million rate increase with 9.7% ROE on 53.25% equity. CMA's rate base represents about 7% of NiSource's total rate base. NiSource updated its cost estimate related to the incident in July 2019 to $1.67 billion–$1.72 billion, more than double its initial estimate of $825 million. The company indicated that the cost estimate would stabilize after it agreed to pay $80 million to compensate three municipalities for their loss in May 2019 and $143 million to settle all class-action lawsuits in July 2019. The cost estimate exceeded the maximum insurance coverage of $1.1 billion, including $800 million in casualty coverage and $300 million in property coverage. Through June 30, 2019, NiSource recorded casualty insurance receivables of $670 million and received $535 million in cash proceeds. The property insurance coverage is uncertain and still being discussed. In maintaining NiSource's ratings and Outlook, Fitch assumes that NiSource will finance the costs that are not recoverable in a credit-supportive manner, keeping FFO-adjusted leverage below 5.5x. NiSource announced that it plans to issue $235 million–$360 million in equity per year. However, insurance payment timing could alter the financing plan. Another uncertainty is the potential for fines and penalties. The NTSB's investigation determined that CMA failed to develop a plan with proper instructions for handling regulator stations, a.k.a. sensing lines, which led to the explosions. This failure was deemed "systemic deficiencies." This conclusion, in Fitch's view, will have political ramifications and could prompt state regulators to impose penalties. Fitch's base case incorporates a certain amount of fines and penalties.		
Timeline:	Short to Intermediate Term	Rating Impact:	Negative

Key Assumptions

Fitch's Key Assumptions Within Our Rating Case for the Issuer

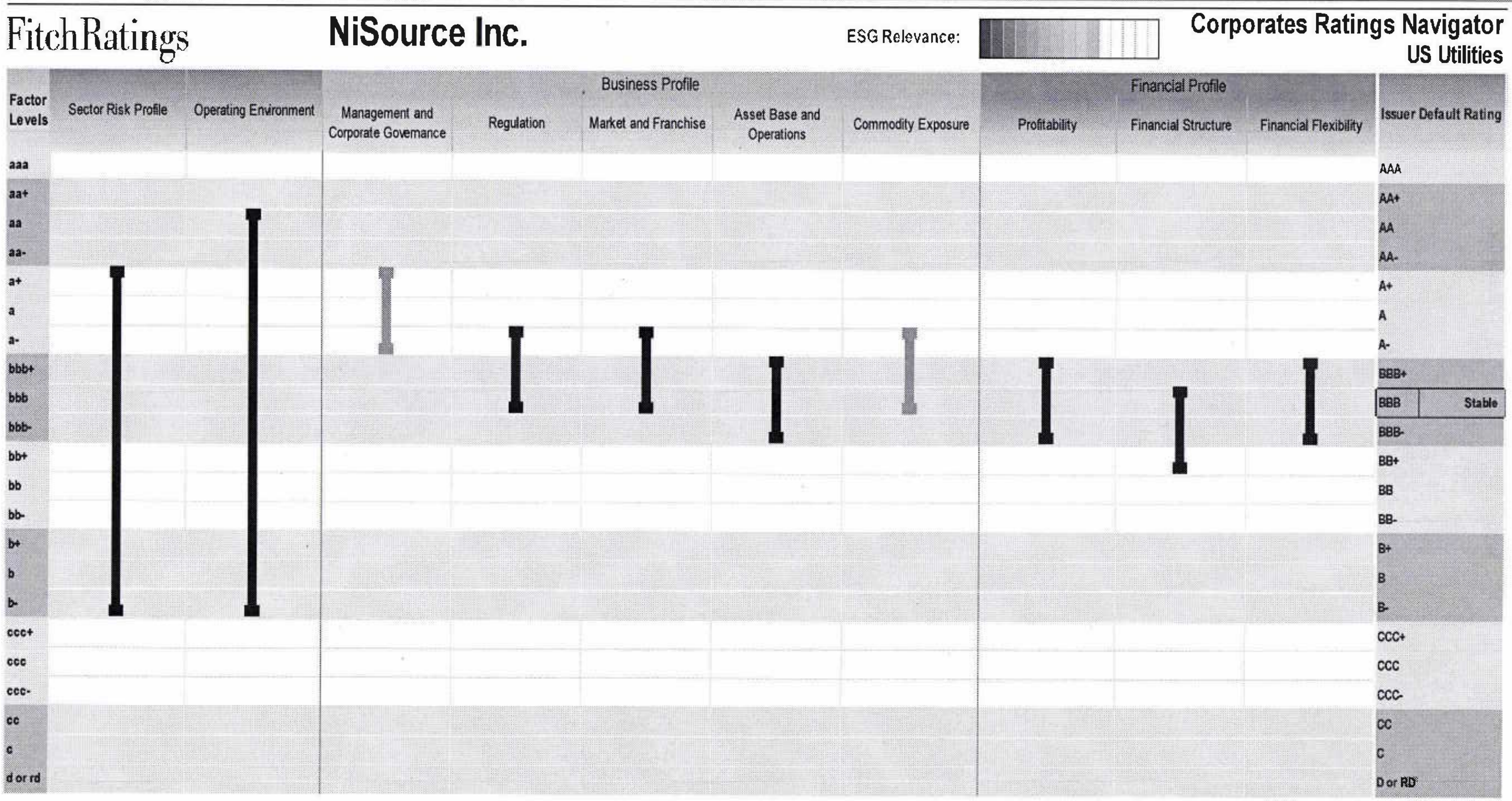
- Capex of $7 billion for the 2019–2022 forecast period;
- A certain amount of unrecoverable costs, including fines and penalties, as result of the Boston-area gas explosions.

Financial Data

(USD Mil.)	Historical				
	Dec 2015	Dec 2016	Dec 2017	Dec 2018	LTM June 2019
Summary Income Statement					
Gross Revenue	4,652	4,493	4,875	5,115	5,237
Revenue Growth (%)	-28.1	-3.4	8.5	4.9	3.8
Operating EBITDA (Before Income from Associates)	1,326	1,404	1,486	726	1,108
Operating EBITDA Margin (%)	28.5	31.3	30.5	14.2	21.2
Operating EBITDAR	1,344	1,420	1,500	737	1,118
Operating EBITDAR Margin (%)	28.9	31.6	30.8	14.4	21.3
Operating EBIT	802	857	916	126	445
Operating EBIT Margin (%)	17.2	19.1	18.8	2.5	8.5
Gross Interest Expense	-380	-355	-359	-362	-370
Pretax Income (Including Associate Income/Loss)	340	510	443	-231	48
Summary Balance Sheet					
Readily Available Cash and Equivalents	16	26	29	113	24
Total Debt with Equity Credit	6,993	7,909	9,074	9,641	9,699
Total Adjusted Debt with Equity Credit	7,140	8,033	9,184	9,729	9,787
Net Debt	6,977	7,883	9,045	9,528	9,763
Summary Cash Flow Statement					
Operating EBITDA	1,326	1,404	1,486	726	1,108
Cash Interest Paid	-390	-338	-346	-363	-371
Cash Tax	-21	-8	-6	-3	-3.3
Dividends Received Less Dividends Paid to Minorities (Inflow/(Out)flow)	0	0	0	0	0
Other Items Before FFO	102	-8	-394	130.2	1,653
Funds Flow from Operations	1,017	1,051	741	478	770
FFO Margin (%)	21.9	23.4	15.2	9.3	76.2
Change in Working Capital	147	-246	1	51	-153
Cash Flow from Operations (Fitch-Defined)	1,163	805	742	529	617
Total Non-Operating/Nonrecurring Cash Flow	293	-1	0	0	0
Capex	-1,361	-1,475	-1,696	-1,818	-1,829
Capital Intensity (Capex/Revenue) (%)	29.3	32.8	34.8	35.6	34.9
Common Dividends	-263	-206	-229	-273	-291
FCF	-167	-877	-1,183	-1,563	-1,503
Net Acquisitions and Divestitures	5	0	0	0	0
Other Investing and Financing Cash Flow Items	3,179	-112	-257	-153	-155
Net Debt Proceeds	-3,029	986	1,113	75	880
Net Equity Proceeds	2	14	330	1,724	733
Total Change in Cash	-10	11	3	84	-45
Calculations for Forecast Publication					
Capex, Dividends, Acquisitions and Other Items Before FCF	-1,326	-1,682	-1,925	-2,092	-2,120
FCF After Acquisitions and Divestitures	-163	-877	-1,183	-1,563	-1,503
FCF Margin (After Net Acquisitions) (%)	-3.5	-19.5	-24.3	-30.6	148.8
Coverage Ratios					
FFO Interest Coverage (x)	3.6	4.1	3.1	2.3	2.9
FFO Fixed Charge Coverage (x)	3.5	4.0	3.0	2.2	2.8
Operating EBITDAR/Interest Paid + Rents (x)	3.3	4.0	4.2	2.0	1.7
Operating EBITDA/Interest Paid (x)	3.4	4.2	4.3	2.0	3.0
Leverage Ratios					
Total Adjusted Debt/Operating EBITDAR (x)	5.3	5.7	6.1	13.2	8.8
Total Adjusted Net Debt/Operating EBITDAR (x)	5.3	5.6	6.1	13.0	8.7
Total Debt with Equity Credit/Operating EBITDA (x)	5.3	5.6	6.1	13.3	8.8
FFO Adjusted Leverage (x)	5.0	5.7	8.4	11.4	8.3
FFO Adjusted Net Leverage (x)	5.0	5.7	8.3	11.2	8.3

Source: Fitch Ratings, Fitch Solutions.

Ratings Navigator



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	bbb	Generally transparent and predictable regulation with limited political interference.
a-	Timeliness of Cost Recovery	a	Minimal lag to recover capital and operating costs.
bbb+	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+			

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.

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

[illegible]	Lease Adjusted FFO Gross Leverage	bbb	5.0x
bbb	Total Adjusted Debt/Operating EBITDAR	bb	4.75x
bbb-			
bb+			
bb			

Credit-Relevant ESG Derivation

NiSource Inc. has 1 ESG rating driver and 11 ESG potential rating drivers

- Quality and safety of products and services; data security
- Emissions from operations
- Fuel use to generate energy and serve load
- Impact of waste from operations
- Plants' and networks' exposure to extreme weather
- Product affordability and access

Showing top 6 issues

			Overall ESG
key driver	0	issues	5
driver	1	issues	4
potential driver	11	issues	3
not a rating driver	2	issues	2
	0	issues	1

For further details on Credit-Relevant ESG scoring, see page 3.

Navigator Version. RN 2.3.6.0

FitchRatings

NiSource Inc.

Corporates Ratings Navigator
US Utilities

Credit-Relevant ESG Derivation

NiSource Inc. has 1 ESG rating driver and 11 ESG potential rating drivers

- NiSource Inc. has exposure to customer accountability risk which, in combination with other factors, impacts the rating.
- NiSource Inc. has exposure to emissions regulatory risk but this has very low impact on the rating.
- NiSource Inc. has exposure to energy productivity risk but this has very low impact on the rating.
- NiSource Inc. has exposure to waste & impact management risk but this has very low impact on the rating.
- NiSource Inc. has exposure to extreme weather events but this has very low impact on the rating.
- NiSource Inc. has exposure to access/affordability risk but this has very low impact on the rating.

Showing top 6 issues

			Overall ESG Scale
key driver	0	issues	5
driver	1	issues	4
potential driver	11	issues	3
not a rating driver	2	issues	2
	0	issues	1

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference
GHG Emissions & Air Quality	3	Emissions from operations	Asset Base and Operations; Commodity Exposure; Regulation; Profitability
Energy Management	3	Fuel use to generate energy and serve load	Asset Base and Operations; Commodity Exposure; Profitability
Water & Wastewater Management	2	Water used by hydro plants or by other generation plants, also effluent management	Asset Base and Operations; Regulation; Profitability
Waste & Hazardous Materials Management; Ecological Impacts	3	Impact of waste from operations	Asset Base and Operations; Regulation; Profitability
Exposure to Environmental Impacts	3	Plants' and networks' exposure to extreme weather	Asset Base and Operations; Regulation; Profitability

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference
Human Rights, Community Relations, Access & Affordability	3	Product affordability and access	Asset Base and Operations; Regulation; Profitability; Financial Structure
Customer Welfare - Fair Messaging, Privacy & Data Security	4	Quality and safety of products and services; data security	Regulation; Profitability
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Asset Base and Operations; Profitability
Employee Wellbeing	2	Worker safety and accident prevention	Profitability; Asset Base and Operations
Exposure to Social Impacts	3	Social resistance to major projects that leads to delays and cost increases	Asset Base and Operations; Profitability

Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance

How to Read This Page
ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The left-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies the [number of] general ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector and sub-sector ratings criteria and the General Issues and the Sector-Specific Issues have been informed with SASB's Materiality Map.

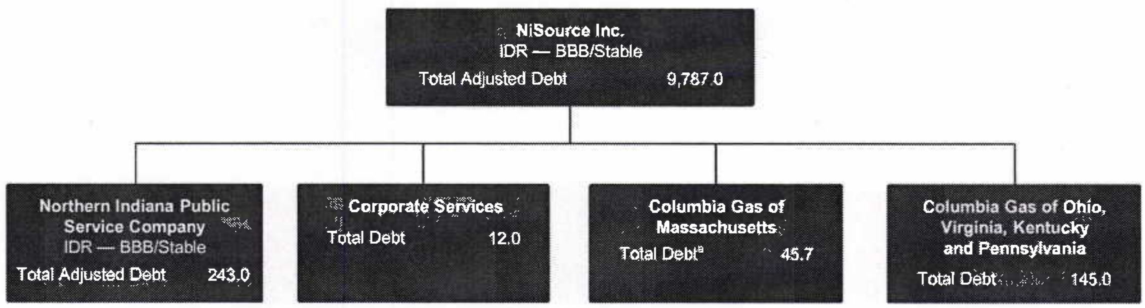
CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Simplified Group Structure Diagram

Organizational Structure — NiSource Inc.
($ Mil., as of June 30, 2019)



[a]Colombia Gas of Massachusetts also had external long-term notes of $40 million outstanding. IDR – Issuer Default Rating.
Source: Fitch Ratings, Fitch Solutions, NiSource Inc.

Peer Financial Summary

Company	Issuer Default Rating	Financial Statement Date	Gross Revenue ($ Mil.)	Funds Flow from Operations ($ Mil.)	FFO Fixed Charge Coverage (x)	FFO Adjusted Leverage (x)	Total Adjusted Debt/Operating EBITDAR (x)
NiSource Inc.	BBB						
	BBB	2018	5,115	478	2.2	11.4	13.2
	BBB	2017	4,875	741	3.0	8.4	6.1
	BBB	2016	4,493	1,051	4.0	5.7	5.7
National Fuel Gas Co.	BBB						
	BBB	2018	1,593	643	5.4	2.9	3.0
	BBB	2017	1,580	637	6.2	3.2	3.1
	BBB	2016	1,452	640	5.9	2.8	2.7
CenterPoint Energy Resources Corp.	BBB+						
	BBB+	2018	7,343	570	6.0	3.6	4.7
	BBB	2017	7,093	885	5.5	4.7	4.1
	BBB	2016	4,857	890	5.8	3.8	4.2
Southern Company Gas	BBB+						
	BBB+	2018	3,909	579	3.1	7.4	5.2
	BBB+	2017	3,920	904	5.2	6.4	5.9
	BBB+	2016	3,557	633	4.3	7.4	5.8

Source: Fitch Ratings, Fitch Solutions.

Reconciliation of Key Financial Metrics

(USD Mil., as reported)	31 Dec 2018
Income Statement Summary	
Operating EBITDA	726
+ Recurring Dividends Paid to Non-controlling Interest	0
+ Recurring Dividends Received from Associates	0
+ Additional Analyst Adjustment for Recurring I/S Minorities and Associates	0
= Operating EBITDA After Associates and Minorities (k)	**726**
+ Operating Lease Expense Treated as Capitalised (h)	**11**
= Operating EBITDAR after Associates and Minorities (j)	**737**
Debt & Cash Summary	
Total Debt with Equity Credit (l)	**9,641**
+ Lease-Equivalent Debt	88
+ Other Off-Balance-Sheet Debt	0
= Total Adjusted Debt with Equity Credit (a)	**9,729**
Readily Available Cash [Fitch-Defined]	113
+ Readily Available Marketable Securities [Fitch-Defined]	0
= Readily Available Cash & Equivalents (o)	**113**
Total Adjusted Net Debt (b)	**9,616**
Cash-Flow Summary	
Preferred Dividends (Paid) (f)	**(12)**
Interest Received	7
+ Interest (Paid) (d)	**(363)**
= Net Finance Charge (e)	**(357)**
Funds From Operations [FFO] (c)	**478**
+ Change in Working Capital [Fitch-Defined]	51
= Cash Flow from Operations [CFO] (n)	**529**
Capital Expenditures (m)	**(1,818)**
Multiple applied to Capitalised Leases	**8.0**
Gross Leverage	
Total Adjusted Debt / Op. EBITDAR* [x] (a/j)	**13.2**
FFO Adjusted Gross Leverage [x] (a/(c-e+h-f))	**11.4**
Total Adjusted Debt/(FFO - Net Finance Charge + Capitalised Leases - Pref. Div. Paid)	
Total Debt With Equity Credit / Op. EBITDA* [x] (l/k)	**13.3**
Net Leverage	
Total Adjusted Net Debt / Op. EBITDAR* [x] (b/j)	**13.1**
FFO Adjusted Net Leverage [x] (b/(c-e+h-f))	**11.2**
Total Adjusted Net Debt/(FFO - Net Finance Charge + Capitalised Leases - Pref. Div. Paid)	
Total Net Debt / (CFO - Capex) [x] ((l-o)/(n+m))	**-7.4**
Coverage	
Op. EBITDAR / (Interest Paid + Lease Expense)* [x] (j/-d+h)	**2.0**
Op. EBITDA / Interest Paid* [x] (k/(-d))	**2.0**
FFO Fixed Charge Cover [x] ((c+e+h-f)/(-d+h-f))	**2.2**
(FFO + Net Finance Charge + Capit. Leases - Pref. Div Paid) / (Gross Int. Paid + Capit. Leases - Pref. Div. Paid)	
FFO Gross Interest Coverage [x] ((c+e-f)/(-d-f))	**2.3**
(FFO + Net Finance Charge - Pref. Div Paid) / (Gross Int. Paid - Pref. Div. Paid)	

*EBITDA/R after Dividends to Associates and Minorities

Source: Fitch Ratings, Fitch Solutions, NiSource Inc.

Fitch Adjustment Reconciliation

(USD Mil.)	Reported Values 31 Dec 18	Sum of Fitch Adjustments	Preferred Dividends, Associates and Minorities Cash Adjustments	Fair Value and Other Debt Adjustments	Other Adjustment	Adjusted Values
Income Statement Summary						
Revenue	5,115	0				5,115
Operating EBITDAR	737	0				737
Operating EBITDAR after Associates and Minorities	737	0				737
Operating Lease Expense	11	0				11
Operating EBITDA	726	0				726
Operating EBITDA after Associates and Minorities	726	0				726
Operating EBIT	126	0				126
Debt & Cash Summary						
Total Debt With Equity Credit	9,573	69		69		9,641
Total Adjusted Debt With Equity Credit	9,661	69		69		9,729
Lease-Equivalent Debt	88	0				88
Other Off-Balance Sheet Debt	0	0				0
Readily Available Cash & Equivalents	113	0				113
Not Readily Available Cash & Equivalents	8	0				8
Cash-Flow Summary						
Preferred Dividends (Paid)	0	(12)	(12)			(12)
Interest Received	7	0				7
Interest (Paid)	(354)	(9)			(9)	(363)
Funds From Operations [FFO]	489	(12)	(12)			478
Change in Working Capital [Fitch-Defined]	51	0				51
Cash Flow from Operations [CFO]	540	(12)	(12)			529
Non-Operating/Non-Recurring Cash Flow	0	0				0
Capital (Expenditures)	(1,818)	0				(1,818)
Common Dividends (Paid)	(273)	0				(273)
Free Cash Flow [FCF]	(1,551)	(12)	(12)			(1,563)
Gross Leverage						
Total Adjusted Debt / Op. EBITDAR* [x]	13.1					13.2
FFO Adjusted Leverage [x]	11.4					11.4
Total Debt With Equity Credit / Op. EBITDA* [x]	13.2					13.3
Net Leverage						
Total Adjusted Net Debt / Op. EBITDAR* [x]	13.0					13.1
FFO Adjusted Net Leverage [x]	11.3					11.2
Total Net Debt / (CFO - Capex) [x]	-7.4					-7.4
Coverage						
Op. EBITDAR / (Interest Paid + Lease Expense)* [x]	2.0					2.0
Op. EBITDA / Interest Paid* [x]	2.0					2.0
FFO Fixed Charge Coverage [x]	2.3					2.2
FFO Interest Coverage [x]	2.4					2.3

*EBITDA/R after Dividends to Associates and Minorities
Source: Fitch Ratings, Fitch Solutions, NiSource Inc.

Related Research and Criteria

Corporate Rating Criteria (February 2019)
Corporate Hybrids Treatment and Notching Criteria (November 2018)
Parent and Subsidiary Rating Linkage – Effective from 16 July 2018 to 27 September 2019 (July 2018)
Corporates Notching and Recovery Ratings Criteria (March 2018)

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The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

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ISSUER COMMENT
17 September 2018

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RATINGS

NiSource Inc.

Outlook	Stable
Issuer Rating	Baa2
Pref. Shelf	(P)Ba1
Commercial Paper	P-2

Bay State Gas Company

Outlook	Stable
Issuer Rating	Baa2

Source: Moody's Financial Metrics

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NiSource Inc.

Massachusetts gas explosions are credit negative for both Bay State Gas and parent company NiSource Inc.

On 13 September 2018, a series of explosions in Bay State Gas Company's (aka Columbia Gas of Massachusetts, Baa2 stable) service territory caused wide spread fires and resulted in one fatality, twenty-five hospitalizations, and damaged over 60 homes north of Boston, Massachusetts. Bay State Gas' natural gas distribution system is thought to be the culprit, although the National Transportation Safety Board (NTSB) has yet to determine exactly what occurred, with increased pressure in the gas lines appearing to be a factor. The NTSB has indicated that it will be investigating the utility's record keeping, compliance with policies and procedures, training, and oversight related to its gas system. The tragic event is credit negative for both Bay State Gas and NiSource Inc. (NiSource, Baa2 stable) and could result in the deterioration of each company's financial position and lead to a more contentious regulatory relationship.

Quantifying the financial damage associated with the event will take time, but the company's management and their response to the event is already being politicized with Governor Baker's decision to put Massachusetts' headquartered utility, Eversource Energy (Baa1 stable), in charge of restoring utility services after they were shut down to contain the incident.

Although rare, natural gas distribution utilities experience explosions occasionally and typically carry insurance to cover property damages and casualties. When the similar scale San Bruno explosion on Pacific Gas & Electric's (PG&E, Baa1, negative) pipelines occurred in 2010, third-party liability claims amounted to more than $500 million, and were mostly covered by insurance. However, the California Public Utilities Commission and interveners were sharply critical of PG&E. As a result, PG&E shareholders ultimately had to fund more than $4 billion of unrecoverable costs and penalties.

Bay State Gas has historically maintained a healthy relationship with the Massachusetts Department of Public Utilities (DPU), achieving credit supportive rate case outcomes, with frequent settlements, including the last one filed earlier this month, on 5 September 2018. At this time, we would expect the DPU to delay executing the proposed settlement until more details are known about the cause of the event.

The debt of Bay State Gas is guaranteed by its parent company, NiSource, one of the largest local distribution utility holding companies in the U.S., with seven distinct utilities operating across different jurisdictions in the northeastern quadrant the country. Bay State Gas is NiSource's fourth largest utility, after its Ohio, Indiana, Pennsylvania based utilities and accounts for about 10% of consolidated rate base and operating cash flows. We view the diversity of its service territory as being particularly important in supporting the credit quality of NiSource. Unlike gas utilities that have a single state regulator, NiSource's multi-state operations help it contain any regulatory risk to a single state, diluting its credit negative impact.

Still, NiSource's rapid growth has strained its financial position, leaving little cushion for unforeseen events. However, the company has made great progress in addressing its leveraged balance sheet. It issued $600 million of common equity and $400 million of preferred equity earlier this year in order to achieve its stated goal of Funds from Operations to Debt of 13-14% by the end of 2018. The Massachusetts gas explosion could make it harder for company to achieve that goal as it incurs additional costs for system restoration and faces potential liability for damages.

REPORT NUMBER 1142369

CLIENT SERVICES

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CREDIT OPINION
11 July 2019

Update

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NiSource Inc.

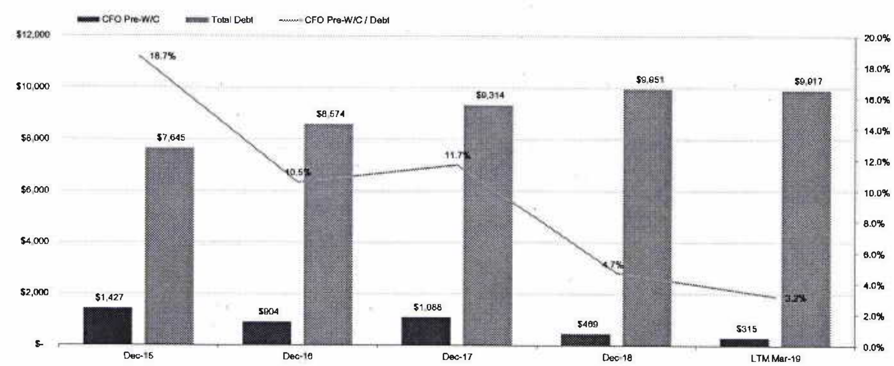
Update to credit analysis

Summary

NiSource Inc.'s (NiSource) credit profile reflects the supportiveness and diversity of its multiple regulatory jurisdictions that allow the company to generate stable and predictable operating cash flows, the inherently low business risk of its fully regulated 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. Despite recent events that have caused a significant dip in the company's credit metrics, we expect NiSource to generate cash flow from operations before working capital changes (CFO Pre-WC) to debt in the low teens in the near term, partly due to the issuance in 2017 and 2018 of approximately $1.7 billion of equity.

On 13 September 2018, a series of explosions in NiSource subsidiary Bay State Gas Company's (aka Columbia Gas of Massachusetts, Baa2 stable) service territory caused widespread fires and resulted in one fatality, 25 hospitalizations, and damaged over 60 homes north of Boston, Massachusetts. NiSource's year-end 2018 and twelve months ended Q1 2019 (LTM) financial ratios were particularly weak as a result of approximately $1.4 billion in expenses associated with the explosions. The company expects most of the expenses incurred to be recovered via insurance payments. We do not anticipate additional significant Bay State Gas event related expenses for the remainder of 2019 or going forward.

Exhibit 1
Historical CFO Pre-WC, Total Debt and CFO Pre-WC to Debt ($ MM)



Source: Moody's Financial Metrics

Credit Strengths

» Operations in jurisdictions with attractive cost recovery mechanisms

- Fully regulated utility assets with fundamentally low business risk
- Common equity and hybrid securities issued in 2018 should help improve credit metrics

Credit Challenges

- Persistently high debt balance
- Already weak financial ratios temporarily worsened by Massachusetts gas incident in 2018
- Elevated capital investment spending

Rating Outlook

NiSource's stable outlook reflects Moody's view that the decline in the company's financial profile following its 2015 corporate separation will be reversed and that the significant financial loss in 2018 associated with the Bay State Gas explosions is nonrecurring and should be largely covered by insurance payments. Moody's expects the company to achieve a debt to capitalization ratio of approximately 55% as well as cash flow pre-working capital to debt of 13-14% in 2019 and going forward. The stable outlook also reflects our view that NiSource's regulated utility capital expenditure plans will be financed in a credit supportive manner.

Factors that Could Lead to an Upgrade

- Improvement in the utility regulatory environments
- 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%
- A significant reduction in parent company leverage

Factors that Could Lead to a Downgrade

- If the anticipated improvement in financial profile does not materialize over the near term; with cash flow to debt returning to the 13-14% range and debt to capitalization reaching 55% or below in 2019 and being sustained going forward
- The company fails to issue sufficient common equity and/or hybrid securities to finance its annual negative free cash flow
- A decline in the credit supportiveness of it's regulatory environments
- An adverse change in the company's business mix such that its risk profile declines
- Cash flow pre-working capital to debt at 12% or below and/or debt to capitalization remains above 55%.

Key Indicators

Exhibit 2
NiSource Inc. [1]

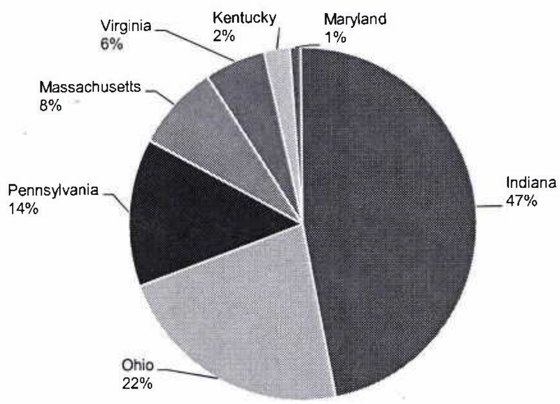
	Dec-15	Dec-16	Dec-17	Dec-18	LTM Mar-19
CFO Pre-W/C + Interest / Interest	4.4x	3.4x	3.9x	2.3x	1.8x
CFO Pre-W/C / Debt	18.7%	10.5%	11.7%	4.7%	3.2%
CFO Pre-W/C – Dividends / Debt	15.2%	8.1%	9.2%	1.9%	0.3%
Debt / Capitalization	55.4%	56.7%	62.7%	60.2%	59.8%

[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

Profile

NiSource Inc. (Baa2 Issuer Rating) is a utility holding company with a portfolio of regulated utility subsidiaries totaling about $12.5 billion in rate base. NiSource owns one of the largest LDC systems in the US, with operations in Ohio, Indiana, Pennsylvania, Virginia, Massachusetts, Kentucky, and Maryland with about 3.5 million customers, as well as a mid-sized vertically integrated electric utility in Indiana. The LDCs account for about 60% of the company's consolidated operating earnings, with the balance coming from its electric utility. NiSource is a fully regulated gas and electric utility business. Two of NiSource's utility subsidiaries are rated: Bay State Gas Company (Bay State Gas, doing business as Columbia Gas of Massachusetts, Baa2 stable) and Northern Indiana Public Service Company (NIPSCO, Baa1 stable).

Exhibit 3
State Rate Base Exposure



Source: Company's reports

Detailed Credit Considerations

PERSISTENTLY HIGH DEBT BALANCE, ELEVATED INVESTMENT SPENDING AND COLUMBIA GAS PIPELINE EXPLOSION COSTS WEIGH ON FINANCIAL PROFILE

NiSource's credit profile is constrained by its relatively 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.

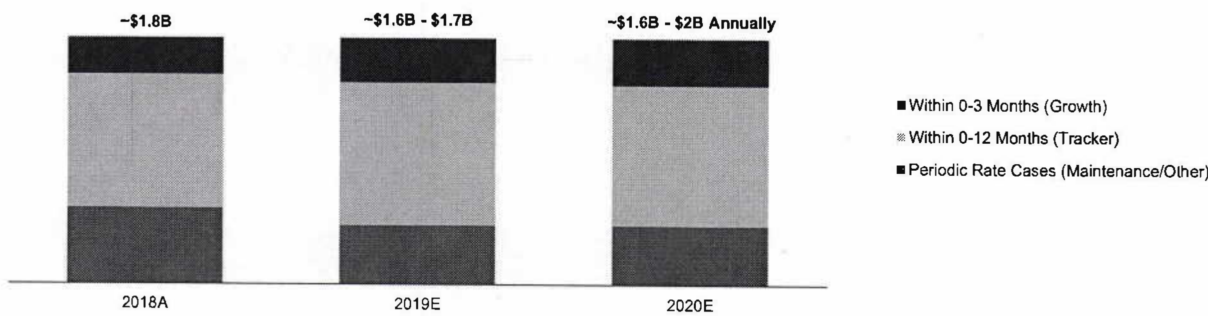
NiSource produced low financial ratios in 2016 and 2017, with CFO pre-WC to debt ratios of around 11% in both years being below the downgrade threshold we have set for the company of 12%. We had expected an improvement in CFO pre-WC/debt to the low teens beginning in 2018 but the company's CFO pre-WC to debt ratio for the fiscal year ended 31 December 2018 was 4.7%, primarily due to expenses associated with the Bay State Gas pipeline explosions. We estimate that NiSource would have achieved a CFO pre-WC/debt ratio above our 12% downgrade threshold in 2018 without the expenses associated with the Bay State Gas incident.

NiSource's extensive ongoing capital investment projects under way at each of its utilities also weigh on its financial profile. Across the company, investments are expected to total $1.6-$2.0 billion per year through 2022. In 2018, the company made progress in addressing its leveraged balance sheet by issuing about $600 million of common equity via a block issuance, $239 million of equity via an at-the-market (ATM) issuance program and $900 million of preferred equity. In 2019 and 2020, NiSource plans to issue $200-$300 million in equity annually through an ATM program, $35-$60 million throught the company's Employee Stock Purchase and other programs and up to $500 million annually in incremental long-term debt. We project a CFO pre-WC/debt ratio in the low to mid-teens by the end of 2019. A balanced financing approach should allow NiSource to achieve and sustain a CFO pre-WC to debt ratio in the low to mid-teens in the near term

STABILITY OF CASH FLOWS UNDERPINNED BY SUPPORTIVE REGULATORY CONSTRUCT

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, with about 75% of its investments beginning recovery within 12 months or less. 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.

Exhibit 4
Capital investments with estimated recovery periods



Source: Company reports

The company's investments across all of its jurisdictions continue to drive a busy regulatory calendar. In addition to receiving orders on multiple tracker filings, NiSource reached credit supportive outcomes in all of its recent regulatory filings, settling four general rate cases in Indiana, Maryland, Pennsylvania and Virginia in 2018 and the first half of 2019 that together represented a total revenue increase of over $200 million.

Importantly, the company also secured the extension of its Columbia Gas of Ohio's Infrastructure Replacement Program (IRP), supporting investment and recovery of accelerated main replacement capital projects from 2018-2022. Columbia Gas of Ohio also received approval in November 2018 for a $74.5 million annual revenue increase as part of a Capital Expenditure Program (CEP), which establishes an annual rider to recover certain capital investments and related deferred expenses not recovered through the IRP tracker. In February 2019, Columbia Gas of Ohio filed the annual CEP rider update, which is expected to conclude in August with new rates effective in September.

In late 2017, NIPSCO Gas filed its first general rate case in over a decade, requesting a revenue increase of $138 million with a 10.7% ROE and 46.88% equity layer. In September 2018, the Indiana Utility Regulatory Commission (IURC) authorized a $107 million revenue increase with a 9.85% ROE and 46.88% equity layer. NIPSCO Gas is in the process of a compliance filing that is expected to be concluded in the second half of 2019. If approved, the utility will receive recovery of the federally mandated pipeline safety compliance plan which includes approximately $230 million of capital for the 2019-2023 period. In February 2019, NIPSCO Electric filed seeking IURC approval for the utility's first wind projects to provide renewable energy capacity - three projects totaling ~800 MW. Two of the wind filings have been approved and a final order on the third is expected by the third quarter of 2019. Construction of all three wind projects is expected to be completed by the end of 2020.

In April 2019, Bay State Gas received approval for $64 million of capital investments to be made in 2019 as part of its Gas System Enhancement Plan (GSEP), a priority pipe replacement program.

NiSource currently two rate cases pending in Indiana (NIPSCO Electric) and Maryland (Columbia Gas of Maryland) both expected to be concluded by the end of 2019.

REGULATED UTILITY ASSETS EXHIBIT FUNDAMENTALLY LOW BUSINESS RISK

NiSource's seven LDCs represent about 60% of its business, while its fully regulated vertically integrated electric utility segment makes up the difference.

In spite of incidents such as the Bay State Gas explosions, we view LDCs as having lower business risk than their vertically integrated electric utility counterparts because LDC's have no exposure to the risks associated with owning power-generation assets. NiSource has identified, and is undertaking new steps to improve system safety and reliability and to protect against the over-pressurization that caused the Bay State Gas incident. In addition, 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 entails more business risk than the LDC's. In addition to its exposure to the risks associated with owning generation assets, unlike its LDC counterparts, its operations are concentrated in a single, highly industrialized market territory. About 54% of the company's retail electric sales volumes is derived from industrial customers, leaving it particularly sensitive to economic cycles. The electric segment's rate structure does not have the decoupling mechanisms as many of NiSource's LDCs have, further exacerbating potential volatility from the company's electric segment.

Still, Indiana's regulatory environment is 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, in its latest Integrated Resource Plan, released in 2018, the company announced its plan to retire nearly 80% of its coal capacity by 2023, and the remaining coal-fired units by 2028, 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 with lower-cost renewable energy sources such as wind, solar and battery technology. As mentioned above, NIPSCO Electric has already received approval for two wind projects, with approval pending on a third.

Liquidity Analysis

NiSource's liquidity is adequate and is supported by a $1.85 billion revolving credit facility maturing in 2024. 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 March 2019, the ratio was 61.5%.

NiSource also maintains three separate accounts receivables securitization programs totaling $500 million at its operating companies ($500 million outstanding as of 31 March 2019). The programs are renewed annually. As of 31 March 2019, NiSource had about $860 million of available capacity under its revolver, after giving effect to $980 million of commercial paper outstanding and $10 million of LCs, as well as about $151 million of cash on hand. NiSource does not have a material debt maturity until 2022 ($500 million).

For LTM 31 March 2019, NiSource generated $571 million in operating cash flow, invested $1.8 billion in capital expenditures, and made $288 million in dividend distributions to common shareholders, resulting in a negative free cash flow position of $1.6 billion. NiSource funded the cash shortfall through about $850 million of common stock and $900 million of preferred stock. Over the next 12-18 months, we expect NiSource to remain free cash flow negative as it executes on its sizeable capital expenditure plan and recovers from the Bay State Gas incident. We anticipate that cash shortfalls will be covered through a balanced mix of equity and equity like instruments as well as through insurance payments.

Rating Methodology and Scorecard Factors

Exhibit 5
Rating Factors
NiSource Inc.

Regulated Electric and Gas Utilities Industry Grid [1][2]	Current LTM 3/31/2019		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)	3.2x	Baa	4x - 4.5x	Baa
b) CFO pre-WC / Debt (3 Year Avg)	9.1%	Ba	11% - 15%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	6.4%	Ba	9% - 12%	Baa
d) Debt / Capitalization (3 Year Avg)	59.2%	Ba	57% - 60%	Baa
Rating:				
Scorecard Indicated Outcome Before Notching Adjustment		Baa1		Baa1
HoldCo Structural Subordination Notching	0	0	0	0
a) Scorecard Indicated Outcome		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 3/31/2019(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

Appendix

Exhibit 6

Cash Flow and Credit Metrics [1]

CF Metrics	Dec-15	Dec-16	Dec-17	Dec-18	LTM Mar-19
As Adjusted					
FFO	**1,345**	**1,137**	**1,195**	**463**	**440**
+/- Other	82	(233)	(108)	6	(124)
CFO Pre-WC	**1,427**	**904**	**1,088**	**469**	**315**
+/- ΔWC	65	(59)	(57)	104	255
CFO	**1,492**	**845**	**1,031**	**573**	**571**
- Div	263	206	229	277	288
- Capex	1,396	1,517	1,733	1,858	1,838
FCF	**(167)**	**(877)**	**(930)**	**(1,563)**	**(1,556)**
(CFO Pre-W/C) / Debt	18.7%	10.5%	11.7%	4.7%	3.2%
(CFO Pre-W/C - Dividends) / Debt	15.2%	8.1%	9.2%	1.9%	0.3%
FFO / Debt	17.6%	13.3%	12.8%	4.6%	4.4%
RCF / Debt	14.1%	10.9%	10.4%	1.9%	1.5%
Revenue	4,652	4,493	4,875	5,115	5,234
Maintenance	1,426	1,454	1,602	2,353	2,503
Interest Expense	420	382	379	372	381
Net Income	254	328	203	441	547
Total Assets	17,683	18,900	20,160	22,000	21,890
Total Liabilities	13,885	14,870	15,911	16,758	16,619
Total Equity	3,798	4,030	4,249	5,242	5,271

[1] All figures and ratios are calculated using Moody's estimates and standard adjustments. Periods are Financial Year-End unless indicated. LTM = Last Twelve Months.
Source: Moody's Financial Metrics

Exhibit 7

Peer Comparison Table [1]

	NiSource Inc. Baa2 Stable			Fortis Inc. Baa3 Stable			PPL Corporation Baa2 Stable			Duquesne Light Holdings, Inc. Baa3 Stable			Puget Energy, Inc. Baa3 Stable		
(in US millions)	FYE Dec-17	FYE Dec-18	LTM Mar-19	FYE Dec-17	FYE Dec-18	LTM Mar-19	FYE Dec-17	FYE Dec-18	LTM Mar-19	FYE Dec-17	FYE Dec-18	LTM Mar-19	FYE Dec-17	FYE Dec-18	LTM Mar-19
Revenue	4,875	5,115	5,234	6,401	6,476	6,578	7,447	7,785	7,738	953	983	987	3,460	3,346	3,423
CFO Pre-W/C	1,088	469	315	2,175	2,063	2,030	2,949	2,921	2,876	327	269	261	908	845	786
Total Debt	9,314	9,951	9,917	18,396	18,857	19,132	22,264	22,991	23,505	2,596	2,643	2,721	6,205	6,534	6,601
CFO Pre-W/C / Debt	11.7%	4.7%	3.2%	12.2%	10.4%	10.4%	13.2%	12.7%	12.2%	12.6%	10.2%	9.6%	14.6%	12.9%	11.9%
CFO Pre-W/C – Dividends / Debt	9.2%	1.9%	0.3%	9.8%	8.1%	8.1%	8.4%	7.8%	7.3%	8.6%	8.4%	8.3%	12.6%	11.8%	10.7%
Debt / Capitalization	62.7%	60.2%	59.8%	55.8%	55.9%	55.7%	62.5%	61.2%	60.5%	62.8%	61.6%	61.7%	59.2%	59.6%	59.2%

[1] All figures & ratios calculated using Moody's estimates & standard adjustments. FYE = Financial Year-End. LTM = Last Twelve Months. RUR* = Ratings under Review, where UPG = for upgrade and DNG = for downgrade.
Source: Moody's Financial Metrics

Ratings

Exhibit 8

Category	Moody's Rating
NISOURCE INC.	
Outlook	Stable
Issuer Rating	Baa2
Senior Unsecured	Baa2
Pref. Stock	Ba1
Commercial Paper	P-2
NISOURCE FINANCE CORPORATION	
Outlook	Stable
Issuer Rating	Baa2
Sr Unsec Bank Credit Facility	Baa2
Bkd Senior Unsecured	Baa2
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

REPORT NUMBER 1163341

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

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Summary:
NiSource Inc.

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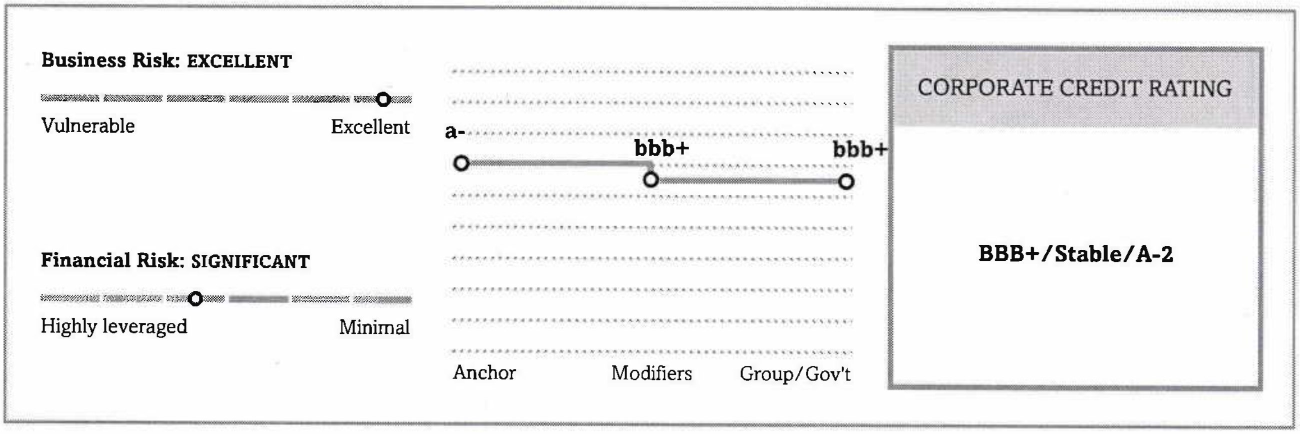
Summary:

NiSource Inc.



Rationale

Business Risk: Excellent	Financial Risk: Significant
• Effective management of regulatory risk through continued use of regulatory mechanisms; • Lower-risk regulated utility operations; • Large customer base with about 3.5 million gas and 500,000 electric customers; • Regulatory diversity with gas distribution operations across seven states; and • Above-average reliance on industrial customers, particularly from the steel industry, within the company's electric operations.	• Minimal financial cushion at the current rating level with stand-alone financial measures that we project will be at the very low end of the financial risk profile category; • Despite elevated capital spending, tax reform, and conservation, we expect financial measures to be maintained, reflecting equity issuance, rate increases, riders, effective management of operations and maintenance expenses (O&M), and modest customer growth; and • Continued negative discretionary cash flow, indicating external funding needs.

Outlook: Stable

The stable outlook on NiSource Inc. reflects S&P Global Ratings' expectation that management will continue its focus on its fully regulated utility operations. The outlook also reflects our view that cash flow protection and debt leverage measures will remain appropriate for the rating. Specifically, our baseline forecast includes consolidated funds from operations (FFO) to debt of about 13%-14%. Given the company's regulated focus, we expect NiSource will avoid any meaningful increase in business risk through its continued pursuit of constructive regulatory outcomes.

Downside scenario

We could lower the ratings if core financial measures weakened below our base-case forecast and remain at less credit-supportive levels, including FFO to debt consistently below 12%. This could occur if cost recovery is not as timely as expected, if construction projects are over budget, or if capital expenditures exceed forecast levels and are primarily debt financed.

Upside scenario

Although unlikely over the outlook period, we could raise the ratings if NiSource's consolidated financial measures exceeded our baseline forecast on a consistent basis, including FFO to total debt over 18%. This could occur if the company achieves more robust cost recovery, reduces its debt leverage, or funds its financing needs with more equity above our base case.

Our Base-Case Scenario

Assumptions

- Modest but stable customer growth;
- Negative discretionary cash flow;
- Ongoing cost recovery through rate cases and rate mechanisms;
- Modest reduction to cash flows due to corporate tax reform;
- Modest O&M growth;
- Commitment by management to maintain credit measures near current levels;
- Continuation of current regulatory mechanisms;
- Robust capital spending averaging between $1.7 billion and $1.8 billion through 2020;
- Average dividend payout ratio of about 60%; and
- Refinancing of all debt maturities.

Key Metrics

	2017A	2018E	2019E
FFO/debt (%)	11.7	12-14	13-15
Debt/EBITDA (x)	5.9	5.0-6.0	5.0-6.0
FFO interest coverage (x)	4.0	3.5-4.5	3.5-4.5

A--Actual. E—Estimate. FFO-Funds from operations.

Company Description

NiSource Inc. is an energy holding company engaged in natural gas distribution, as well as electric generation, transmission, and distribution. Through its regulated utility subsidiaries, NiSource serves approximately 3.5 million gas customers in Indiana, Kentucky, Maryland, Massachusetts, Ohio, Pennsylvania, and Virginia, and about 500,000 electricity customers in Indiana.

Business Risk: Excellent

Our assessment of NiSource's business risk largely reflects its lower-risk-regulated and vertically integrated electric and gas distribution operations, large customer base, geographic and regulatory diversity across seven states, and effective management of regulatory risk. We expect that the company will continue to effectively manage regulatory risk across all of its jurisdictions through future rate case filings and continued use of regulatory riders for distribution, transmission, and environmental costs. Currently, the company's generation fleet at its subsidiary Northern Indiana Public Service Co. LLC (NIPSCO) largely consists of coal-fired generation, indicative of potentially higher environmental risks. However, we expect that the company will gradually replace its coal-fired generation with environmentally friendlier generation, eventually reducing these risks.

Dampening our view of NiSource's business risk is the significant exposure to industrial customers at its electric operations. In 2017, the company's electric revenue from industrial customers contributed about 40% of the electric segment's total revenues. Furthermore, about 55% of industrial sales were from customers in the steel and steel-related industries. We believe this customer concentration makes the company more susceptible to an economic slowdown as adverse local or industrial shocks could negatively affect its revenues more so than for companies with less concentration risk. Although we view the industrial concentration at the electric operations as adding marginally more business risk to the company, its large-scale and low-risk regulated gas distribution operations and effective management of regulatory risk across seven jurisdictions provides it stable cash flows and firmly entrenches it within the business risk profile category.

Table 1

NiSource Inc.--Peer Comparison

	NiSource Inc.	WEC Energy Group Inc.	ONE Gas Inc.	CMS Energy Corp.	Atmos Energy Corp.
Rating as of May 3, 2018	BBB+/Stable/A-2	A-/Stable/A-2	A/Stable/A-1	BBB+/Stable/A-2	A/Stable/A-1
	--Fiscal year ended Dec. 31, 2017--				
(Mil. $)					
Revenues	4,874.6	7,648.5	1,539.6	6,547.8	2,759.7
EBITDA	1,582.9	2,695.1	482.6	2,364.7	1,094.0
Funds from operations (FFO)	1,097.9	2,081.5	401.2	1,868.1	949.2
Net income from continuing operations	128.6	1,203.7	163.0	460.0	382.7
Cash flow from operations	953.0	2,147.0	327.8	1,760.1	868.9
Capital expenditures	1,653.2	1,975.1	353.4	1,775.5	1,134.6
Free operating cash flow	(700.2)	171.9	(25.6)	(15.4)	(265.7)
Dividends paid	229.1	664.7	88.0	375.0	191.9
Discretionary cash flow	(929.3)	(492.8)	(113.5)	(390.4)	(457.7)
Debt	9,409.1	11,712.7	1,588.0	11,159.3	3,620.8
Preferred stock	0.0	265.2	0.0	0.0	0.0
Equity	4,320.1	9,825.5	1,960.2	4,478.0	3,898.7
Debt and equity	13,729.2	21,538.2	3,548.2	15,637.3	7,519.5
Adjusted ratios					
EBITDA margin (%)	32.5	35.2	31.3	36.1	39.6
EBITDA interest coverage (x)	3.7	5.5	7.9	4.6	7.8
FFO cash int. cov. (x)	4.0	6.3	9.7	5.7	6.8
Debt/EBITDA (x)	5.9	4.3	3.3	4.7	3.3
FFO/debt (%)	11.7	17.8	25.3	16.7	26.2
Cash flow from operations/debt (%)	10.1	18.3	20.6	15.8	24.0
Free operating cash flow/debt (%)	(7.4)	1.5	(1.6)	(0.1)	(7.3)
Discretionary cash flow/debt (%)	(9.9)	(4.2)	(7.2)	(3.5)	(12.6)
Net cash flow/Capex (%)	52.6	71.7	88.7	84.1	66.7
Return on capital (%)	6.2	8.3	7.5	8.0	8.4
Return on common equity (%)	1.7	12.9	8.3	10.4	10.3

Table 1

NiSource Inc.--Peer Comparison (cont.)					
	NiSource Inc.	**WEC Energy Group Inc.**	**ONE Gas Inc.**	**CMS Energy Corp.**	**Atmos Energy Corp.**
Common dividend payout ratio (un-adj.) (%)	178.4	54.6	54.0	81.5	50.2

Source: S&P Global Ratings.

Financial Risk: Significant

We assess NiSource's financial measures using more relaxed benchmark ratios than those used for the typical corporate issuer, reflecting its lower-risk regulated utility operations and effective management of regulatory risk. Our base-case assumptions include: modest customer growth, U.S. corporate tax reform, annual capital spending averaging about $1.7 billion-$1.8 billion through 2020, continued use of rider mechanisms, rate case increases, flat O&M growth, and equity issuances. As such, we expect that the company's financial measures will remain at the lower end of the range for its financial risk profile category and will be indicative of minimal cushion at the current rating level. Specifically, we expect FFO to debt to average about 13%-14% over the next three years.

Table 2

NiSource Inc.--Financial Summary					
Industry Sector: Combo					
	--Fiscal year ended Dec. 31--				
	2017	**2016**	**2015**	**2014**	**2013**
Rating history	BBB+/Stable/A-2	BBB+/Stable/A-2	BBB+/Stable/A-2	BBB-/Watch Pos/A-3	BBB-/Stable/A-3
(Mil. $)					
Revenues	4,874.6	4,492.5	4,651.8	6,470.6	5,657.3
EBITDA	1,582.9	1,519.3	1,414.3	1,904.8	1,838.7
Funds from operations (FFO)	1,097.9	1,102.5	1,013.0	1,400.6	1,394.4
Net income from continuing operations	128.6	328.1	183.0	530.7	490.9
Cash flow from operations	953.0	781.6	1,188.7	1,362.8	1,460.1
Capital expenditures	1,653.2	1,434.5	1,355.3	2,020.5	1,867.1
Free operating cash flow	(700.2)	(652.9)	(166.6)	(657.7)	(407.0)
Dividends paid	229.1	205.5	263.4	321.3	305.9
Discretionary cash flow	(929.3)	(858.4)	(430.0)	(979.0)	(712.9)
Debt	9,409.1	8,498.6	7,532.6	10,415.2	9,108.4
Preferred stock	0.0	0.0	0.0	0.0	0.0
Equity	4,320.1	4,071.2	3,843.5	6,175.3	5,886.6
Debt and equity	13,729.2	12,569.8	11,376.1	16,590.5	14,995.0
Adjusted ratios					
EBITDA margin (%)	32.5	33.8	30.4	29.4	32.5
EBITDA interest coverage (x)	3.7	3.5	3.5	3.9	3.9
FFO cash int. cov. (x)	4.0	4.1	3.6	4.3	4.5

Table 2

NiSource Inc.--Financial Summary (cont.)

Industry Sector: Combo

	--Fiscal year ended Dec. 31--				
	2017	**2016**	**2015**	**2014**	**2013**
Debt/EBITDA (x)	5.9	5.6	5.3	5.5	5.0
FFO/debt (%)	11.7	13.0	13.4	13.4	15.3
Cash flow from operations/debt (%)	10.1	9.2	15.8	13.1	16.0
Free operating cash flow/debt (%)	(7.4)	(7.7)	(2.2)	(6.3)	(4.5)
Discretionary cash flow/debt (%)	(9.9)	(10.1)	(5.7)	(9.4)	(7.8)
Net cash flow/Capex (%)	52.6	62.5	55.3	53.4	58.3
Return on capital (%)	6.2	6.2	4.8	6.4	6.8
Return on common equity (%)	1.7	7.0	3.5	8.7	8.4
Common dividend payout ratio (un-adj.) (%)	178.4	62.6	144.0	60.6	62.3

Source: S&P Global Ratings.

Liquidity: Adequate

We assess NiSource's liquidity as adequate because liquidity sources are likely to cover uses by more than 1.1x over the next 12 months and meet cash outflows even with a 10% decline in EBITDA. The assessment also reflects the company's generally prudent risk management, sound relationship with banks, ability to absorb high-impact, low-probability events with a limited need for refinancing, and a generally satisfactory standing in the credit markets.

Principal liquidity sources	Principal liquidity uses
• Cash balance of about $35 million; • Equity issuance of more than $600 million during 2018; • About $800 million of credit facility availability; • FFO of about $1 billion; and	• Debt maturities of about $265 million in 2018; • Capital spending of about $1.8 billion; and • Dividends of about $245 million.

Other Credit Considerations

The ratings on NiSource incorporate our assessment of a negative comparable rating analysis modifier, lowering our assessment of the rating on the company by one notch. This reflects the company's financial ratios being at the very low end of the range for its financial risk profile category.

Group Influence

Under our group rating methodology, we view NiSource as the parent company of a group that includes NIPSCO and Bay State Gas Co. 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--Subordination Risk Analysis

Capital structure

- NiSource's capital structure consists of approximately $9.1 billion of total debt, of which about $660 million is outstanding at its subsidiaries.

Analytical conclusions

- We rate the unsecured debt issues at NiSource 'BBB+', the same as the issuer credit rating. This is due to the vast proportion of debt being at the holding company.
- The commercial paper program is rated 'A-2', consistent with the issuer credit rating.

Table 3

Reconciliation Of NiSource Inc. Reported Amounts With S&P Global Ratings' Adjusted Amounts (Mil. $)							
	--Fiscal year ended Dec. 31, 2017--						
NiSource Inc. reported amounts							
	Debt	**EBITDA**	**Operating income**	**Interest expense**	**EBITDA**	**Cash flow from operations**	**Capital expenditures**
Reported	9,002.2	1,480.9	910.6	353.2	1,480.9	742.1	1,695.8
S&P Global Ratings' adjustments							
Interest expense (reported)	--	--	--	--	(353.2)	--	--
Interest income (reported)	--	--	--	--	4.6	--	--
Current tax expense (reported)	--	--	--	--	(7.8)	--	--
Operating leases	138.6	44.8	9.8	9.8	35.0	35.0	--
Postretirement benefit obligations/deferred compensation	257.9	11.6	11.6	18.7	(61.8)	205.7	--
Surplus cash	(29.0)	--	--	--	--	--	--
Capitalized interest	--	--	--	42.6	(42.6)	(42.6)	(42.6)
Share-based compensation expense	--	40.1	--	--	40.1	--	--
Asset retirement obligations	212.3	--	--	--	(2.8)	12.8	--
Non-operating income (expense)	--	--	(2.8)	--	--	--	--
Debt - Accrued interest not included in reported debt	112.3	--	--	--	--	--	--
Debt - Other	(285.1)	--	--	--	--	--	--
EBITDA - Gain/(Loss) on disposals of PP&E	--	5.5	5.5	--	5.5	--	--
Total adjustments	406.9	102.0	24.1	71.1	(383.0)	210.9	(42.6)
S&P Global Ratings' adjusted amounts							
	Debt	**EBITDA**	**EBIT**	**Interest expense**	**Funds from operations**	**Cash flow from operations**	**Capital expenditures**
Adjusted	9,409.1	1,582.9	934.7	424.3	1,097.9	953.0	1,653.2

Source: S&P Global Ratings.

Related Criteria

- Criteria - Corporates - General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013

- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013
- Criteria - Corporates - Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria - Insurance - General: Hybrid Capital Handbook: September 2008 Edition, Sept. 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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Research Update:

NiSource Inc. And Subsidiaries Outlooks Revised To Negative On Recent Massachusetts Gas Explosions, Ratings Affirmed

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Research Update:

NiSource Inc. And Subsidiaries Outlooks Revised To Negative On Recent Massachusetts Gas Explosions, Ratings Affirmed

Overview

- Recently, the Massachusetts towns of Lawrence, Andover, and North Andover--which are within Bay State Gas Co.'s service territory--experienced multiple fires and explosions. Subsequent to these initial developments, Governor Charlie Baker declared a state of emergency and determined that Eversource Energy (in place of Bay State Gas) should lead and manage the restoration efforts to safely reinstate utility services in the affected areas.
- We are affirming our ratings on NiSource Inc. (NiSource) and its subsidiaries Northern Indiana Public Service Co. LLC and Bay State Gas Co. and are revising our outlooks on the companies to negative from stable.
- The negative outlooks reflect our view that NiSource may experience greater operating and regulatory risks and potential financial contingencies in excess of insurance proceeds due to the fires and explosions in Northern Massachusetts, which could lead us to lower our rating. Governor Baker's extraordinary decision to replace Bay State Gas with Eversource Energy to manage the restoration effort in the affected communities signals a potential weakening in NiSource's ability to effectively manage its operating and regulatory risk. Furthermore, the outlook incorporates the company's minimal financial cushion at the current rating level.

Rating Action

On Sept. 18, 2018, S&P Global Ratings affirmed its 'BBB+' issuer credit rating on NiSource Inc. and its 'BBB+' issuer credit ratings on the company's subsidiaries Bay State Gas Co. and Northern Indiana Public Service Co. LLC and revised its outlooks on all three companies to negative from stable.

At the same time, we affirmed our 'A-2' short-term rating on NiSource, our 'BBB+' issue-level rating on the company's senior unsecured debt, and our 'BBB-' issue-level rating on its preferred stock.

Rationale

The negative outlooks reflect our belief that NiSource could face greater operating and regulatory risks and potential financial contingencies in excess of insurance proceeds due to the gas explosions that occurred last week, which damaged dozens of structures, led to the evacuation of thousands of customers, and caused multiple injuries and one fatality. Currently, the company has minimal financial cushion at the current rating level to withstand potential significant financial deterioration stemming from these events. Furthermore, if the company's business risk increases without a commensurate improvement in its financial measures, we may lower our rating.

While Bay State Gas Co. accounts for only about 7% of NiSource's consolidated EBITDA and there is currently no indication that the explosions were intentional, Governor Baker's extraordinary decision to replace Bay State Gas with Eversource Energy to manage the restoration of utility services signals a possible increase in regulatory risk for the company. While NiSource remains committed to maintaining its credit quality, the Governor's decision and comments--which questioned Bay State Gas' performance relative to its representations and raised issues about the company's ability to remediate the situation--indicate the possibility that it may face a challenging regulatory and operating environment going forward.

Our analysis of NiSource incorporates our assessment of Bay State Gas as a core subsidiary. This is consistent with the company's recent commitment to replace the entirety of the affected infrastructure with state-of-the-art mains and service lines that include modern safety features.

The issuer credit rating on NiSource reflects our assessment of its business risk profile as excellent and its financial risk profile as significant. Our assessment of NiSource's business risk profile reflects its lower-risk regulated and vertically integrated electric and gas distribution operations, its large customer base, its geographic and regulatory diversity (as its business is spread across seven states), and its effective management of regulatory risk. We expect that the company will continue to effectively manage regulatory risk across all of its jurisdictions through future rate case filings and continued use of regulatory riders for distribution, transmission, and environmental costs. Currently, the company's generation fleet at its subsidiary Northern Indiana Public Service Co. LLC (NIPSCO) largely consists of coal-fired generation, which suggests that NiSource may potentially face higher environmental risks. However, we expect that the company will gradually replace its coal-fired generation with environmentally friendlier generation, reducing these risks.

We use more relaxed benchmark ratios to assess NiSource's financial measures than for the typical corporate issuer to reflect its lower-risk regulated utility operations. Our base-case assumptions include: modest customer growth, U.S. corporate tax reform, annual capital spending averaging about $1.7 billion-$1.8 billion through 2020, continued use of rider mechanisms, rate case increases, flat operating and maintenance (O&M) expense growth, and the recently completed common and preferred stock issuances. As such, we expect that the company's financial measures will remain at the lower end of the range for its financial risk profile category, indicative of minimal cushion at the current rating. Specifically, we expect NiSource's funds from operations (FFO)-to-debt ratio to average about 13%-14% over the next three years. We assess the comparable rating analysis modifier as negative, consistent with these expectations. NiSource's FFO-to-debt was 11.7% as of year-end 2017 and 12.7% for the 12 months ended June 30, 2018, both indicative of minimal financial cushion for the current rating.

Liquidity

We assess NiSource's liquidity as adequate because its liquidity sources will likely cover its uses by more than 1.1x over the next 12 months. We also believe that the company's net sources will remain positive even if its EBITDA declines by 10%. The adequate assessment also reflects the company's generally prudent risk management, its sound relationships with its banks, its ability to absorb high-impact, low-probability events with a limited need for refinancing, and its generally satisfactory standing in the credit markets.

Principal liquidity sources:

- Minimal cash outstanding;
- Credit facility availability of about $1.85 billion; and
- FFO of about $1.2 billion.

Principal liquidity uses:

- Maintenance capital spending of about $450 million over the next 12 months;
- Debt maturities of about $640 million in 2019; and
- Dividends of about $300 million.

Outlook

The negative outlooks on NiSource and its subsidiaries reflect our view that the company may experience greater operating and regulatory risks and potential financial contingencies in excess of insurance proceeds due to the fires and explosions in Northern Massachusetts, which could lead us to lower our rating. Governor Baker's extraordinary decision to replace Bay State Gas with Eversource Energy to manage the restoration effort in the affected communities signals a potential weakening in NiSource's ability to effectively manage its operating and regulatory risk. Furthermore, the outlook incorporates the company's minimal financial cushion for the current rating level.

Downside scenario

We could lower our issuer credit rating on NiSource over the next two years if an investigation determines Bay State Gas is responsible for the fires and explosions and indicates that there are deeper concerns surrounding the company's regulatory relationships, operating controls, recordkeeping, or maintenance standards, indicative of increased business risk while its consolidated FFO-to-debt remains consistently below 13%.

Upside scenario

We could affirm our ratings on NiSource and its subsidiaries and revise the outlooks to stable over the next two years if the company is able to manage through the current challenges within its Bay State Gas service territory while maintaining FFO-to-debt of consistently above 13%.

Ratings Score Snapshot

Issuer Credit Rating: BBB+/Negative/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--Subordination Risk Analysis

Capital structure

- NiSource's capital structure consists of approximately $8.1 billion of total debt, of which about $350 million is outstanding at its subsidiaries.

Analytical conclusions

- We rate NiSource's unsecured debt 'BBB+', the same as our long-term issuer credit rating on the company, because the vast proportion of of its debt is at the holding company.
- We rate the company's commercial paper program 'A-2', which is consistent with the issuer credit rating.
- We rate NiSource's preferred stock two notches below our issuer credit rating on the company, one notch for deferability and one notch for subordination.

Related Criteria

- Criteria - Corporates - General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings , April 7, 2017
- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013
- Criteria - Corporates - Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria - Insurance - General: Hybrid Capital Handbook: September 2008 Edition, Sept. 15, 2008

Ratings List

Ratings Affirmed; Outlook Action

	To	From
NiSource Inc.		
Issuer Credit Rating	BBB+/Negative/A-2	BBB+/Stable/A-2
Bay State Gas Co.		
Northern Indiana Public Service Company LLC		
Issuer Credit Rating	BBB+/Negative/--	BBB+/Stable/--

Ratings Affirmed

NiSource Inc.	
Senior Unsecured	BBB+
Preferred Stock	BBB-
Bay State Gas Co.	
Senior Unsecured	BBB+
Northern Indiana Public Service Company LLC	
Senior Unsecured	BBB+

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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 2019. The CPA rate is 4.06%.

Attached as Attachment B is the worksheet showing the computation of the current AFUDC rate of 4.06%.

Employee names have been redacted.

Number: CL 2019-39
Date: 11/22/2019

2019 Allowance for Funds Used During Construction (AFUDC) Borrowed and Equity Rates

Listed below are the updated AFUDC rates to be used for 2019 shown alongside the rates last published in Controller's Letter 2019-17 (issued April 2019). Interim rates are published to capture significant rate trends prior to year-end. For rates that changed, please record a cumulative adjustment from January 1, 2019 in order to reflect the changes. Changes from the prior period in excess of 40 basis points are discussed below.

See tab 'AFUDC' for schedules showing the computation of the 2019 AFUDC rates. If you have any questions regarding the AFUDC calculations, please contact [redacted].

	Using 12 Months Ended April 30, 2019			Using 12 Months Ended October 31, 2019				
	Borrowed	Equity	Total	Borrowed	Equity	Total	Chg	
CPA	2.45%	2.11%	4.56%	2.59%	1.47%	4.06%	-0.50%	(1)

PeopleSoft 9.1	Account	Cost Ele	Activity Code
Borrowed	43200000	4503	11003
Equity	41910000	4504	

(1) The CPA Equity rate decrease is primarily the result of an increase in average short-term debt.

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.

AFUDC Rates Calculation
October 2019

AFUDC Rates	
	CPA037
AFUDC Debt	2.59%
AFUDC Equity	1.47%
Total AFUDC	4.06%

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	705,515,000
d - LTD Interest Rate (see Note C)	5.14%
P - Preferred Stock (see Note D)	-
p - Preferred Stock Cost Rate (see Note D)	0.00%
C - Common Equity	879,992,920
c - Common Equity Cost Rate (see Note A)	9.81%
s - ST Debt Interest Rate	2.70%
S - Average ST Debt	46,123,011
W - Average CWIP	63,192,626
STD/AVCWIP	72.99%

CWIP - Ending Balance		
100129000		CPA037
2018	Oct	66,504,273
2018	Nov	66,923,492
2018	Dec	47,472,392
2019	Jan	47,501,130
2019	Feb	48,830,013
2019	Mar	53,177,633
2019	Apr	54,158,683
2019	May	64,802,784
2019	Jun	68,558,364
2019	Jul	78,004,077
2019	Aug	86,859,930
2019	Sep	77,970,244
2019	Oct	61,601,260
Average CWIP Ending Balance		63,258,790

CWIP - Average Monthly Balance		
		CPA037
2018	Nov	66,713,882
2018	Dec	57,197,942
2019	Jan	47,486,761
2019	Feb	48,165,572
2019	Mar	51,003,823
2019	Apr	53,668,158
2019	May	59,480,733
2019	Jun	66,680,574
2019	Jul	73,281,221
2019	Aug	82,432,004
2019	Sep	82,415,087
2019	Oct	69,785,752
TTM Average CWIP Balance		63,192,626

Interest Expense - Money Pool

700102000		CPA037
2018	Nov	177,182
2018	Dec	198,207
2019	Jan	148,925
2019	Feb	61,473
2019	Mar	5,336
2019	Apr	-
2019	May	6,151
2019	Jun	98,205
2019	Jul	177,242
2019	Aug	226,819
2019	Sep	277,572
2019	Oct	145,703
TTM MP Interest Expense		1,522,816

Average Daily Balance of Short-term Borrowings (Money Pool)

300203234		CPA037
2018	Nov	79,296,093
2018	Dec	81,590,372
2019	Jan	58,046,716
2019	Feb	27,757,290
2019	Mar	2,198,143
2019	Apr	-
2019	May	2,553,556
2019	Jun	42,558,554
2019	Jul	76,568,067
2019	Aug	105,966,248
2019	Sep	133,011,672
2019	Oct	68,881,694
TTM Avg. ST Borrowings		56,535,700

Short-term Borrowings Used for AFUDC Calculation

		CPA037
2018	Nov	66,713,882
2018	Dec	57,197,942
2019	Jan	47,486,761
2019	Feb	27,757,290
2019	Mar	2,198,143
2019	Apr	-
2019	May	2,553,556
2019	Jun	42,558,554
2019	Jul	73,281,221
2019	Aug	82,432,004
2019	Sep	82,415,087
2019	Oct	68,881,694
TTM Avg. ST Borrowings for AFUDC		46,123,011

Interest Expense on ST Borrowings for AFUDC

		CPA037
2018	Nov	149,068
2018	Dec	138,951
2019	Jan	121,832
2019	Feb	61,473
2019	Mar	5,336
2019	Apr	-
2019	May	6,151
2019	Jun	98,205
2019	Jul	169,633
2019	Aug	176,444
2019	Sep	171,986
2019	Oct	145,703
TTM MP Interest Expense for AFUDC		1,244,783

Long-term Debt / Preferred Stock / Common Equity		
2018	Dec	CPA037
201299000	Long Term Debt (incl. Finance Leases)	734,394,266
300199000	Current Portion of Long Term Debt	1,088,458
300201233	Short-term Debt I/C (see Note J)	-
300129000	Less: Capital Leases in Current LTD	1,088,458
201230225	Less: Unamortized Premium	-
201235226	Less: Unamortized Discount	-
201240000	Less: Interest Rate Swaps	-
201249000	Less: Capital Leases in LTD	28,879,266
Long-term Debt		705,515,000
200299900	Preferred Stock	-
200999000	Total Stock Equity	879,992,920
200699000	Less: AOCI	-
200299900	Less: Preferred Stock	-
Total Common Equity		879,992,920

Note A - The Common Equity Cost Rates and Preferred Equity Cost Rates (where applicable) for all companies, as well as the AFUDC rates for CMD and NIPSCO Gas, were obtained from [redacted], Lead Regulatory Analyst.

Note B - 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.

5,710,288,630

Note C - LTD Interest Rate obtained from Debt Cost Report worksheet obtained from Treasury as of 12/31/18 (NiSource's policy is to use prior year-end debt balances to calculated LTD Interest Rate).

Note D - Per Regulatory ([redacted]), while NiSource had preferred equity as of 12/31/18, most state commissions have not yet approved a preferred equity cost rate.

Note E - Amounts obtained from [redacted] Money Pool Spreadsheet (see tab E).

Note J - 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 missclassification 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.

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 2017 Earnings

February 20, 2018

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.; NiSource's ability to manage new initiatives and organizational changes; the performance of third-party suppliers and service providers; the availability of insurance to cover all significant losses 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. A credit rating is not a recommendation to buy, sell or hold securities, and may be subject to revision or withdrawal at any time by the asset rating organization. In addition, dividends are subject to board approval. 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 – Year-End 2017

- **2017 results slightly above guidance range**
  - Net operating earnings per share (NOEPS)* of $1.21 versus $1.09 in 2016
  - Record $1.7 billion invested in gas & electric utility infrastructure modernization

- **Disciplined execution produces value for customers, stakeholders**
  - Replaced 377 miles of priority pipe in 2017, reducing leaks and methane emissions; Replaced 68 miles of underground electric cable and about 1,300 electric poles, supporting increased service reliability
  - Achieved industry top-decile performance in core employee safety metrics
  - Improved customer satisfaction across all NiSource utilities
  - Settlements approved in Maryland, Virginia gas base rate cases, Indiana electric generation environmental investments plan
  - Refinanced nearly $1 billion in long-term debt at more favorable rates, which will result in significant interest expense savings over the next several years
  - Established aggressive environmental targets supported by our business strategy, including a reduction of greenhouse gas emissions from 2005 levels 50 percent by 2025
  - Added nearly 28,000 net new customers, with growth driven by increased conversions to gas from other fuels and a healthy housing market

- **Delivered total shareholder return of more than 19 percent, significantly exceeding performance of the two major utility indices**

2018 NOEPS Guidance: $1.26 to $1.32 Per Share*; CapEx Guidance: $1.7B to $1.8B

* Net Operating Earnings Per Share (non-GAAP); For a reconciliation of 2017 GAAP to non-GAAP earnings, see Schedule 1 of NiSource's Feb. 20, 2018 Earnings Release

NiSource & Federal Tax Reform

- **Balance Sheet Re-measurements from the Adoption of Tax Cuts and Jobs Act**
  - The Federal NOL (Net Operating Loss) carryforward revalued to $508M, which is expected to provide a cash tax benefit to NiSource that extends beyond 2025
  - Re-measurement of deferred tax liabilities increased regulatory liabilities by approximately $1.5B, which supports lower costs to our customers
- **Primary Earnings and Cash Consequences of the Lower Tax Rate**
  - Reduced tax shield of corporate debt; no change to deductibility
  - Reduces tax collections, driving lower cost to customers and reduced cash flow to utilities
  - Re-measurement of deferred tax liability expected to be passed back to customers over the life of the assets, which reduces cash flow to utilities
- **Management of Tax Reform Impacts – Ensuring Financial Commitments and Sustainable Investment Program Funding**
  - Near-term levers to manage cash and earnings impacts
    - Balanced, constructive regulatory approach to benefit long-term customer interests
    - Business initiatives focused on efficiencies
    - Potential financing plan options – debt tenor, mix and timing of hybrids, convertibles, debt and equity

NiSource Reaffirms Financial Commitments - Guidance, Long-Term Growth Rates, Investment-Grade Credit

Year-End 2017 Financial Highlights

Non-GAAP*	2017	2016	Change
Net Operating Earnings ($M)	$397.5	$351.2	$46.3
Net Operating Earnings Per Share	$1.21	$1.09	$0.12

GAAP	2017	2016	Change
Income from Continuing Operations ($M)	$128.6	$328.1	($199.5)
Earnings Per Share - Continuing Operations	$0.39	$1.02	($0.63)

2017 Results Slightly Above Guidance Range

*Net Operating Earnings (non-GAAP). For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's Feb. 20, 2018 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: ~$9.0B as of December 31, 2017**
  - ~$7.7B of long-term debt
    - Weighted average maturity ~18 years
    - Weighted average interest rate of 4.8%
- **Solid liquidity position**
  - ~$2.2B of committed facilities in place as of December 31, 2017
    - ~$1.9B 5-year revolving credit facility
    - ~$0.3B* accounts receivable securitization facilities
  - ~$1.0B in net available liquidity as of December 31, 2017**
- **Interest rate hedging position**
  - ~$1.0B of anticipated debt issuances hedged as of December 31, 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

- Operating Earnings* $586.9M in 2017 vs. $597.6M in 2016
- Significant progress on regulatory initiatives across all states
- Ongoing infrastructure modernization on track and designed to further customer value, including improved system safety, reliability and environmental performance
- New customer growth on track, in line with long-term expectations
- Improving customer satisfaction across all states

Key Milestones:

Highlight	Key Components	Status
NIPSCO Gas Base Rate Case	• First base rate increase request in more than 25 years • Supports continued investments in system upgrades, technology improvements, and other measures to enhance system safety and reliability • Inclusive of various tracker programs and reflecting customer benefits of federal tax reform, seeks annual revenue increase of $117.9M	• Filed Sept. 27, 2017 • Revised Jan. 26, 2018 (Reflecting tax reform benefits) • 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 (Program previously authorized through Dec. 31, 2017)	• Filed Feb. 27, 2017 • Settlement filed Aug. 18, 2017 • Settlement approved Jan. 31, 2018
Columbia Gas of Ohio Capital Expenditure Program (CEP)	• Seeks establishment of cost recovery mechanism for certain deferred capital investments not recovered through the IRP tracker • Requests annual revenue increase of $29M for 2018	• Filed Dec. 1, 2017 • Awaiting procedural schedule
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 $59M in 1H 2017 investments	• Filed Aug. 31, 2017 • Approved Dec. 28, 2017 • New rates effective Jan. 1, 2018

~$20B in Identified Long-Term Infrastructure Investment Opportunities

* Operating Earnings (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see NiSource's Feb. 20, 2018 supplemental segment and financial information accompanying this presentation and available on the investor section of www.nisource.com.

Electric Operations

- Operating Earnings* $376.6M in 2017 vs. $302.3M in 2016
- Completed year two of seven-year ~$1.25B electric system modernization program
- Electric transmission projects on schedule, with line and tower construction continuing
- Settlement approved in environmental upgrades for 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 settlement approved Dec. 13, 2017 • Construction underway, expected completion by YE18
Electric System Modernization Program	• Focused on electric transmission and distribution investments designed to improve system reliability and safety • TDSIC 3 semi-annual tracker update covering ~$75M in investments from May 2017 - Nov. 2017	• Filed Jan. 30, 2018 • Order expected in 2Q18

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 complete by mid-2018

~$10B in Identified Long-Term Infrastructure Investment Opportunities

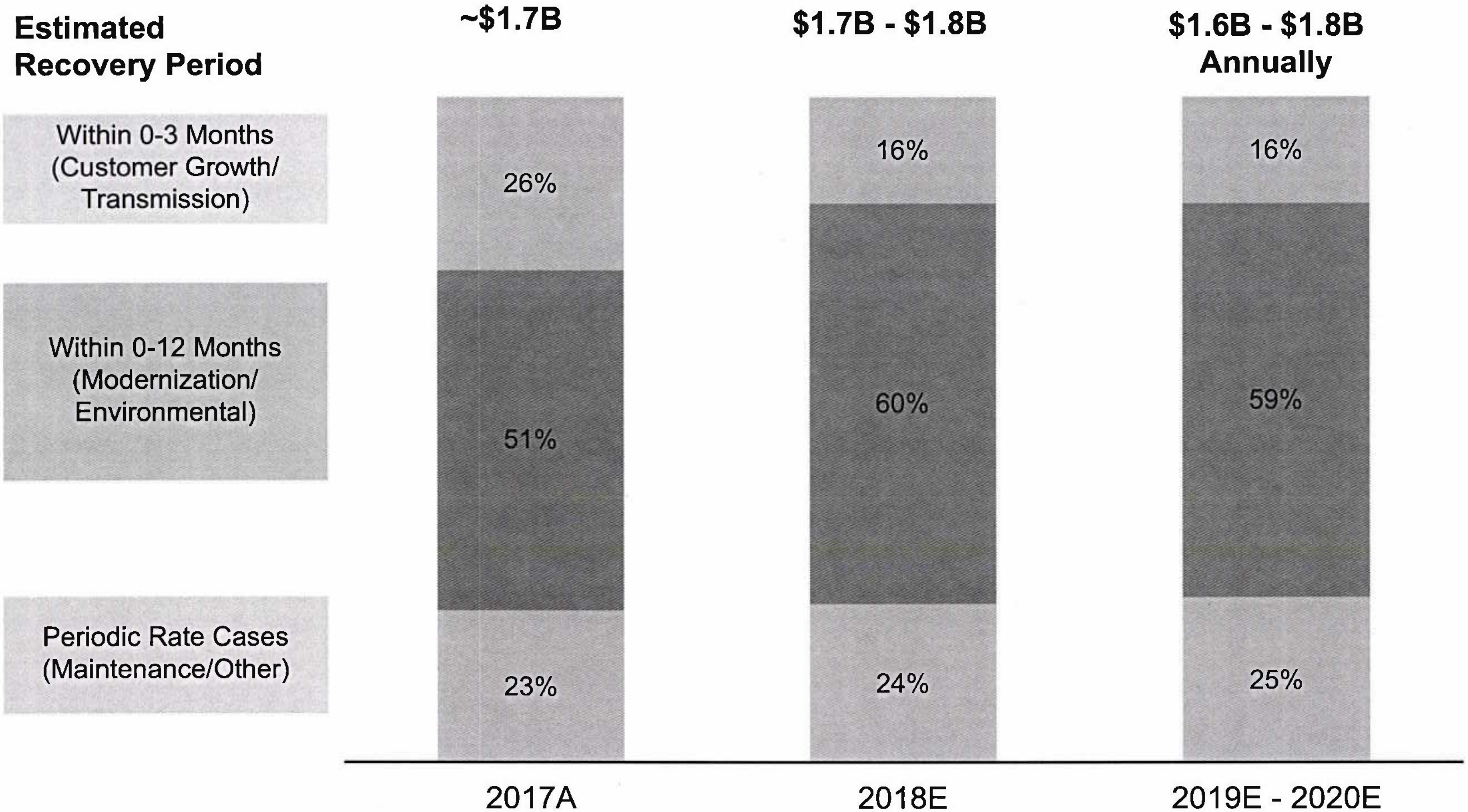
* Operating Earnings (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see NiSource's Feb. 20, 2018 supplemental segment and financial information accompanying this presentation and available on the investor section of www.nisource.com.

Appendix:
Fourth Quarter & Year-End 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 12/31/17	Maturity
Revolving Credit Facility	$ 1,850	Nov. 28, 2021
Accounts Receivable Program*	337	
Less:		
Drawn on Credit Facility	—	
Commercial Paper	869	
Accounts Receivable Program Utilized	337	
L/C's Outstanding Under Credit Facility	11	
Add:		
Cash & Equivalents	29	
Net Available Liquidity	**$ 999**	

Debt Detail

	Balance	Wtd. Avg. Rate**	Wtd. Avg. Maturity
Long-Term Debt	$ 7,715	4.82%	18 years
Commercial Paper	869	1.97%	26 days
A/R Program Borrowings	337	1.86%	Approx. 1 mo.
Capital Leases, Def Cost & Other	82	N/A	N/A
Total Debt	**$ 9,002**		

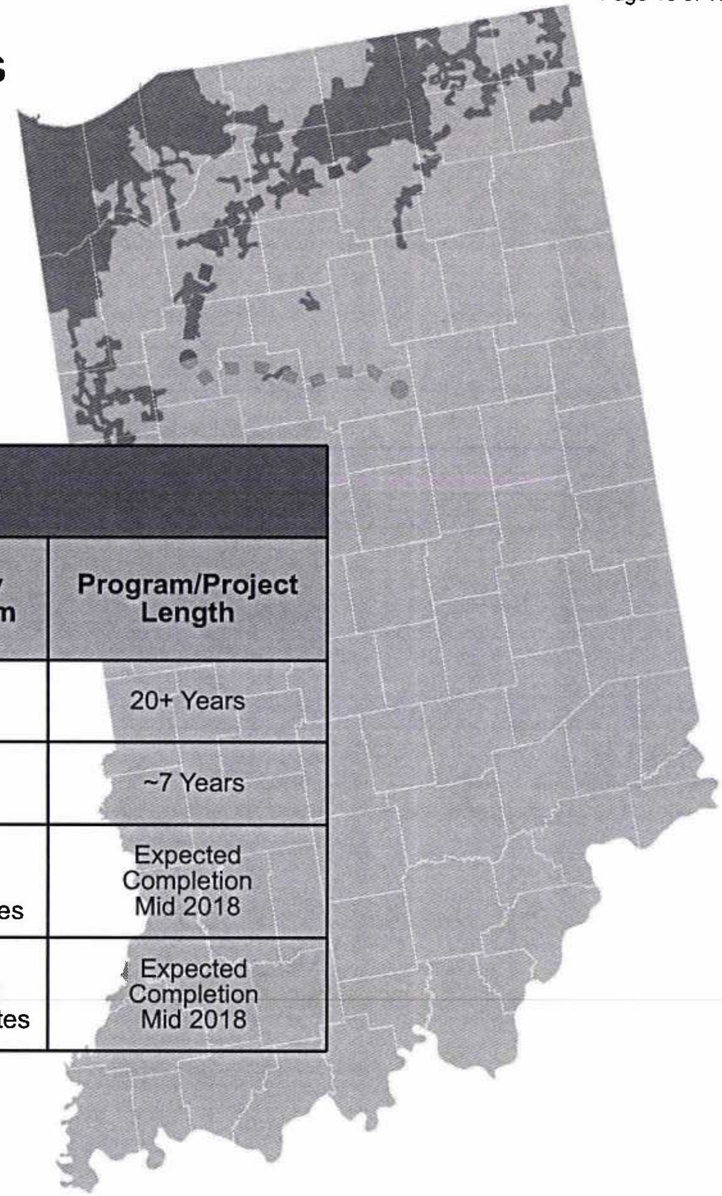
* Represents the lesser of seasonal limit or maximum borrowings supportable by underlying receivables
** Represents coupon or current incremental borrowing rate; does not factor in fees and/or amortization of deferred charges
N/A = Not Applicable

Natural Gas Distribution Infrastructure Programs

Company	Base Case Authorized ROE	Year-End 2017 Rate Base	Total Identified Investments	Modernization Program Investments	Estimated Annual Modernization Program	Recovery Mechanism
Columbia Gas of OH	Not Specified	$2.5B	~$4.1B	~$3.4B	$220M - $270M	Tracked
Columbia Gas of PA	Not Specified	$1.5B	~$3.0B	~$1.8B	$210M - $250M	Rate Case (Forward Test Year)
NIPSCO Gas	9.90%	$1.2B	~$4.5B	~$3.9B	$135M - $160M	Tracked
Columbia Gas of MA	9.55%	$792M	~$1.4B	~$700M	$80M - $120M	Tracked
Columbia Gas of VA	Not Specified	$669M	~$550M	~$300M	$30M - $40M	Tracked
Columbia Gas of KY	Not Specified	$259M	~$750M	~$400M	$25M - $45M	Tracked
Columbia Gas of MD	9.70%	$107M	~$200M	~$100M	$16M - $21M	Tracked

Robust Long-Term Investment Programs Deliver Value on $7.0B 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 $3.5B Rate Base*

* As of Sept. 30, 2017

Regulatory Update

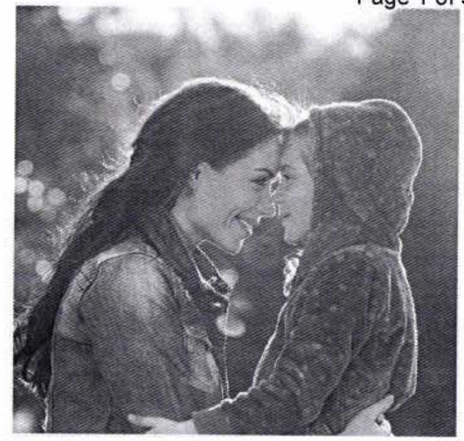
2017 Rate Case and Program/Project Activity		
Company/Filing	**Summary**	**Timeline**
Pending Approval		
Columbia Gas of Ohio - Capital Expenditure Program (CEP)	Establishment of Deferral Recovery Rider	Filed: 12/1/2017 Awaiting Procedural Schedule
NIPSCO Gas - PHMSA Filing	Recovery of Federally Mandated Pipeline Safety Compliance Plan	Filed: 11/8/2017
NIPSCO Gas - Base Rate Case	Requested Increase: $117.9M	Filed: 9/27/2017 Revised for Tax Reform: 1/26/2018 Order Expected: 2H2018
Complete		
Columbia Gas of Ohio - Infrastructure Replacement Program	5-Year Plan Extension Filing	Filed: 2/27/2017 Settlement Filed: 8/18/2017 Settlement Approved: 1/31/2018
NIPSCO Electric Environmental Upgrades	Environmental Compliance Investments (CCR)	Filed: 11/1/2016 CCR Settlement Filed: 6/9/2017 CCR Settlement Approved: 12/13/2017
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 2016	~$236M	Feb 2017	May 2017
		FY 2017	TBD	Expected - Feb 2018	Expected - May 2018
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	Jan 2018
Columbia Gas of Massachusetts	Gas System Enhancement Plan (GSEP)	FY 2017	~$73M	Oct 2016	May 2017
		FY 2018	~$84M	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	Jan 2018
Columbia Gas of Maryland	Strategic Infrastructure Development and Enhancement (STRIDE)	FY 2017	~$15M	Nov 2016	Jan 2017
		FY 2018	~$21M	Oct 2017	Jan 2018
NIPSCO – Gas	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 7: Jan 2017 – Jun 2017	~$59M	Aug 2017	Jan 2018
		TDSIC 8: Jul 2017 – Dec 2017	TBD	Expected - Feb 2018	Expected - July 2018
NIPSCO – Electric	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 2: May 2016 – Apr 2017	~$134M	Jun 2017	Nov 2017
		TDSIC 3: May 2017 – Nov 2017	~$75M	Jan 2018	Expected - Jun 2018

* 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 Common Stock Offering and Investor Update

April 2018

NiSource

NiSource®

FORWARD LOOKING STATEMENTS

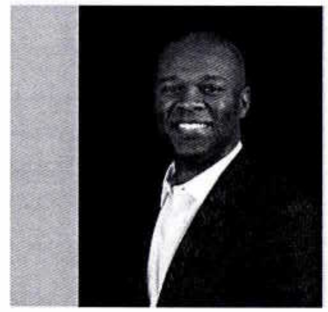
This presentation contains forward-looking statements within the meaning of federal securities laws. Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. Examples of forward-looking statements in this presentation include statements and expectations regarding NiSource's or any of its subsidiaries' 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.; NiSource's ability to manage new initiatives and organizational changes; the performance of third-party suppliers and service providers; the availability of insurance to cover all significant losses 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, 2017 and in other filings with the Securities and Exchange Commission. A credit rating is not a recommendation to buy, sell or hold securities, and may be subject to revision or withdrawal at any time by the asset rating organization. In addition, dividends are subject to board approval. 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

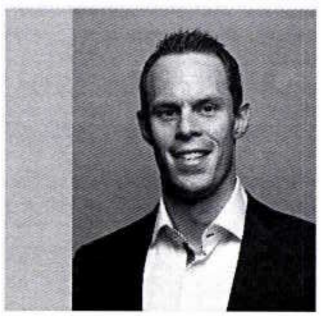
This presentation includes financial results and guidance for NiSource with respect to net operating earnings, which is a non-GAAP financial measure as defined by the SEC's Regulation G. The company includes this measure because management believes it permits investors to view the company's performance 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.

NISOURCE PARTICIPANTS

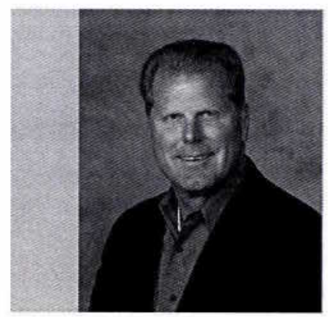
Joe Hamrock
President and Chief Executive Officer



Donald Brown
Executive Vice President and Chief Financial Officer



Shawn Anderson
Treasurer and
Chief Risk Officer



Randy Hulen
Vice President of
Investor Relations

OFFERING SUMMARY

Issuer	NiSource Inc.
Securities Offered	Common Stock
Pricing	May 1, 2018 (after-close)
Expected Announcement	May 2, 2018 (pre-open)
Expected Settlement Date	May 4, 2018
Offering Size	~25 Million Shares
Offering Type	Private Placement with Form S-1 Registration Rights
Lock Up Period	Company: 90 days D&Os: the earlier of 90 days or effectiveness of S-1
Use of Proceeds	Finance capital expenditures and for general corporate purposes
Placement Agent	Credit Suisse

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; not a guarantee of future shareholder return

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 + **EXECUTION** = **FINANCIAL OUTCOME**

STRONG UNDERLYING BUSINESS

- **100% Regulated Gas and Electric Utility Business**
  - Balanced Business Mix of 60% Gas and 40% Electric
  - Stable Revenue Stream with ~65% Non-Volume Sensitive
- **Significant Scale with ~4M Customers Across Seven States**
- **~$30B of Identified Infrastructure Investments**
  - Equals Over ~3.5x 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; not a guarantee of future shareholder return

FIRST QUARTER 2018 EARNINGS

NiSource®

KEY TAKEAWAYS – FIRST QUARTER 2018

- **Results on track with guidance range**
  - Net operating earnings per share (NOEPS)* of $0.77 versus $0.71 in 2017
  - On track to complete $1.7 to $1.8 billion of utility infrastructure investments this year
- **Disciplined execution of infrastructure programs and regulatory initiatives produces value for customers, stakeholders**

  Gas Distribution Operations
  - Settlement filed in NIPSCO gas base rate case
  - Base rate cases filed in Pennsylvania, Massachusetts and Maryland
  - Infrastructure Replacement Program extension approved, tracker update pending in Ohio
  - Gas modernization program extensions filed in Indiana, Maryland

  Electric Operations
  - 2018 Integrated Resource Plan process kicked off with stakeholders
  - CCR projects underway and expected to be completed by end of 2018
  - Transmission projects nearing completion
  - Continued execution on transmission and distribution modernization program
- **Clarity regarding tax reform implementation**
  - Benefits beginning to flow to customers, enhancing the sustainability of our strategy
  - Management of cash impacts achieved through regulatory filings/outcomes, business initiatives and cash management
  - ~$600 million block common equity offering resolves credit impacts of tax reform, no plans for additional block common equity

Reaffirming 2018 NOEPS Guidance: $1.26 to $1.32 Per Share*; CapEx Guidance: $1.7B to $1.8B

* Net Operating Earnings Per Share (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see slide 27 of this presentation

GAS DISTRIBUTION OPERATIONS – FIRST QUARTER 2018

- Operating Earnings* $320.2M in 2018 vs. $361.9M in 2017
- Significant progress on regulatory initiatives across all states, inclusive of the impacts of tax reform
- Ongoing infrastructure modernization on track and designed to further customer value, including improved system safety, reliability and environmental performance

Key Milestones:

Highlight	Key Components	Status
Columbia Gas of Maryland Base Rate Case	• Supports continued focus on pipeline safety and replacement of aging infrastructure • Requests $6M annual revenue increase	• Filed Apr. 13, 2018 • Order expected in 4Q2018
Columbia Gas of Massachusetts Base Rate Case	• Supports continued focus on pipeline safety and replacement of aging infrastructure • Requests $24.1M annual revenue increase, net of infrastructure trackers	• Filed Apr. 13, 2018 • Order expected in 1Q2019
NIPSCO Gas System Modernization Program	• New seven-year ~$1.25B plan focused on system modernization to improve service and reliability and customer growth	• Filed Apr. 2, 2018 • Order expected in 2H2018
Columbia Gas of Pennsylvania Base Rate Case	• Supports continued focus on pipeline safety and replacement of aging infrastructure • Requests $46.9M annual revenue increase	• Filed Mar. 16, 2018 • Order expected in 4Q2018
Columbia Gas of Ohio Capital Expenditure Program (CEP)	• Seeks establishment of cost recovery mechanism for certain deferred capital investments not recovered through the IRP tracker • Requests initial annual revenue increase of $69.8M	• Filed Dec. 1, 2017 • Awaiting procedural schedule
NIPSCO Gas Base Rate Case	• Supports continued focus on pipeline safety and replacement of aging infrastructure • First base rate increase request in more than 25 years • Settlement includes $107.3M annual revenue increase	• Filed Sept. 27, 2017 • Revised Jan. 26, 2018 (Reflecting tax reform benefits) • Settlement Filed Apr. 20, 2018 • 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	• Filed Feb. 27, 2017 • Settlement filed Aug. 18, 2017 • Settlement approved Jan. 31, 2018

~$20B in Identified Long-Term Infrastructure Investment Opportunities

ELECTRIC OPERATIONS – FIRST QUARTER 2018

- Operating Earnings* $86.0M in 2018 vs. $85.0M in 2017
- Continued execution of seven-year ~$1.25B electric system modernization program
- Electric transmission projects on schedule, with expected in-service dates in mid-2018
- Construction underway on environmental upgrades for Michigan City, R.M. Schahfer generating stations

Key Milestones:

Highlight	Key Components	Status
Integrated Resource Plan (IRP)	• Outlines NIPSCO's plans for meeting customers' long-term electricity needs • 2016 IRP included plans to retire 50 percent of NIPSCO's coal-fired generation fleet by YE23 • 2018 IRP will contain details on NIPSCO's long-term capacity plans	• Stakeholder process initiated Mar. 2018 • Expected to be submitted to IURC by YE18
Electric System Modernization Program	• Focused on electric transmission and distribution investments designed to improve system reliability and safety • TDSIC 3 semi-annual tracker update covering ~$75M in investments from May 2017 - Nov. 2017	• Filed Jan. 30, 2018 • Order expected in 2Q18
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 settlement approved Dec. 13, 2017 • Construction underway, expected completion by YE18

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 complete by mid-2018

~$10B in Identified Long-Term Infrastructure Investment Opportunities

FIRST QUARTER 2018 FINANCIAL HIGHLIGHTS (NON-GAAP)

	Three Months Ended March 31		
	2018	2017	Change
Net Revenue (Non-GAAP)	$ 1,027.8	$ 1,075.3	
Operation and Maintenance	402.5	410.1	
Depreciation and Amortization	144.7	143.3	
Other Taxes	78.9	76.0	
Total Operating Expenses	$ 626.1	$ 629.4	
Operating Earnings	$ 401.7	$ 445.9	
Interest Expense	(93.1)	(85.2)	
Other, Net	10.1	2.3	
Total Other Deductions	$ (83.0)	$ (82.9)	
Operating Earnings Before Income Tax	$ 318.7	$ 363.0	
Income Taxes	59.0	132.4	
Net Operating Earnings*	**$ 259.7**	**$ 230.6**	**$ 29.1**
Basic Average Shares Outstanding	338.0	323.7	
Basic Net Operating Earnings Per Share*	**$ 0.77**	**$ 0.71**	**$ 0.06**

Strong Results In-line with Guidance Range

FIRST QUARTER 2018 GAS DISTRIBUTION RESULTS (NON-GAAP)

	Three Months Ended March 31		
	2018	2017	Change
Net Revenue (Non-GAAP)	$ 737.3	$ 766.7	
Operation and Maintenance	287.2	284.5	
Depreciation and Amortization	70.7	65.3	
Other Taxes	59.2	55.0	
Total Operating Expenses	$ 417.1	$ 404.8	
Operating Earnings*	$ 320.2	$ 361.9	$ (41.7)
2018 Net Revenue includes a regulated revenue reserve as a result of lower income tax rate from TCJA (offset in Consolidated Income Taxes)			$ 47.6
Operating Earnings - Net of Tax Reform Reserve			**$ 5.9**

Increased Results Driven by Infrastructure Investments and Customer Growth

FIRST QUARTER 2018 ELECTRIC OPERATIONS RESULTS (NON-GAAP)

	Three Months Ended March 31		
	2018	2017	Change
Net Revenue (Non-GAAP)	$ 293.7	$ 311.6	
Operation and Maintenance	126.2	137.3	
Depreciation and Amortization	65.5	72.0	
Other Taxes	16.0	17.3	
Total Operating Expenses	$ 207.7	$ 226.6	
Operating Earnings*	$ 86.0	$ 85.0	$ 1.0
2018 Net Revenue includes a regulated revenue reserve as a result of lower income tax rate from TCJA (offset in Consolidated Income Taxes)			$ 12.5
Operating Earnings - Net of Tax Reform Reserve			**$ 13.5**

Increased Results Driven by Infrastructure Investments

NISOURCE DEBT AND CREDIT PROFILE

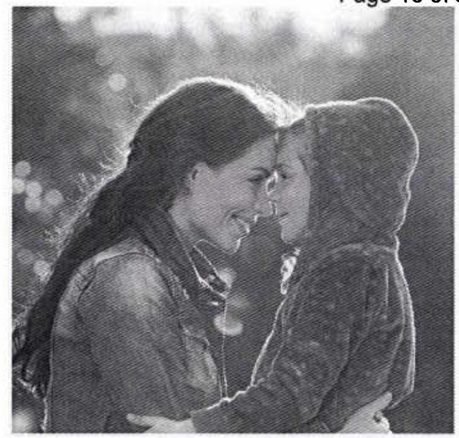
- **Current debt level: ~$9.1B as of March 31, 2018**
  - ~$7.4B of long-term debt
    - Weighted average maturity ~18 years
    - Weighted average interest rate of 4.8%
- **Solid liquidity position**
  - ~$2.4B of committed facilities in place as of March 31, 2018
    - ~$1.9B revolving credit facility
    - ~$0.5B accounts receivable securitization facilities*
  - ~$0.8B in net available liquidity as of March 31, 2018**
- **Interest rate hedging position**
  - ~$750M of anticipated future debt issuances hedged as of March 31, 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

FINANCING PLAN UPDATE

NiSource®



NiSource

NISOURCE FINANCING PLAN

NiSource Financing Plan*			
($ in Millions)	2017 Actual	2018 Estimated	2019/2020 Estimated
Equity			
Block Equity Issuance	None	~$600	None Planned
ATM (At-The-Market)	$315	$200 - $300 (YTD $170)	$200 - $300 (Annually)
ESPP / 401K / Other	$61	$35 - $60	$35- $60 (Annually)
Long-Term Debt			
Incremental (New) Long-Term Debt	$1,093	$0 - $300	$0 - $500 (Annually)
Other Financing			
Hybrid, Preferred Equity, Subordinated Debt, Etc.	None	TBD	TBD

2018 Block Equity Resolves the Cash Effect of Tax Reform

NISOURCE FFO TO DEBT METRIC UPDATE

NiSource FFO to Debt Metric			
($ in Millions)	2017 Actual	2018 Estimated	2019/2020 Estimated
Funds From Operations			
2017 Adjusted FFO*	~$1,100		
2018 Primary Cash Flow Impacts			
Tax Reform		-	
Regulatory Trackers / Growth		+++	
Other Regulatory Filings / Outcomes		++	
Business Initiatives / Cash Mgmt.		+	
Estimated FFO		$1,120 – $1,150	Growing with Long-Term Earnings
Debt			
Total Debt	$9,002	$8,500 - $8,750	Modest Increases to Fund CapEx
Credit Quality			
FFO / Debt**	**~12%**	**~13%**	**Improving to 14% – 15% Range**

Strengthening the NiSource Balance Sheet

* Represents Net Income adjusted for depreciation and amortization, loss on early extinguishment of debt and deferred taxes
** Represents non-adjusted FFO and Debt calculations. Applicable adjustments for rating agency considerations are not included

KEY INVESTMENT CONSIDERATIONS

DRIVING SUSTAINABLE GROWTH

STRONG UNDERLYING BUSINESS

- **100% Regulated Gas and Electric Utility Business**
  - Balanced Business Mix of 60% Gas and 40% Electric
  - Stable Revenue Stream with ~65% Non-Volume Sensitive
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- **~$30B of Identified Infrastructure Investments**
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  - Customer Growth
  - Generation Strategy
  - Performance Transformation
- **Management with Proven Track Record of Execution**
- **Planned Capital Investment of $1.6B-$1.8B Annually through 2020**
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- **Focused Regulatory Leadership in Constructive Stakeholder Environments**

FINANCIAL OUTCOME

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- **Targeted Dividend Payout of 60%-70%***
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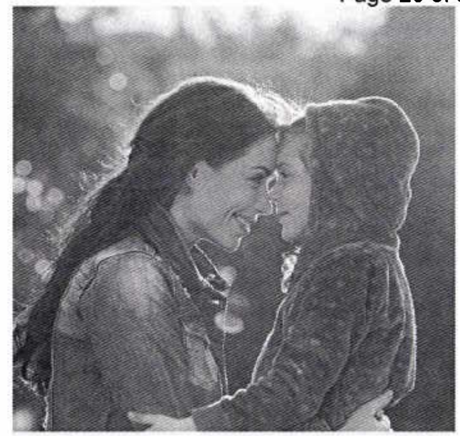
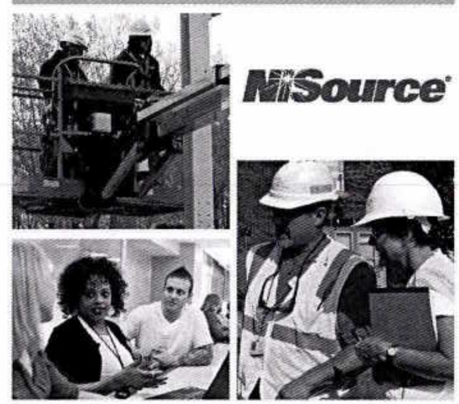
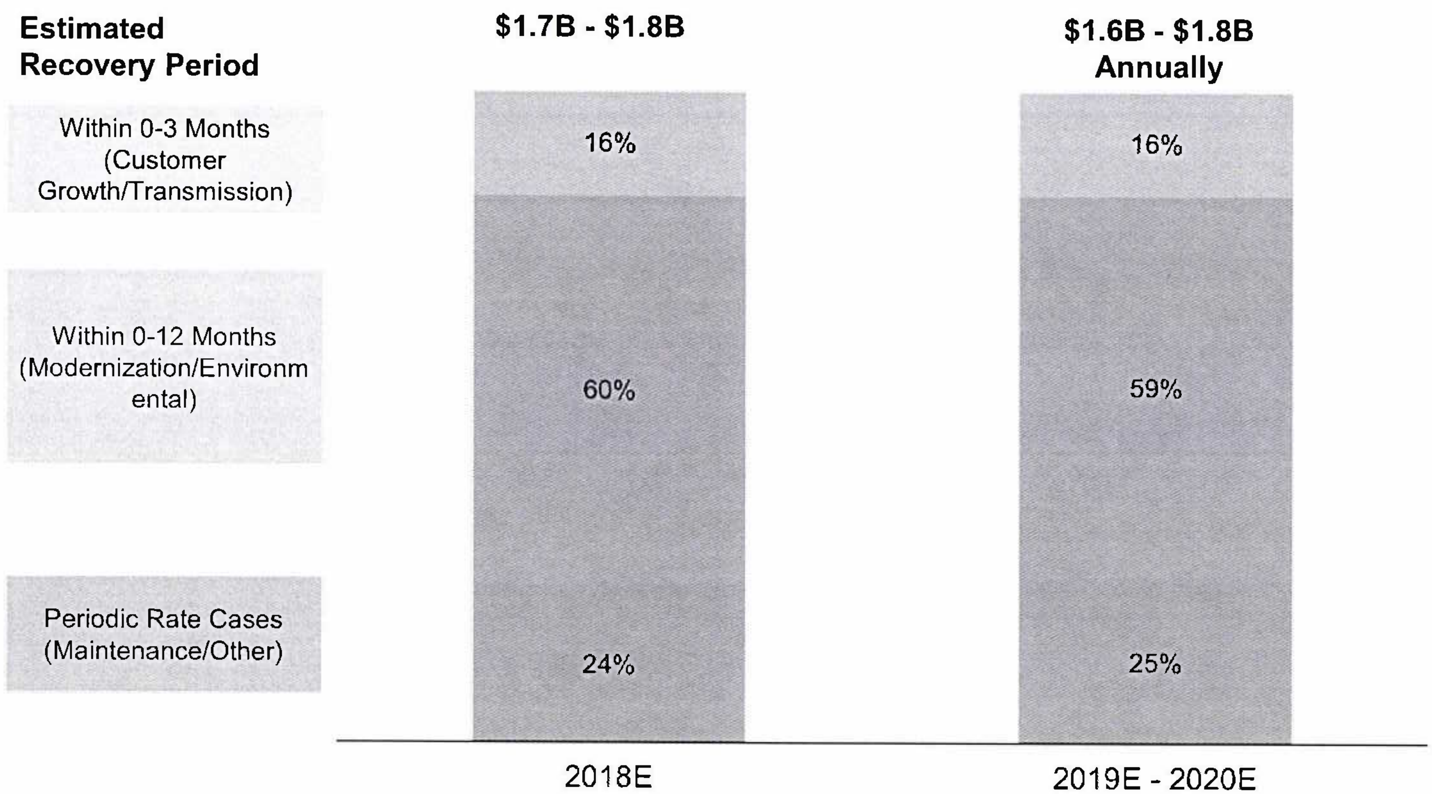


APPENDIX



CAPITAL EXPENDITURES

Investments Deliver Customer Value, Enhance System Safety and Reliability



~75% of Capital Investments Begin Earning in Less Than 12 months

LIQUIDITY AND DEBT DETAIL AS OF FIRST QUARTER 2018 ($M)

Current Liquidity	Actual 3/31/2018	Maturity
Revolving Credit Facility	$1,850	Nov. 28, 2021
Accounts Receivable Programs*	513	
Less:		
Drawn on Credit Facility	—	
Commercial Paper	1,054	
Accounts Receivable Programs Utilized	513	
L/C's Outstanding Under Credit Facility	11	
Add:		
Cash & Equivalents	35	
Net Available Liquidity	**$820**	

Debt Detail	Balance	Wtd. Avg. Rate**	Wtd. Avg. Maturity
Long-Term Debt	$7,440	4.76%	18 years
Commercial Paper	1,054	2.51%	26 days
A/R Program Borrowings	513	2.19%	Approx. 1 mo.
Capital Leases, Def Cost & Other	110	N/A	N/A
Total Debt	**$9,117**		

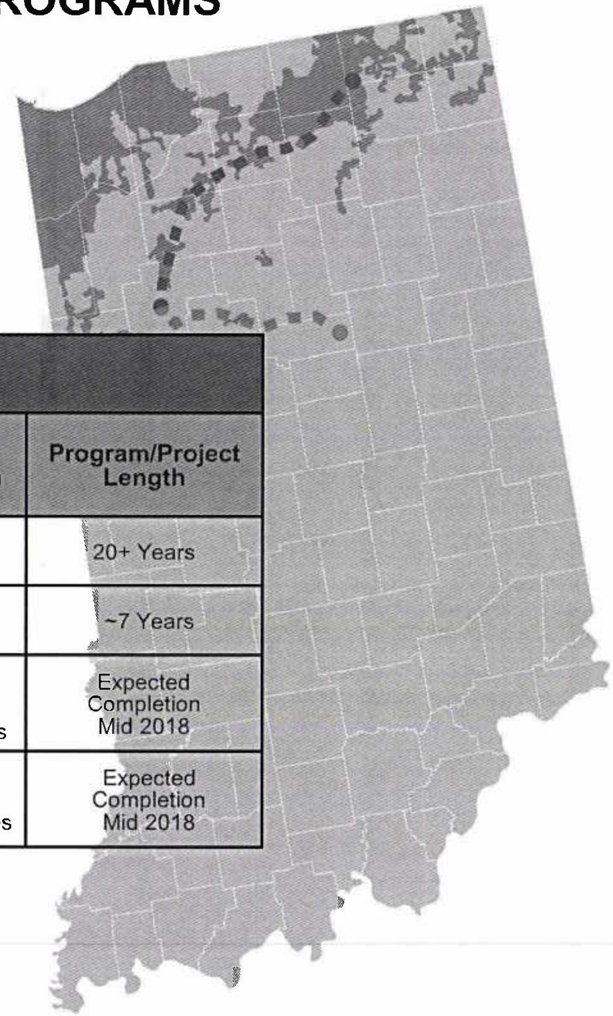
* Represents the lesser of seasonal limit or maximum borrowings supportable by underlying receivables
** Represents coupon or current incremental borrowing rate; does not factor in fees and/or amortization of deferred charges
N/A = Not Applicable

NATURAL GAS DISTRIBUTION INFRASTRUCTURE PROGRAMS

Company	Base Case Authorized ROE	Year-End 2017 Rate Base	Total Identified Investments	Modernization Program Investments	Estimated Annual Modernization Program Investment	Recovery Mechanism
Columbia Gas of OH	Not Specified	$2.5B	~$4.1B	~$3.4B	$220M - $270M	Tracked
Columbia Gas of PA	Not Specified	$1.5B	~$3.0B	~$1.8B	$210M - $250M	Rate Case (Forward Test Year)
NIPSCO Gas	9.90%	$1.2B	~$4.5B	~$3.9B	$135M - $160M	Tracked
Columbia Gas of MA	9.55%	$792M	~$1.4B	~$700M	$80M - $120M	Tracked
Columbia Gas of VA	Not Specified	$669M	~$550M	~$300M	$30M - $40M	Tracked
Columbia Gas of KY	Not Specified	$259M	~$750M	~$400M	$25M - $45M	Tracked
Columbia Gas of MD	9.70%	$107M	~$200M	~$100M	$16M - $21M	Tracked

Robust Long-Term Investment Programs Deliver Value on $7.0B 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 $3.6B Rate Base*

* As of Dec. 31, 2017

REGULATORY UPDATE

2018 Rate Case and Program/Project Activity

Company/Filing	Summary	Timeline
Pending Approval		
Columbia Gas of Maryland - Base Rate Case	Requested Increase: $6M	Filed: 4/13/2018 Order Expected: 4Q2018
Columbia Gas of Massachusetts - Base Rate Case	Requested Increase: $24.1M	Filed: 4/13/2018 Order Expected: 1Q2019
NIPSCO Gas - Gas System Modernization Program (TDSIC)	7 Year Plan Update Filing Investment of ~$1.25B	Filed: 4/2/2018 Order Expected: 2H2018
Columbia Gas of Pennsylvania - Base Rate Case	Requested Increase: $46.9M	Filed: 3/16/2018 Order Expected: 4Q2018
Columbia Gas of Ohio - Capital Expenditure Program (CEP)	Establishment of Deferral Recovery Rider	Filed: 12/1/2017 Awaiting Procedural Schedule
NIPSCO Gas - PHMSA Filing	Recovery of Federally Mandated Pipeline Safety Compliance Plan Settled as part of Base Rate Case	Filed: 11/8/2017 Settled: 4/20/2018
NIPSCO Gas - Base Rate Case	Requested Increase: $138.1M Settled Increase: $107.3M	Filed: 9/27/2017 Settlement Filed: 4/20/2018 Order Expected: 2H2018
Complete		
Columbia Gas of Ohio - Infrastructure Replacement Program	5-Year Plan Extension Filing	Filed: 2/27/2017 Settlement Filed: 8/18/2017 Settlement Approved: 1/31/2018

Continued Regulatory Execution Drives Growth and Customer Value

INFRASTRUCTURE INVESTMENT DETAILS

Company	Recovery Mechanism	Incremental Infrastructure Investments		Recovery	
		Investment Period	Investmen t Amount	Filing Date	Effective Date
Columbia Gas of Ohio	Infrastructure Replacement Program (IRP)	FY 2016	~$236M	Feb 2017	May 2017
		FY 2017	~$207M	Feb 2018	Expected - May 2018
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	Jan 2018
Columbia Gas of Massachusetts	Gas System Enhancement Plan (GSEP)	FY 2017	~$73M	Oct 2016	May 2017
		FY 2018	~$84M	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	Jan 2018
Columbia Gas of Maryland	Strategic Infrastructure Development and Enhancement (STRIDE)	FY 2017	~$15M	Nov 2016	Jan 2017
		FY 2018	~$21M	Oct 2017	Jan 2018
NIPSCO – Gas	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 7: Jan 2017 – Jun 2017	~$59M	Aug 2017	Jan 2018
		TDSIC 8: Jul 2017 – Dec 2017	~$78M	Feb 2018	Expected - July 2018
NIPSCO – Electric	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 2: May 2016 – Apr 2017	~$134M	Jun 2017	Nov 2017
		TDSIC 3: May 2017 – Nov 2017	~$75M	Jan 2018	Expected - Jun 2018

* 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

RECONCILIATION OF GAAP NET INCOME TO NET OPERATING EARNINGS

(in millions, except per share amounts)	Three Months Ended March 31, 2018	2017
GAAP Net Income	$ 276.1	$ 211.3
Adjustments to Operating Income		
Operating Revenues:		
Weather - compared to normal	1.4	29.0
Operating Expenses:		
Plant Retirement Costs[1]	-	1.5
Gain on Sale of Assets	(0.3)	-
Total adjustments to operating income	$ 1.1	$ 30.5
Other Income (Deductions)		
Interest Rate Swap Settlement Gain[2]	$ (21.2)	$ -
Income Taxes		
Tax Effect of Above Items	3.7	(11.2)
Total Adjustments to Net Income	$ (16.4)	$ 19.3
Net Operating Earnings (Non-GAAP)	$ 259.7	$ 230.6
Basic Average Shares Outstanding	338.0	323.7
GAAP Basic Net Operating Earnings Per Share	$ 0.82	$ 0.65
Adjustments to Basic Earnings per Share	$ (0.05)	$ 0.06
Non-GAAP Basic Net Operating Earnings per Share	$ 0.77	$ 0.71

[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 the impact from the settlement of forward starting interest rate swaps.

Three Months Ended March 31, 2018 (in millions)	Gas Distribution	Electric	Corporate and Other	Total
Operating Income (GAAP)	**$ 321.7**	**$ 83.1**	**$ (4.2)**	**$ 400.6**
Adjustments to Operating Income				
Operating Revenues:				
Weather - compared to normal	(1.5)	2.9	-	1.4
Operating Expenses:				
Gain on Sale of Assets	-	-	(0.3)	(0.3)
Total adjustments to operating income	**$ (1.5)**	**$ 2.9**	**$ (0.3)**	**$ 1.1**
Operating Earnings (Non-GAAP)	**$ 320.2**	**$ 86.0**	**$ (4.5)**	**$ 401.7**

Three Months Ended March 31, 2017 (in millions)	Gas Distribution	Electric	Corporate and Other	Total
Operating Income (GAAP)	**$ 338.8**	**$ 77.6**	**$ (1.0)**	**$ 415.4**
Adjustments to Operating Income				
Operating Revenues:				
Weather - compared to normal	23.1	5.9	-	29.0
Operating Expenses:				
Plant Retirement Costs[1]	-	1.5	-	1.5
Total adjustments to operating income	**$ 23.1**	**$ 7.4**	**$ -**	**$ 30.5**
Operating Earnings (Non-GAAP)	**$ 361.9**	**$ 85.0**	**$ (1.0)**	**$ 445.9**

[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.

NISOURCE FORM S-3 TECHNICAL ISSUE

Expected Resumption of S-3 Eligibility October 1, 2018

2017 ADJUSTED FUNDS FROM OPERATIONS (FFO) RECONCILIATION

Twelve Months Ended December 31		
(In millions)	2017	
GAAP Net Income	**$**	**129**
Adjustments to Net Income		
Depreciation and Amortization		570
Loss on Extinguishment of Debt		112
Deferred Taxes		307
Adjusted Funds From Operations	**$**	**1,118**

Supplemental Slides
First Quarter 2018 Earnings

May 2, 2018

NiSource®

NiSource®

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 presentation include statements and expectations regarding NiSource's or any of its subsidiaries' 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.; NiSource's ability to manage new initiatives and organizational changes; the performance of third-party suppliers and service providers; the availability of insurance to cover all significant losses 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, 2017 and in other filings with the Securities and Exchange Commission. A credit rating is not a recommendation to buy, sell or hold securities, and may be subject to revision or withdrawal at any time by the asset rating organization. In addition, dividends are subject to board approval. 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 – First Quarter 2018

- **Results on track with guidance range**
  - Net operating earnings per share (NOEPS)* of $0.77 versus $0.71 in 2017
  - On track to complete $1.7 to $1.8 billion of utility infrastructure investments this year

- **Disciplined execution of infrastructure programs, regulatory initiatives produces value for customers, stakeholders**

  Gas Distribution Operations
  - Settlement filed in NIPSCO gas base rate case
  - Base rate cases filed in Pennsylvania, Massachusetts and Maryland
  - Infrastructure Replacement Program extension approved, tracker update approved in Ohio
  - Gas modernization program extensions filed in Indiana, Maryland

  Electric Operations
  - 2018 Integrated Resource Plan process kicked off with stakeholders
  - CCR projects underway and expected to be completed by end of 2018
  - Transmission projects nearing completion
  - Continued execution on transmission and distribution modernization program

- **Clarity regarding tax reform implementation**
  - Benefits beginning to flow to customers, enhancing the sustainability of our strategy
  - Management of cash impacts achieved through regulatory filings/outcomes, business initiatives and cash management
  - ~ $600 million common equity block offering resolves credit impacts of tax reform, no plans for additional common equity block offerings

Reaffirming 2018 NOEPS Guidance: $1.26 to $1.32 Per Share*; CapEx Guidance: $1.7B to $1.8B

* Net Operating Earnings Per Share (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's May 2, 2018 Earnings Release

First Quarter 2018 Financial Highlights

Non-GAAP*	2018	2017	Change
Net Operating Earnings ($M)	$259.7	$230.6	$29.1
Net Operating Earnings Per Share	$0.77	$0.71	$0.06

GAAP	2018	2017	Change
Net Income ($M)	$276.1	$211.3	$64.8
Earnings Per Share	$0.82	$0.65	$0.17

Strong Results In-line with Guidance Range

*Net Operating Earnings (non-GAAP). For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's May 2, 2018 Earnings Release and the supplemental segment and financial information accompanying this presentation available on the investor section of www.nisource.com.

First Quarter 2018 Financial Highlights - Consolidated (Non-GAAP)*

	Three Months Ended March 31		
(In millions, except per share amounts)	2018	2017	Change
Operating Revenues	$ 1,752.2	$ 1,627.6	
Cost of Sales (excluding depreciation and amortization)	724.4	552.3	
Net Revenue (Non-GAAP)	$ 1,027.8	$ 1,075.3	
Operation and Maintenance	402.5	410.1	
Depreciation and Amortization	144.7	143.3	
Other Taxes	78.9	76.0	
Total Operating Expenses	$ 626.1	$ 629.4	
Operating Earnings (Non-GAAP)	$ 401.7	$ 445.9	
Interest Expense	(93.1)	(85.2)	
Other, Net	10.1	2.3	
Total Other Deductions	$ (83.0)	$ (82.9)	
Operating Earnings Before Income Tax	$ 318.7	$ 363.0	
Income Taxes	59.0	132.4	
Net Operating Earnings (Non-GAAP)	**$ 259.7**	**$ 230.6**	**$ 29.1**
Basic Average Shares Outstanding	338.0	323.7	
Basic Net Operating Earnings Per Share (Non-GAAP)	**0.77**	**0.71**	**0.06**

Strong Results In-line with Guidance Range

* Net Operating Earnings Per Share (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's May 2, 2018 Earnings Release

First Quarter 2018 Financial Highlights - Gas Distribution (Non-GAAP)*

	Three Months Ended March 31		
(In millions)	2018	2017	Change
Operating Revenues	$ 1,329.1	$ 1,202.9	
Cost of Sales (excluding depreciation and amortization)	591.8	436.2	
Net Revenue (Non-GAAP)	$ 737.3	$ 766.7	
Operation and Maintenance	287.2	284.5	
Depreciation and Amortization	70.7	65.3	
Other Taxes	59.2	55	
Total Operating Expenses	$ 417.1	$ 404.8	
Operating Earnings (Non-GAAP)	$ 320.2	$ 361.9	$ (41.7)
2018 Net Revenue includes a regulated revenue reserve as a result of lower income tax rate from Tax Cuts and Jobs Act (offset in Consolidated Income Taxes)			$ 47.6
Operating Earnings - Excluding Tax Reform Reserve (Non-GAAP)			**$ 5.9**

Increased Results Driven by Infrastructure Investments and Customer Growth

* Operating Earnings (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's May 2, 2018 Earnings Release

First Quarter 2018 Financial Highlights - Electric (Non-GAAP)*

(In millions)	Three Months Ended March 31 2018	2017	Chang
Operating Revenues	$ 426.4	$ 427.8	
Cost of Sales (excluding depreciation and amortization)	132.7	116.2	
Net Revenue (Non-GAAP)	$ 293.7	$ 311.6	
Operation and Maintenance	126.2	137.3	
Depreciation and Amortization	65.5	72.0	
Other Taxes	16.0	17.3	
Total Operating Expenses	$ 207.7	$ 226.6	
Operating Earnings (Non-GAAP)	$ 86.0	$ 85.0	$ 1.0

2018 Net Revenue includes a regulated revenue reserve as a result of lower income tax rate from Tax Cuts and Jobs Act (offset in Consolidated Income Taxes)	$ 12.5
Operating Earnings - Excluding Tax Reform Reserve (Non-GAAP)	**$ 13.5**

Increased Results Driven by Infrastructure Investments

* Operating Earnings (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's May 2, 2018 Earnings Release

NiSource Debt and Credit Profile

- **Current debt level: ~$9.1B as of March 31, 2018**
  - ~$7.4B of long-term debt
    - Weighted average maturity ~18 years
    - Weighted average interest rate of 4.8%

- **Solid liquidity position**
  - ~$2.4B of committed facilities in place as of March 31, 2018
    - ~$1.9B revolving credit facility
    - ~$0.5B accounts receivable securitization facilities *
  - ~$0.8B in net available liquidity as of March 31, 2018**

- **Interest rate hedging position**
  - ~$750M of anticipated debt issuances hedged as of March 31, 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

Financing Plan Update

NiSource Financing Plan			
($ in Millions)	**2017 Actual**	**2018 Estimated**	**2019/2020 Estimated**
Equity			
Common Equity Block Issuance	None	~$600	None Planned
ATM (At-The-Market)	$315	$200 - $300 (YTD $170)	$200 - $300 (Annually)
ESPP/401K/Other	$61	$35 - $60	$35 - $60 (Annually)
Long-Term Debt			
Incremental (New) Long-Term Debt	$1,093*	$0 - $300	$0 - $500 (Annually)
Other Financing			
Non-Convertible Subordinated Debt or Preferred Equity	None	TBD	TBD

2018 Common Equity Block Resolves the Cash Effect of Tax Reform

* 2017 represents change in total debt

Financing Plan Update

NiSource Adjusted FFO to Debt			
($ in Millions)	2017	2018 Estimated	2019/2020 Estimated
Funds from Operations			
2017 Adjusted FFO*	$1,118		
2018 Primary Cash Flow Impacts			
Tax Reform		-	
Regulatory Trackers/Growth		+++	
Other Regulatory Filings/Outcomes		++	
Business Initiatives/Cash Mgmt.		+	
Adjusted FFO*		$1,120 - $1,150	Growing with Long-Term Earnings
Debt			
Total Debt	$9,002	$8,500 - $8,750	Modest Increases to Fund CapEx
Credit Quality			
Adjusted FFO/Total Debt	**~12%**	**~13%**	**Improving to 14% - 15% Range**

Strengthening the NiSource Balance Sheet

* Represents Net Income adjusted for depreciation and amortization, loss on early extinguishment of debt and deferred taxes. For a reconciliation please see page 20.

Gas Distribution Operations - First Quarter 2018

- Operating Earnings* $320.2M in 2018 vs. $361.9M in 2017
- Significant progress on regulatory initiatives across all states, inclusive of the impacts of federal tax reform
- Ongoing infrastructure modernization on track and delivering further customer value, including improved system safety, reliability and environmental performance

Key Milestones:

Highlight	Key Components	Status
Columbia Gas of Maryland Base Rate Case	• Supports continued focus on pipeline safety and replacement of aging infrastructure • Requests $6M annual revenue increase	• Filed Apr. 13, 2018 • Order expected in 4Q2018
Columbia Gas of Massachusetts Base Rate Case	• Supports continued focus on pipeline safety and replacement of aging infrastructure • Requests $24.1M annual revenue increase, net of infrastructure trackers	• Filed Apr. 13, 2018 • Order expected in 1Q2019
NIPSCO Gas System Modernization Program	• New seven-year ~$1.25B plan focused on system modernization to improve service and reliability and customer growth	• Filed Apr. 2, 2018 • Order expected in 2H2018
Columbia Gas of Pennsylvania Base Rate Case	• Supports continued focus on pipeline safety and replacement of aging infrastructure • Requests $46.9M annual revenue increase	• Filed Mar. 16, 2018 • Order expected in 4Q2018
Columbia Gas of Ohio Capital Expenditure Program (CEP)	• Seeks establishment of cost recovery mechanism for certain deferred capital investments not recovered through the IRP tracker • Requests initial annual revenue increase of $69.8M	• Filed Dec. 1, 2017 • Awaiting procedural schedule
NIPSCO Gas Base Rate Case	• Supports continued focus on pipeline safety and replacement of aging infrastructure • First base rate increase request in more than 25 years • Settlement includes $107.3M annual revenue increase	• Filed Sept. 27, 2017 • Revised Jan. 26, 2018 (Reflecting tax reform benefits) • Settlement filed Apr. 20, 2018 • 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	• Filed Feb. 27, 2017 • Settlement filed Aug. 18, 2017 • Settlement approved Jan. 31, 2018

~$20B in Identified Long-Term Infrastructure Investment Opportunities

* Operating Earnings (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see NiSource's May 2, 2018 supplemental segment and financial information accompanying this presentation and available on the investor section of www.nisource.com.

Electric Operations - First Quarter 2018

- Operating Earnings* $86.0M in 2018 vs. $85.0M in 2017
- Continued execution of seven-year ~$1.25B electric system modernization program
- Electric transmission projects on schedule, with expected in-service dates in mid-2018
- Construction underway on environmental upgrades for Michigan City, R.M. Schahfer generating stations

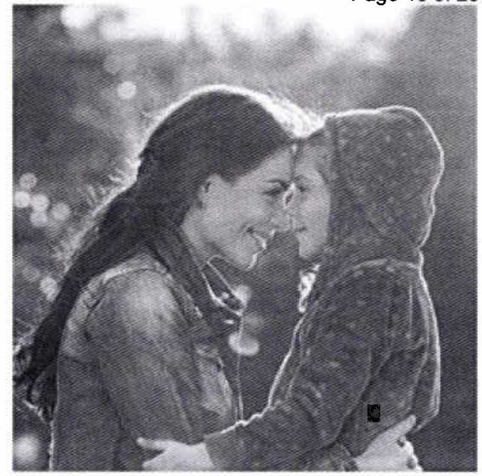
Key Milestones:

Highlight	Key Components	Status
Integrated Resource Plan (IRP)	• Outlines NIPSCO's plans for meeting customers' long-term electricity needs • 2016 IRP included plans to retire 50 percent of NIPSCO's coal-fired generation fleet by YE23 • 2018 IRP will contain additional details on NIPSCO's long-term capacity plans	• Stakeholder process initiated Mar. 2018 • Expected to be submitted to IURC by YE18
Electric System Modernization Program	• Focused on electric transmission and distribution investments designed to improve system reliability and safety • TDSIC 3 semi-annual tracker update covering ~$75M in investments from May 2017 - Nov. 2017	• Filed Jan. 30, 2018 • Order expected in 2Q18
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 settlement approved Dec. 13, 2017 • Construction underway, expected completion by YE18

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 complete by mid-2018

~$10B in Identified Long-Term Infrastructure Investment Opportunities

* Operating Earnings (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see NiSource's May 2, 2018 supplemental segment and financial information accompanying this presentation and available on the investor section of www.nisource.com.

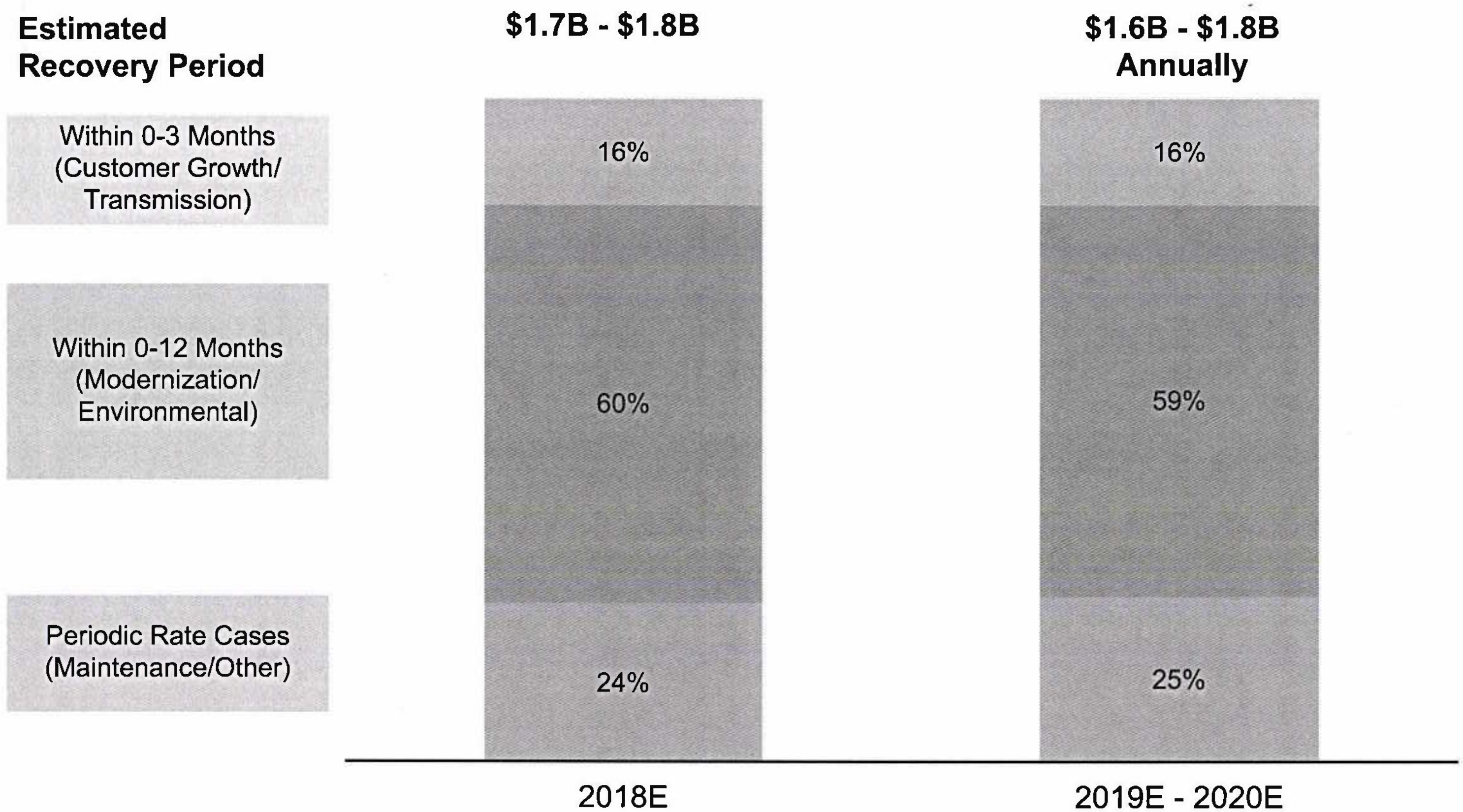


Appendix:
First Quarter 2018 Earnings

NiSource®

Capital Expenditures

Investments Deliver Customer Value, Enhance System Safety and Reliability



~75% of Capital Investments Begin Earning in Less Than 12 months

Liquidity and Debt Detail as of First Quarter 2018 ($M)

Current Liquidity	Actual 3/31/2018	Maturity
Revolving Credit Facility	$1,850	Nov. 28, 2021
Accounts Receivable Programs*	513	
Less:		
Drawn on Credit Facility	—	
Commercial Paper	1,054	
Accounts Receivable Programs Utilized	513	
L/C's Outstanding Under Credit Facility	11	
Add:		
Cash & Equivalents	35	
Net Available Liquidity	$820	

Debt Detail	Balance	Wtd. Avg. Rate**	Wtd. Avg. Maturity
Long-Term Debt	$7,440	4.76%	18 years
Commercial Paper	1,054	2.51%	26 days
A/R Program Borrowings	513	2.19%	Approx. 1 mo.
Capital Leases, Def Cost & Other	110	N/A	N/A
Total Debt	**$9,117**		

* 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 Operations Infrastructure Programs

Company	Base Case Authorized ROE	Year-End 2017 Rate Base	Total Identified Investments	Modernization Program Investments	Estimated Annual Modernization Program	Recovery Mechanism
Columbia Gas of OH	Not Specified	$2.5B	~$4.1B	~$3.4B	$220M - $270M	Tracked
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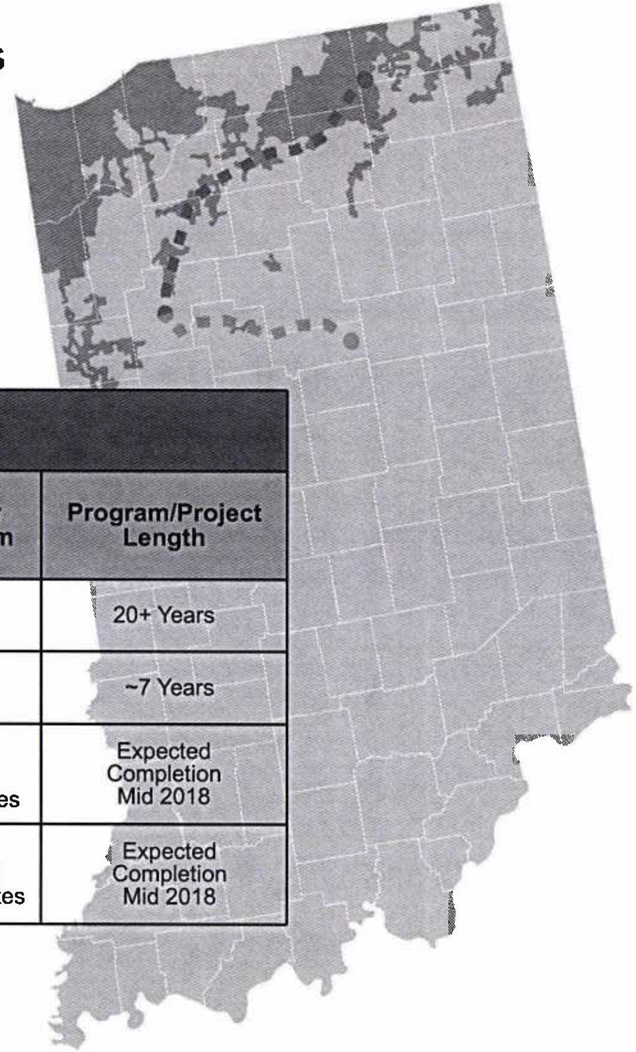
Columbia Gas of MD	9.70%	$107M	~$200M	~$100M	$16M - $21M	Tracked

Robust Long-Term Investment Programs Deliver Value on $7.0B Rate Base*

* As of Dec. 31, 2017

Electric Operations Investment Programs



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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 $3.6B Rate Base*

* As of Dec. 31, 2017

Regulatory Update

2018 Rate Case and Program/Project Activity		
Company/Filing	**Summary**	**Timeline**
Pending Approval		
Columbia Gas of Maryland - Base Rate Case	Requested Increase: $6M	Filed: 4/13/2018 Order Expected: 4Q2018
Columbia Gas of Massachusetts - Base Rate Case	Requested Increase: $24.1M	Filed: 4/13/2018 Order Expected: 1Q2019
NIPSCO Gas - Gas System Modernization Program (TDSIC)	7 Year Plan Update Filing Investment of ~$1.25B	Filed: 4/2/2018 Order Expected: 2H2018
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Columbia Gas of Ohio - Capital Expenditure Program (CEP)	Establishment of Deferral Recovery Rider	Filed: 12/1/2017 Awaiting Procedural Schedule
NIPSCO Gas - PHMSA Filing	Recovery of Federally Mandated Pipeline Safety Compliance Plan Settled as part of Base Rate Case	Filed: 11/8/2017 Settled: 4/20/2018
NIPSCO Gas - Base Rate Case	Requested Increase: $138.1M Settled Increase: $107.3M	Filed: 9/27/2017 Settlement Filed: 4/20/2018 Order Expected: 2H2018
Complete		
Columbia Gas of Ohio - Infrastructure Replacement Program	5-Year Plan Extension Filing	Filed: 2/27/2017 Settlement Filed: 8/18/2017 Settlement Approved: 1/31/2018

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 2016	~$236M	Feb 2017	May 2017
		FY 2017	~$207M	Feb 2018	May 2018
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	Jan 2018
Columbia Gas of Massachusetts	Gas System Enhancement Plan (GSEP)	FY 2017	~$73M	Oct 2016	May 2017
		FY 2018	~$84M	Oct 2017	May 2018
Columbia Gas of Kentucky	Accelerated Main Replacement Program (AMRP)	FY 2017	~$17M**	May 2016	Jan 2017
		FY 2018	~$24M	Oct 2017	Jan 2018
Columbia Gas of Maryland	Strategic Infrastructure Development and Enhancement (STRIDE)	FY 2017	~$15M	Nov 2016	Jan 2017
		FY 2018	~$21M	Oct 2017	Jan 2018
NIPSCO – Gas	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 7: Jan 2017 – Jun 2017	~$59M	Aug 2017	Jan 2018
		TDSIC 8: Jul 2017 – Dec 2017	~$78M	Feb 2018	Expected - July 2018
NIPSCO – Electric	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 2: May 2016 – Apr 2017	~$134M	Jun 2017	Nov 2017
		TDSIC 3: May 2017 – Nov 2017	~$75M	Jan 2018	Expected - Jun 2018

* 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

2017 Adjusted Funds From Operations (FFO) Reconciliation

Twelve Months Ended December 31		
(In millions)	2017	
GAAP Net Income	**$**	**129**
Adjustments to Net Income		
Depreciation and Amortization		570
Loss on Extinguishment of Debt		112
Deferred Taxes		307
Adjusted Funds From Operations	**$**	**1,118**

Supplemental Slides
Second Quarter 2018 Earnings

August 1, 2018

NiSource®

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 presentation include statements and expectations regarding NiSource's or any of its subsidiaries' 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.; NiSource's ability to manage new initiatives and organizational changes; the performance of third-party suppliers and service providers; the availability of insurance to cover all significant losses 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, 2017 and in other filings with the Securities and Exchange Commission. A credit rating is not a recommendation to buy, sell or hold securities, and may be subject to revision or withdrawal at any time by the asset rating organization. In addition, dividends are subject to board approval. 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 available to common shareholders, 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 2018

- **Results in line with annual guidance range**
  - Net operating earnings per share (NOEPS)* of $0.07 versus $0.10 in 2017
  - On track to deliver NOEPS of $1.26 to $1.32 and complete $1.7 to $1.8 billion of utility infrastructure investments in 2018

- **Financing plan activities enhance sustainability of long-term infrastructure investment strategy and mitigate cash, credit impacts of federal tax reform**
  - ~ $600 million common equity block offering completed May 4
  - Long-term debt refinancing completed in mid-July; preferred stock ($400 million) and 5-year note ($350 million) issuances with proceeds used to acquire $760M of higher coupon debt

- **Continued disciplined execution of infrastructure programs, regulatory initiatives**

  Gas Distribution Operations
  - Settlements pending in Indiana, Maryland gas base rate cases
  - Base rate cases progressing in Massachusetts and Pennsylvania
  - Ohio Capital Expenditure Program (CEP) investment audit underway
  - Infrastructure replacement program tracker filing approved in Ohio, pending in Indiana
  - Gas modernization program extensions pending in Indiana and Maryland

  Electric Operations
  - Transmission projects completed, placed in service in June
  - 2018 Integrated Resource Plan stakeholder process continues to advance
  - Coal Combustion Residuals capital projects underway and expected to be completed by end of 2018
  - Continued execution on transmission and distribution modernization program; tracker update approved

Reaffirming 2018 NOEPS Guidance: $1.26 to $1.32 Per Share*; CapEx Guidance: $1.7B to $1.8B

* Net Operating Earnings Per Share (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's August 1, 2018 Earnings Release

Second Quarter 2018 Financial Highlights

Non-GAAP*	2018	2017	Change
Net Operating Earnings Available to Common Shareholders ($M)	$26.4	$33.3	($6.9)
Net Operating Earnings Per Share	$0.07	$0.10	($0.03)

GAAP	2018	2017	Change
Net Income (Loss) Available to Common Shareholders($M)	$23.2	($44.4)	$67.6
Earnings Per Share	$0.07	($0.14)	$0.21

Results In Line with Annual Guidance Range

*Net Operating Earnings (non-GAAP). For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's August 1, 2018 Earnings Release and the supplemental segment and financial information accompanying this presentation available on the investor section of www.nisource.com.

Second Quarter 2018 Financial Highlights - Consolidated (Non-GAAP)*

(In millions, except per share amounts)	Three Months Ended June 30 2018	2017	Change	Six Months Ended June 30 2018	2017	Change
Operating Revenues	$ 995.1	$ 995.6		$ 2,747.3	$ 2,623.2	
Cost of Sales (excluding depreciation and amortization)	313.3	276.8		1,037.7	829.1	
Net Revenue (Non-GAAP)	$ 681.8	$ 718.8		$ 1,709.6	$ 1,794.1	
Operation and Maintenance	361.9	386.5		764.4	796.6	
Depreciation and Amortization	144.6	142.2		289.3	285.5	
Other Taxes	65.5	56.2		144.4	132.2	
Total Operating Expenses	$ 572.0	$ 584.9		$ 1,198.1	$ 1,214.3	
Operating Earnings (Non-GAAP)	$ 109.8	$ 133.9		$ 511.5	$ 579.8	
Interest Expense, Net	(88.7)	(87.7)		(181.8)	(172.9)	
Other, Net	12.8	4.3		22.9	6.6	
Total Other Deductions	$ (75.9)	$ (83.4)		$ (158.9)	$ (166.3)	
Operating Earnings Before Income Tax	$ 33.9	$ 50.5		$ 352.6	$ 413.5	
Income Taxes	6.2	17.2		65.2	149.6	
Net Operating Earnings (Non-GAAP)	**$ 27.7**	**$ 33.3**	**$ (5.6)**	**$ 287.4**	**$ 263.9**	**$ 23.5**
Preferred Dividends	(1.3)	—		(1.3)	—	
Net Operating Earnings Available to Common Shareholders (Non-GAAP)	**$ 26.4**	**$ 33.3**	**$ (6.9)**	**$ 286.1**	**$ 263.9**	**$ 22.2**
Basic Average Shares Outstanding	354.2	325.1		346.2	324.4	
Basic Net Operating Earnings Per Share (Non-GAAP)	**0.07**	**0.10**	**(0.03)**	**0.83**	**0.81**	**0.02**

Results In Line with Annual Guidance Range

* Net Operating Earnings Per Share (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's August 1, 2018 Earnings Release

Second Quarter 2018 Financial Highlights - Gas Distribution (Non-GAAP)*

	Three Months Ended June 30			Six Months Ended June 30		
(In millions)	2018	2017	Change	2018	2017	Change
Operating Revenues	$ 601.6	$ 542.9		$ 1,930.7	$ 1,745.8	
Cost of Sales (excluding depreciation and amortization)	197.6	131.2		789.4	567.4	
Net Revenue (Non-GAAP)	$ 404.0	$ 411.7		$ 1,141.3	$ 1,178.4	
Operation and Maintenance	248.5	249.4		535.7	533.9	
Depreciation and Amortization	71.8	66.3		142.5	131.6	
Other Taxes	48.1	41.7		107.3	96.7	
Total Operating Expenses	$ 368.4	$ 357.4		$ 785.5	$ 762.2	
Operating Earnings (Non-GAAP)	$ 35.6	$ 54.3	$ (18.7)	$ 355.8	$ 416.2	$ (60.4)
2018 Net Revenue includes a regulated revenue impact as a result of lower income tax rate from Tax Cuts and Jobs Act (offset in Consolidated Income Taxes)			$ 25.2			$ 72.9
Operating Earnings - Excluding Tax Reform Impact (Non-GAAP)			**$ 6.5**			**$ 12.5**

Results Driven by Infrastructure Investments and Customer Growth

* Operating Earnings (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's August 1, 2018 Earnings Release

Second Quarter 2018 Financial Highlights - Electric (Non-GAAP)*

(In millions)	Three Months Ended June 30 2018	2017	Change	Six Months Ended June 30 2018	2017	Change
Operating Revenues	$ 396.7	$ 456.3		$ 823.1	$ 884.1	
Cost of Sales (excluding depreciation and amortization)	115.6	145.7		248.3	261.9	
Net Revenue (Non-GAAP)	$ 281.1	$ 310.6		$ 574.8	$ 622.2	
Operation and Maintenance	125.0	144.0		251.2	281.3	
Depreciation and Amortization	64.5	70.2		130.0	142.2	
Other Taxes	14.3	11.4		30.3	28.7	
Total Operating Expenses	$ 203.8	$ 225.6		$ 411.5	$ 452.2	
Operating Earnings (Non-GAAP)	$ 77.3	$ 85.0	$ (7.7)	$ 163.3	$ 170.0	$ (6.7)
2018 Net Revenue includes a regulated revenue impact as a result of lower income tax rate from Tax Cuts and Jobs Act (offset in Consolidated Income Taxes)			$ 12.4			$ 24.9
Operating Earnings - Excluding Tax Reform Impact (Non-GAAP)			**$ 4.7**			**$ 18.2**

Results Driven by Infrastructure Investments and Cost Management

* Operating Earnings (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's August 1, 2018 Earnings Release

NiSource Debt and Credit Profile

- **Current debt level: ~$8.3B as of June 30, 2018**
  - ~$7.6B of long-term debt
    - Weighted average maturity ~18 years
    - Weighted average interest rate of 4.7%
- **Solid liquidity position**
  - ~$2.2B in net available liquidity as of June 30, 2018*
    - ~$1.9B revolving credit facility
    - ~$0.3B accounts receivable securitization facilities **
- **Interest rate hedging position**
  - ~$750M of anticipated debt issuances hedged as of June 30, 2018
- **Committed to investment-grade credit ratings**
  - S&P BBB+ | Moody's Baa2 | Fitch BBB
    - Fitch upgrades short-term rating to F2 from F3

Solid Financial Foundation to Support Long-Term Infrastructure Investment Opportunities

* Consisting of cash and available capacity under credit facilities
** Capacity on accounts receivable securitization facilities changes with seasonality

Financing Plan Update

NiSource Financing Plan			
($ in Millions)	2017 Actual	2018 Estimated	2019/2020 Estimated
Equity			
Common Equity Block Issuance	None	~$600 (Issued 5/4/18)	None Planned
ATM (At-The-Market)	$315	$200 - $300 (YTD $170)	$200 - $300 (Annually)
ESPP/401K/Other	$61	$35 - $60	$35 - $60 (Annually)
Long-Term Debt			
Incremental (New) Long-Term Debt	$1,093*	$0 - $300	$0 - $500 (Annually)
Other Financing			
Non-Convertible Subordinated Debt or Preferred Equity	None	$400 (Preferred Equity Issued 6/11/18)	TBD

2018 Common Equity Block Resolves the Cash Effect of Tax Reform

* 2017 represents change in total debt

Financing Plan Update

NiSource Adjusted Funds from Operations (FFO) to Debt			
($ in Millions)	2017	2018 Estimated	2019/2020 Estimated
Funds from Operations			
2017 Adjusted FFO*	$1,118		
2018 Primary Cash Flow Impacts			
Tax Reform		-	
Regulatory Trackers/Growth		+++	
Other Regulatory Filings/Outcomes		++	
Business Initiatives/Cash Mgmt.		+	
Adjusted FFO*		$1,120 - $1,150	Growing with Long-Term Earnings
Debt			
Total Debt	$9,002	$8,500 - $8,750	Modest Increases to Fund CapEx
Credit Quality			
Adjusted FFO/Total Debt	**~12%**	**~13%**	**Improving to 14% - 15% Range**

Strengthening the NiSource Balance Sheet

* Represents Net Income adjusted for depreciation and amortization, loss on early extinguishment of debt and deferred taxes. For a reconciliation please see slide 20.

Gas Distribution Operations - Second Quarter 2018

- Significant progress on regulatory initiatives inclusive of the impacts of federal tax reform, across all seven states
- Ongoing infrastructure modernization on track and delivering further customer value, including improved system safety, reliability and environmental performance

Key Milestones:

Highlight	Key Components	Status
Columbia Gas of Maryland Base Rate Case	• Supports continued focus on pipeline safety and replacement of aging infrastructure • Settlement includes \$3.7M annual revenue increase	• Filed Apr. 13, 2018 • Settlement filed Jul. 31, 2018 • Order expected in 4Q2018
Columbia Gas of Massachusetts Base Rate Case	• Supports continued focus on pipeline safety and replacement of aging infrastructure • Requests \$24.1M annual revenue increase, net of infrastructure trackers	• Filed Apr. 13, 2018 • Order expected in 1Q2019
NIPSCO Gas System Modernization Program	• New seven-year ~\$1.25B plan focused on system modernization to improve service and reliability and customer growth	• Filed Apr. 2, 2018 • Order expected in 4Q2018
Columbia Gas of Pennsylvania Base Rate Case	• Supports continued focus on pipeline safety and replacement of aging infrastructure • Requests \$46.9M annual revenue increase	• Filed Mar. 16, 2018 • Order expected in 4Q2018
Columbia Gas of Ohio Capital Expenditure Program (CEP)	• Seeks establishment of cost recovery mechanism for certain deferred capital investments not recovered through the IRP tracker • Requests initial annual revenue increase of \$69.8M	• Filed Dec. 1, 2017 • Audit completed by Sep. 4, 2018, procedural schedule to follow
NIPSCO Gas Base Rate Case	• Supports continued focus on pipeline safety and replacement of aging infrastructure • First base rate increase request in more than 25 years • Settlement includes \$107.3M annual revenue increase	• Filed Sep 27, 2017 • Settlement filed Apr. 20, 2018 • Order expected in 3Q18

~$20B in Identified Long-Term Infrastructure Investment Opportunities

* Operating Earnings (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see NiSource's August 1, 2018 supplemental segment and financial information accompanying this presentation and available on the investor section of www.nisource.com.

Electric Operations - Second Quarter 2018

- Continued execution of seven-year ~$1.25B electric system modernization program
- Electric transmission projects completed, placed into service in June
- 2018 Integrated Resource Plan process continues
- Construction underway on environmental upgrades for Michigan City, R.M. Schahfer generating stations

Key Milestones:

Highlight	Key Components	Status
Integrated Resource Plan (IRP)	• Outlines NIPSCO's plans for meeting customers' long-term electricity needs • 2016 IRP included plans to retire 50 percent of NIPSCO's coal-fired generation fleet by 2023 • 2018 IRP will contain additional details on NIPSCO's long-term capacity plans	• Third stakeholder meeting held Jul. 24, 2018 • 2018 IRP expected to be submitted to IURC by YE18
Electric System Modernization Program	• Focused on electric transmission and distribution investments designed to improve system reliability and safety • TDSIC 4 semi-annual tracker update covering ~$77M in investments from Dec. 2017 - May 2018	• Filed Jul. 31, 2018 • Order expected in 4Q18
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 settlement approved Dec. 13, 2017 • Construction underway, expected completion by YE18
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)	• Projects completed, in service June 2018

~$10B in Identified Long-Term Infrastructure Investment Opportunities

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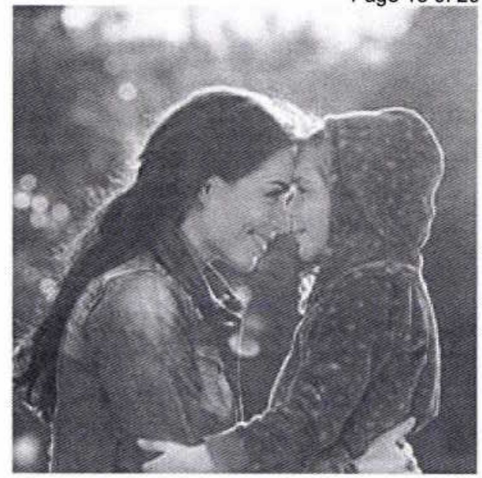
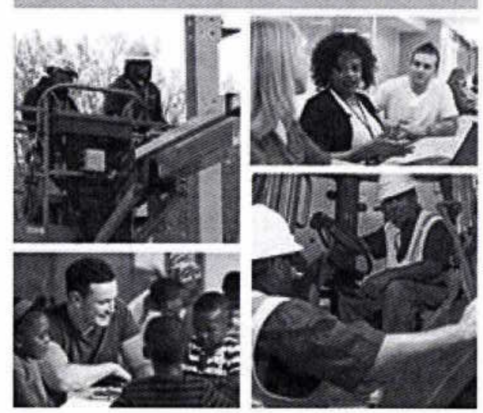


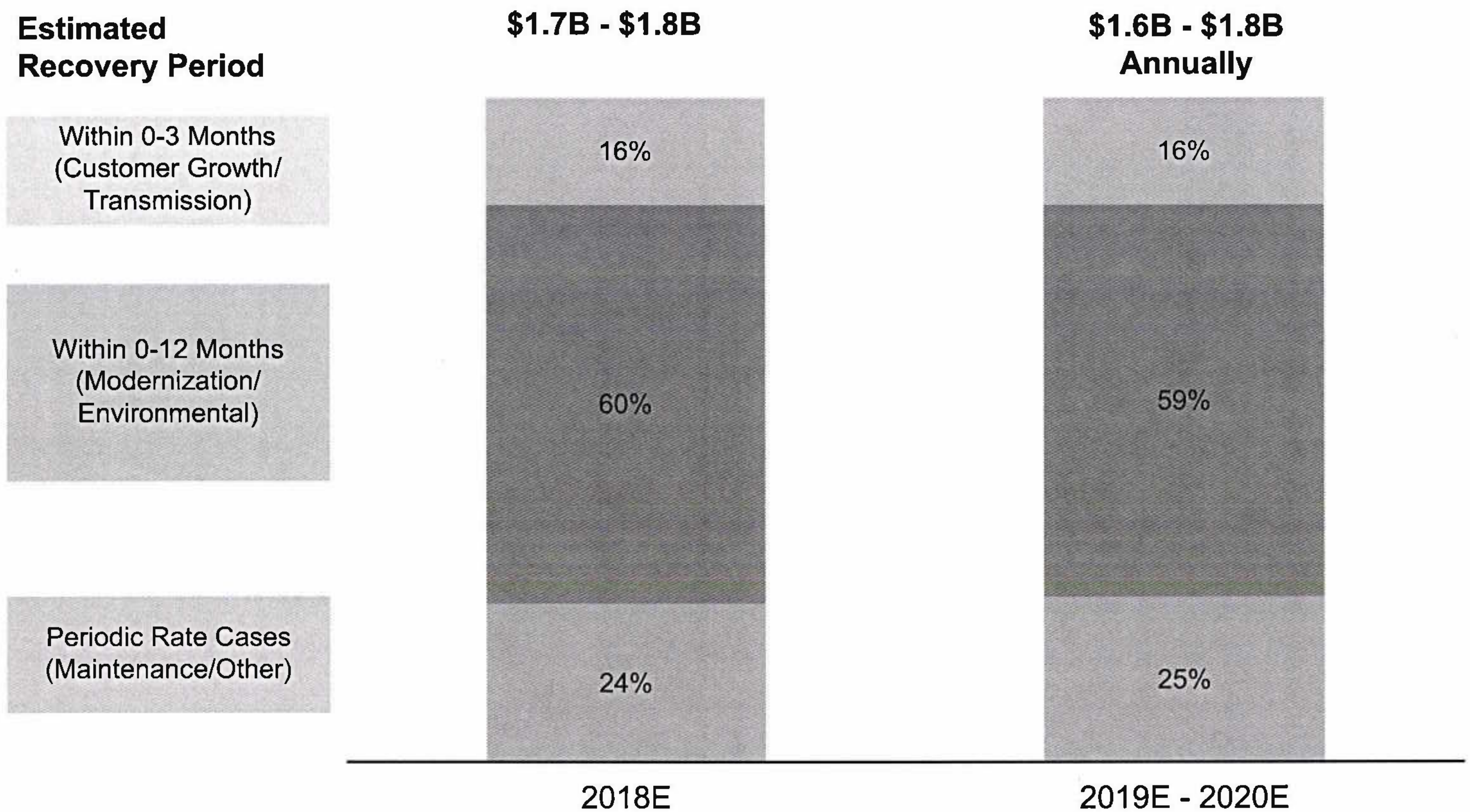
Appendix:
Second Quarter 2018 Earnings



NiSource®

Capital Expenditures

Investments Deliver Customer Value, Enhance System Safety and Reliability



~75% of Capital Investments Begin Earning in Less Than 12 months

Liquidity and Debt Detail as of Second Quarter 2018 ($M)

Current Liquidity	Actual 6/30/2018	Maturity
Revolving Credit Facility	$1,850	Nov. 28, 2021
Accounts Receivable Programs*	320	
Less:		
Drawn on Credit Facility	—	
Commercial Paper	—	
Accounts Receivable Programs Utilized	—	
L/C's Outstanding Under Credit Facility	10	
Add:		
Cash & Equivalents	68	
Net Available Liquidity	$2,228	

Debt Detail	Balance	Wtd. Avg. Rate**	Wtd. Avg. Maturity
Long-Term Debt	$7,581	4.68%	18 years
Commercial Paper	—	N/A	N/A
A/R Program Borrowings	—	N/A	N/A
Term Loan	600	2.64%	N/A
Capital Leases, Def Cost & Other	110	N/A	N/A
Total Debt	**$8,290**		

* 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

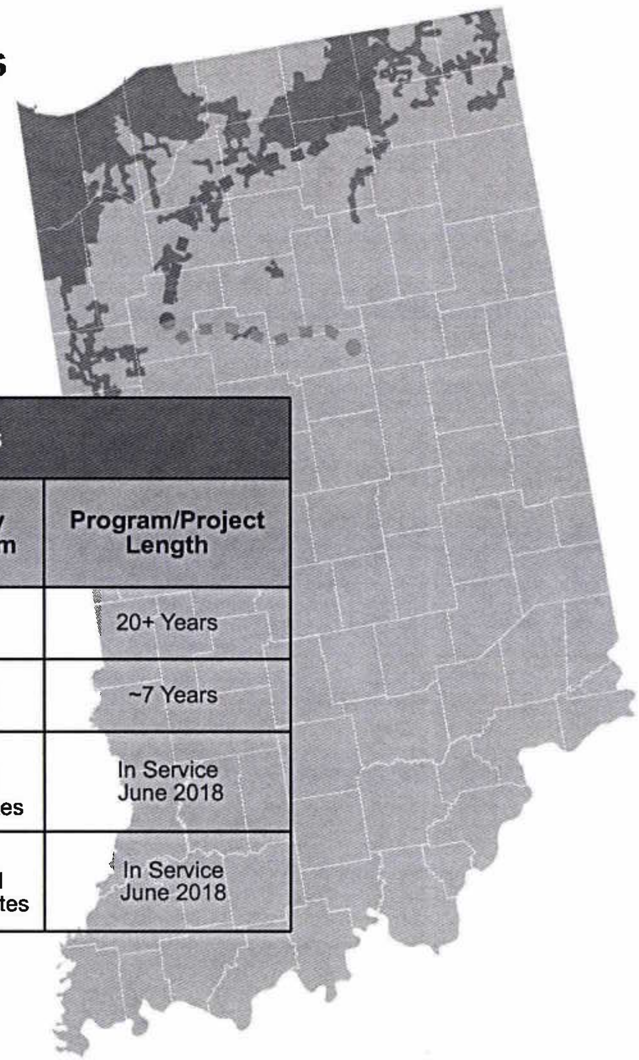
Gas Distribution Operations Infrastructure Programs

Company	Base Case Authorized ROE	Year-End 2017 Rate Base	Total Identified Investments	Modernization Program Investments	Estimated Annual Modernization Program	Recovery Mechanism
Columbia Gas of OH	Not Specified	$2.5B	~$4.1B	~$3.4B	$220M - $270M	Tracked
Columbia Gas of PA	Not Specified	$1.5B	~$3.0B	~$1.8B	$210M - $250M	Rate Case (Forward Test Year)
NIPSCO Gas	9.90%	$1.2B	~$4.5B	~$3.9B	$135M - $160M	Tracked
Columbia Gas of MA	9.55%	$792M	~$1.4B	~$700M	$80M - $120M	Tracked
Columbia Gas of VA	Not Specified	$669M	~$550M	~$300M	$30M - $40M	Tracked
Columbia Gas of KY	Not Specified	$259M	~$750M	~$400M	$25M - $45M	Tracked
Columbia Gas of MD	9.70%	$107M	~$200M	~$100M	$16M - $21M	Tracked

Robust Long-Term Investment Programs Deliver Value on $7.0B Rate Base*

* As of Dec. 31, 2017

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
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High-Value Investments with $3.6B Rate Base*

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Continued Regulatory Execution Drives Growth and Customer Value

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		FY 2018	~$24M	Oct 2017	Jan 2018
Columbia Gas of Maryland	Strategic Infrastructure Development and Enhancement (STRIDE)	FY 2017	~$15M	Nov 2016	Jan 2017
		FY 2018	~$21M	Oct 2017	Jan 2018
NIPSCO – Gas	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 7: Jan 2017 – Jun 2017	~$59M	Aug 2017	Jan 2018
		TDSIC 8: Jul 2017 – Dec 2017	~$54M	Feb 2018	Expected - Sep 2018
NIPSCO – Electric	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 3: May 2017 – Nov 2017	~$75M	Jan 2018	Jun 2018
		TDSIC 4: Dec 2017 – May 2018	~$77M	Jul 2018	Expected - Dec 2018

2017 Adjusted Funds From Operations (FFO) Reconciliation

Twelve Months Ended December 31		
(In millions)	2017	
GAAP Net Income	**$**	**129**
Adjustments to Net Income		
Depreciation and Amortization		570
Loss on Extinguishment of Debt		112
Deferred Taxes		307
Adjusted Funds From Operations	**$**	**1,118**

NISOURCE

Investor Update

October 12, 2018

NiSource®

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 presentation include statements and expectations regarding NiSource's or any of its subsidiaries' 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 the recent Greater Lawrence area Massachusetts incident, 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.; NiSource's ability to manage new initiatives and organizational changes; the performance of third-party suppliers and service providers; the availability of insurance to cover all significant losses 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, 2017 and in other filings with the Securities and Exchange Commission. A credit rating is not a recommendation to buy, sell or hold securities, and may be subject to revision or withdrawal at any time by the asset rating organization. In addition, dividends are subject to board approval. 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.

RESTORATION SNAPSHOT

- Because safety is our top priority, following the incident on September 13, 2018, we took immediate steps in Massachusetts and across our system to suspend similar work and enhance procedures. We saw these as reasonable steps to take in the aftermath of the incident and while facts were being gathered.

- Our team has been working tirelessly to restore service to the affected communities and help those whose lives have been impacted.

- We have leveraged a workforce of more than 3,000 employees and contractors, who are currently deployed.

- We continue to work cooperatively with federal, state and local officials to restore public confidence.

NiSource Committed to Complete Gas System Replacement for Greater Lawrence Area

TIMELINE OF EVENTS

- **September 13 (~4pm):** The incident occurs, impacting the Greater Lawrence area
- **September 16 (~8am):** All impacted premises (~8,600) are safely cleared of gas and people are allowed to return home
- **September 16:** Columbia Gas commits to completely replacing the impacted natural gas distribution system in the Greater Lawrence area
- **September 17:** Columbia Gas announces a $10 million contribution to the newly formed Greater Lawrence Disaster Relief Fund to serve the needs of impacted residents
- **September 21:** Columbia Gas announces plan to restore gas service, restoration work begins
- **September 27:** NiSource announces organizational changes to deliver on commitments.
- **October 2/5:** Columbia Gas outlines details of 'Gas Ready/House Ready' Restoration Plans.
- **October 11:** NTSB releases its preliminary report.
- **November 19:** Target date for restoration of service to all homes and businesses

Gas System Restoration on Track for November 19th Completion

OUR CUSTOMER COMMITMENT

We remain focused on three key areas:

Taking Care of People: We continue to work with state and local leaders and a broad network of community partners to meet the needs of the people affected and to keep them fully informed as the recovery effort moves forward.

Ensuring Safety: All of our actions are driven by our commitment to the safety of our customers, our communities and our employees.

Regaining Trust: We are working to restore gas service as quickly as possible and are committed to taking the steps needed to re-earn the trust of our customers, communities, and public officials.

Focused on Customer Needs

OUR CUSTOMER COMMITMENT

Key elements to customer commitments and replacement plan include:

- Progressive restoration of gas service with completion targeted for November 19
- Ongoing information and updates being provided to customers and other stakeholders
- Customer and Community Support
  - Mobile Customer Care Centers launched 9/26/2018
  - Over 1,000 families provided temporary housing as of 10/8/2018
  - Columbia Gas donates $10M to the Greater Lawrence Disaster Relief Fund

Focused on Customer Needs

PROGRESS TO GAS SERVICE RESTORATION

- **Making Homes and Businesses 'Gas Ready':** Replacement of the distribution system with state-of-the-art plastic mains and service lines that include modern safety features such as pressure regulation and excess flow valves at each premise.

  Progress as of October 10, 2018
  - Replaced ~24 of 44.5 miles
  - 1,297 of 6,100 services are 'Gas Ready'

- **Making Homes and Businesses 'House Ready':** Assessment teams will visit homes and businesses to assess natural gas appliances and piping, and review options with customers. Upon completion of repairs, teams will test natural gas lines for safety and install appliances.

  Progress as of October 10, 2018*
  - 287 of ~9,600 residential dwelling units are 'House Ready'
  - 35 of ~750 commercial units are 'House Ready'

Gas System Restoration is Well Underway in All Three Communities

* Estimate subject to change. Represents estimated number of dwelling units across residential and commercial customers, respectively, which includes multiple units behind commercial and residential meters. There are approximately 8,600 total meters across commercial and residential; some meters have multiple dwelling units.

FINANCIAL IMPLICATIONS

Capital Expenditures

- 'Gas Ready' Restoration – accelerated infrastructure modernization investment to replace impacted distribution system

Additional Incident Costs*

- Third Party Claims – including emergency response, personal injury, property/infrastructure damage claims ('House Ready' Restoration), temporary housing, business interruption, etc.
- Other Expenses – these costs include the $10M donation as well as additional employee, legal and consulting expenses

Dedicated NiSource Team to Execute Restoration

* Expected to be substantially paid through insurance recovery under NiSource policies with a combined limit of approximately $800 million. These policies are subject to various limits, conditions and exclusions; for example any potential fines, penalties and certain settlements with impacted communities would generally not be recoverable from insurance.

NISOURCE BUSINESS UPDATE

NiSource scheduled to release 3Q earnings and provide a 2018 financial outlook on November 1, 2018

- **Gas Distribution**
  - Columbia Gas of Virginia filed a base rate case on 8/28/2018
  - Columbia Gas of Pennsylvania filed a base rate case settlement on 8/31/2018
  - Columbia Gas of Ohio Capital Expenditure Program audit and staff report filed in September, hearing set for 11/6/2018
  - NIPSCO received Indiana Utility Regulatory Commission (IURC) approval of their gas rate case settlement 9/19/2018
  - Withdrew the Columbia Gas of Massachusetts base rate case settlement 9/19/2018

- **Electric Operations**
  - NIPSCO announces most viable plan to retire all remaining coal generation within the next 10 years
  - NIPSCO continues to expect to submit Integrated Resource Plan (IRP) and file base rate case by 11/1/2018

NiSource Remains Confident in Achieving Long-Term Financial and Credit Commitments

Supplemental Slides
Third Quarter 2018 Earnings

November 1, 2018

NiSource

NiSource

Forward-Looking Statements

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Regulation G Disclosure Statement

This presentation includes financial results and guidance for NiSource with respect to net operating earnings available to common shareholders, 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 – Third Quarter 2018

- **Results in line with annual guidance range**
  - Non-GAAP net operating earnings per share (NOEPS)* of $0.10 versus $0.07 in 2017
  - On track to deliver NOEPS of $1.26 to $1.32 and complete $1.7 to $1.8 billion of utility infrastructure investments in 2018
  - Projected long-term capital investments, 5 to 7 percent annual NOEPS and dividend growth rates reaffirmed
- **Progress on gas service restoration in Greater Lawrence, Mass.**
  - 100% of the 45 miles of accelerated distribution system replacement complete with all services 'Gas Ready'
  - Work continues to make impacted homes and businesses 'House Ready' so service can be restored
- **Continued disciplined execution of infrastructure programs, regulatory initiatives**

  Gas Distribution Operations
  - Settlement approved in Indiana gas base rate case, new rates in effect
  - Settlements pending in Maryland, Pennsylvania gas base rate cases
  - Settlement filed in Ohio Capital Expenditure Program (CEP) case
  - Gas modernization program extension approved in Maryland
  - Massachusetts base rate case withdrawn

  Electric Operations
  - 2018 Integrated Resource Plan submitted and base rate case filed Oct. 31, 2018
  - Coal Combustion Residuals capital projects progressing and expected to be completed by end of 2018
  - Continued execution on transmission and distribution modernization program; tracker settlement pending

Reaffirming 2018 NOEPS Guidance: $1.26 to $1.32 Per Share*; CapEx Guidance: $1.7B to $1.8B

* Net Operating Earnings Per Share (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's November 1, 2018, Earnings Release

Third Quarter 2018 Financial Highlights

Non-GAAP*	2018	2017	Change
Net Operating Earnings Available to Common Shareholders ($M)	$35.3	$23.3	$12.0
Net Operating Earnings Per Share	$0.10	$0.07	$0.03

GAAP	2018	2017	Change
Net Income (Loss) Available to Common Shareholders($M)	($345.1)	$14.0	($359.1)
Earnings (Loss) Per Share	($0.95)	$0.04	($0.99)

Results In Line with Annual Guidance Range

*Net Operating Earnings (non-GAAP). For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's November 1, 2018, Earnings Release and the supplemental segment and financial information accompanying this presentation available on the investor section of www.nisource.com.

Third Quarter 2018 Financial Highlights - Consolidated (Non-GAAP)*

(In millions, except per share amounts)	Three Months Ended Sept 30 2018	2017	Change	Nine Months Ended Sept 30 2018	2017	Change
Operating Revenues	$ 883.6	$ 920.2		$ 3,630.9	$ 3,543.4	
Cost of Sales (excluding depreciation and amortization)	222.0	233.6		1,259.7	1,062.7	
Net Revenue (Non-GAAP)	$ 661.6	$ 686.6		$ 2,371.2	$ 2,480.7	
Operation and Maintenance	329.8	363.5		1,094.2	1,160.1	
Depreciation and Amortization	148.5	143.0		437.8	428.5	
Other Taxes	58.3	57.5		202.7	189.7	
Total Operating Expenses	$ 536.6	$ 564.0		$ 1,734.7	$ 1,778.3	
Operating Earnings (Non-GAAP)	$ 125.0	$ 122.6		$ 636.5	$ 702.4	
Interest Expense, Net	(83.4)	(87.9)		(265.2)	(260.8)	
Other, Net	8.6	(6.8)		31.5	(0.2)	
Total Other Deductions	$ (74.8)	$ (94.7)		$ (233.7)	$ (261.0)	
Operating Earnings Before Income Tax	$ 50.2	$ 27.9		$ 402.8	$ 441.4	
Income Taxes	9.3	4.6		74.5	154.2	
Net Operating Earnings (Non-GAAP)	**$ 40.9**	**$ 23.3**	**$ 17.6**	**$ 328.3**	**$ 287.2**	**$ 41.1**
Preferred Dividends	(5.6)	—		(6.9)	—	
Net Operating Earnings Available to Common Shareholders (Non-GAAP)	**$ 35.3**	**$ 23.3**	**$ 12.0**	**$ 321.4**	**$ 287.2**	**$ 34.2**
Basic Average Shares Outstanding	363.9	331.1		352.1	326.7	
Basic Net Operating Earnings Per Share (Non-GAAP)	**0.10**	**0.07**	**0.03**	**0.91**	**0.88**	**0.03**

Results In Line with Annual Guidance Range

* Net Operating Earnings Per Share (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's November 1, 2018, Earnings Release

Third Quarter 2018 Financial Highlights - Gas Distribution (Non-GAAP)*

(In millions)	Three Months Ended Sept 30 2018	Three Months Ended Sept 30 2017	Three Months Ended Sept 30 Change	Nine Months Ended Sept 30 2018	Nine Months Ended Sept 30 2017	Nine Months Ended Sept 30 Change
Operating Revenues	$ 422.6	$ 435.2		$ 2,353.3	$ 2,181.0	
Cost of Sales (excluding depreciation and amortization)	85.7	94.6		875.1	662.0	
Net Revenue (Non-GAAP)	$ 336.9	$ 340.6		$ 1,478.2	$ 1,519.0	
Operation and Maintenance	227.5	243.6		763.2	777.5	
Depreciation and Amortization	72.5	67.9		215.0	199.5	
Other Taxes	39.8	37.9		147.1	134.6	
Total Operating Expenses	$ 339.8	$ 349.4		$ 1,125.3	$ 1,111.6	
Operating Earnings (Loss) (Non-GAAP)	$ (2.9)	$ (8.8)	$ 5.9	$ 352.9	$ 407.4	$ (54.5)
2018 Net Revenue includes a revenue impact as a result of lower income tax rate from Tax Cuts and Jobs Act (offset in Consolidated Income Taxes)			$ 18.8			$ 91.6
Operating Earnings - Excluding Tax Reform Impact (Non-GAAP)			**$ 24.7**			**$ 37.1**

Results Driven by Infrastructure Investments and Customer Growth

* Operating Earnings (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see NiSource's November 1, 2018, Earnings Release and the supplemental segment and financial information accompanying this presentation available on the investor section of www.nisource.com.

Third Quarter 2018 Financial Highlights - Electric (Non-GAAP)*

(In millions)	Three Months Ended Sept 30 2018	2017	Change	Nine Months Ended Sept 30 2018	2017	Change
Operating Revenues	$ 464.3	$ 488.6		$ 1,287.4	$ 1,372.7	
Cost of Sales (excluding depreciation and amortization)	136.3	139.0		384.6	400.9	
Net Revenue (Non-GAAP)	$ 328.0	$ 349.6		$ 902.8	$ 971.8	
Operation and Maintenance	123.4	134.0		374.6	415.3	
Depreciation and Amortization	66.3	69.8		196.3	212.0	
Other Taxes	15.5	16.1		45.8	44.8	
Total Operating Expenses	$ 205.2	$ 219.9		$ 616.7	$ 672.1	
Operating Earnings (Non-GAAP)	$ 122.8	$ 129.7	$ (6.9)	$ 286.1	$ 299.7	$ (13.6)
2018 Net Revenue includes a revenue impact as a result of lower income tax rate from Tax Cuts and Jobs Act (offset in Consolidated Income Taxes)			$ 14.1			$ 39.0
Operating Earnings - Excluding Tax Reform Impact (Non-GAAP)			**$ 7.2**			**$ 25.4**

Results Driven by Infrastructure Investments and Cost Management

* Operating Earnings (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see NiSource's November 1, 2018, 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: ~$8.8B as of September 30, 2018**
  - ~$7.0B of long-term debt
    - Weighted average maturity ~19 years
    - Weighted average interest rate of 4.6%

- **Solid liquidity position**
  - ~$1.1B in net available liquidity as of September 30, 2018*
  - ~$2.2B of committed facilities in place as of September 30, 2018
    - ~$1.9B revolving credit facility
    - ~$0.3B accounts receivable securitization facilities **

- **Interest rate hedging position**
  - ~$750M of anticipated debt issuances hedged as of September 30, 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

* Consisting of cash and available capacity under credit facilities
** Capacity on accounts receivable securitization facilities changes with seasonality

Financing Plan Update

NiSource Financing Plan			
($ in Millions)	**2017 Actual**	**2018 Estimated**	**2019/2020 Estimated**
Equity			
Common Equity Block Issuance	None	~$600 (Issued 5/4/18)	None Planned
ATM (At-The-Market)	$315	$200 - $300 (YTD $170)	$200 - $300 (Annually)
ESPP/401K/Other	$61	$35 - $60	$35 - $60 (Annually)
Long-Term Debt			
Incremental (New) Long-Term Debt	$1,093*	$0 - $300	$0 - $500 (Annually)
Other Financing			
Non-Convertible Subordinated Debt or Preferred Equity	None	TBD (YTD $400)	TBD

Financing Targets Adj. FFO/Total Debt of ~13% in 2018; Improving to ~14% - 15% in 2019/2020**

* 2017 represents change in total debt
**Adjusted Funds from Operations (FFO); represents Net Income adjusted for depreciation and amortization, loss on early extinguishment of debt and deferred taxes.

Gas Distribution Operations - Third Quarter 2018

- Significant progress on regulatory initiatives inclusive of the impacts of federal tax reform across states
- Ongoing infrastructure modernization on track and delivering customer value, including enhanced system safety, reliability and environmental performance

Key Milestones:

Highlight	Key Components	Status
Columbia Gas of Virginia Base Rate Case	• Supports continued focus on pipeline safety and replacement of aging infrastructure • Requests $22.2M total annual revenue increase; $14.2M, net of infrastructure trackers	• Filed Aug. 28, 2018 • Rates in effect Feb. 1, 2019; subject to refund • Order expected in 2H2019
Columbia Gas of Maryland Base Rate Case	• Supports continued focus on pipeline safety and replacement of aging infrastructure • Settlement includes $3.7M annual revenue increase; $2.1M, net of infrastructure trackers	• Filed Apr. 13, 2018 • Settlement filed Jul. 31, 2018 • Rates in effect Nov. 2018 • Order expected in 4Q2018
Columbia Gas of Pennsylvania Base Rate Case	• Supports continued focus on pipeline safety and replacement of aging infrastructure • Settlement includes $26.0M annual revenue increase	• Filed Mar. 16, 2018 • Settlement filed Aug. 31, 2018 • Rates in effect Dec. 2018 • Order expected in 4Q2018
Columbia Gas of Ohio Capital Expenditure Program (CEP) Rider	• Establishes annual rider to recover certain capital investments and related deferred expenses not recovered through the IRP tracker • Settlement includes $74.5M annual revenue increase	• Filed Dec. 1, 2017 • Settlement filed Oct. 25, 2018
NIPSCO Gas Base Rate Case	• Supports continued focus on pipeline safety and replacement of aging infrastructure • First base rate increase request in more than 25 years • Settlement includes ultimate $107.3M annual revenue increase	• Filed Sept. 27, 2017 • Settlement filed Apr. 20, 2018 • Settlement approved: Sept. 19, 2018 • Rates effective Oct. 1, 2018

~$20B in Identified Long-Term Infrastructure Investment Opportunities

* Operating Earnings (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see NiSource's November 1, 2018, supplemental segment and financial information accompanying this presentation and available on the investor section of www.nisource.com.

Electric Operations - Third Quarter 2018

- Continued execution of seven-year ~$1.25B electric system modernization program
- 2018 Integrated Resource Plan submitted Oct. 31, 2018
- 2018 Base Rate Case filed Oct. 31, 2018
- Construction continues on environmental upgrades for Michigan City, R.M. Schahfer generating stations

Key Milestones:

Highlight	Key Components	Status
Base Rate Case	• Seeks changes to the company's depreciation schedules related to the early retirements of coal-fired generation plants called for in the IRP • Proposes changes to tariffs to provide service flexibility for industrial customers as they seek to remain competitive in the global marketplace • Requests $21.4M annual revenue increase	• Filed Oct. 31, 2018 • Rates in effect Sept. 2019 • Order expected in 3Q2019
Integrated Resource Plan (IRP)	• Outlines NIPSCO's plans for meeting customers' long-term electricity needs • 2018 IRP included plans to retire nearly 80 percent of NIPSCO's coal-fired generation fleet by 2023 and the remaining coal-fired units by 2028 • Replacement options point toward lower-cost renewable energy resources such as wind, solar and battery storage technology	• Submitted Oct. 31, 2018
Electric System Modernization Program	• Focused on electric transmission and distribution investments designed to improve system reliability and safety • TDSIC 4 semi-annual tracker update covering ~$72.2M in investments from December 2017 - May 2018; Settlement pending	• Filed Jul. 31, 2018 • Settlement filed Oct. 25, 2018 • Order expected in 4Q2018
Environmental Upgrades	• Address requirements under 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 settlement approved Dec. 13, 2017 • Construction underway, expected completion by YE2018

~$10B in Identified Long-Term Infrastructure Investment Opportunities

* Operating Earnings (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see NiSource's November 1, 2018, supplemental segment and financial information accompanying this presentation and available on the investor section of www.nisource.com.

Greater Lawrence Incident - Total Current Estimated Costs and Expenses

- **Capital Expenditures (Total Current Estimate = $135M - $165M)**
  - 'Gas Ready' Restoration - accelerated infrastructure modernization investment to replace impacted distribution system

- **Additional Incident Related Expenses**
  - **Third-Party Claims (Total Current Estimate = $415M - $450M)** - including emergency response, personal injury, property/infrastructure damage claims ('House Ready' Restoration), temporary housing, claims-related legal fees, etc.
  - **Other Expenses (Total Current Estimate = $180M - $210M)** - these costs include charitable contributions as well as additional employee, legal, consulting, employee/ contractor housing and other incident related expenses

Note: For additional details and notes see Schedule 2 of NiSource's November 1, 2018, Earnings Release

Dedicated NiSource Team to Execute Restoration

Appendix:
Third Quarter 2018 Earnings

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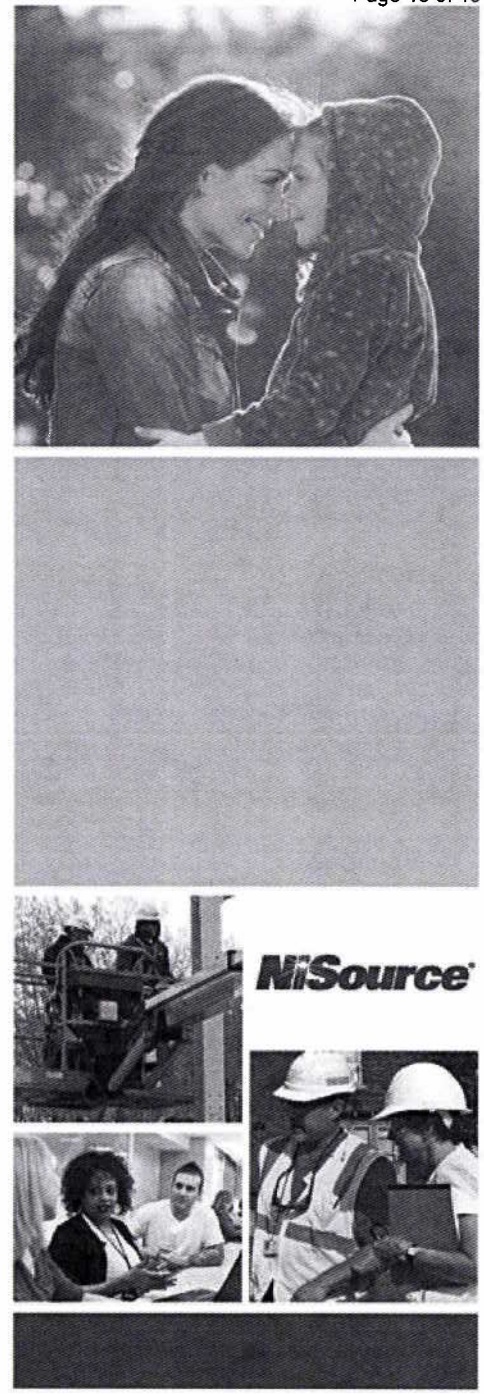
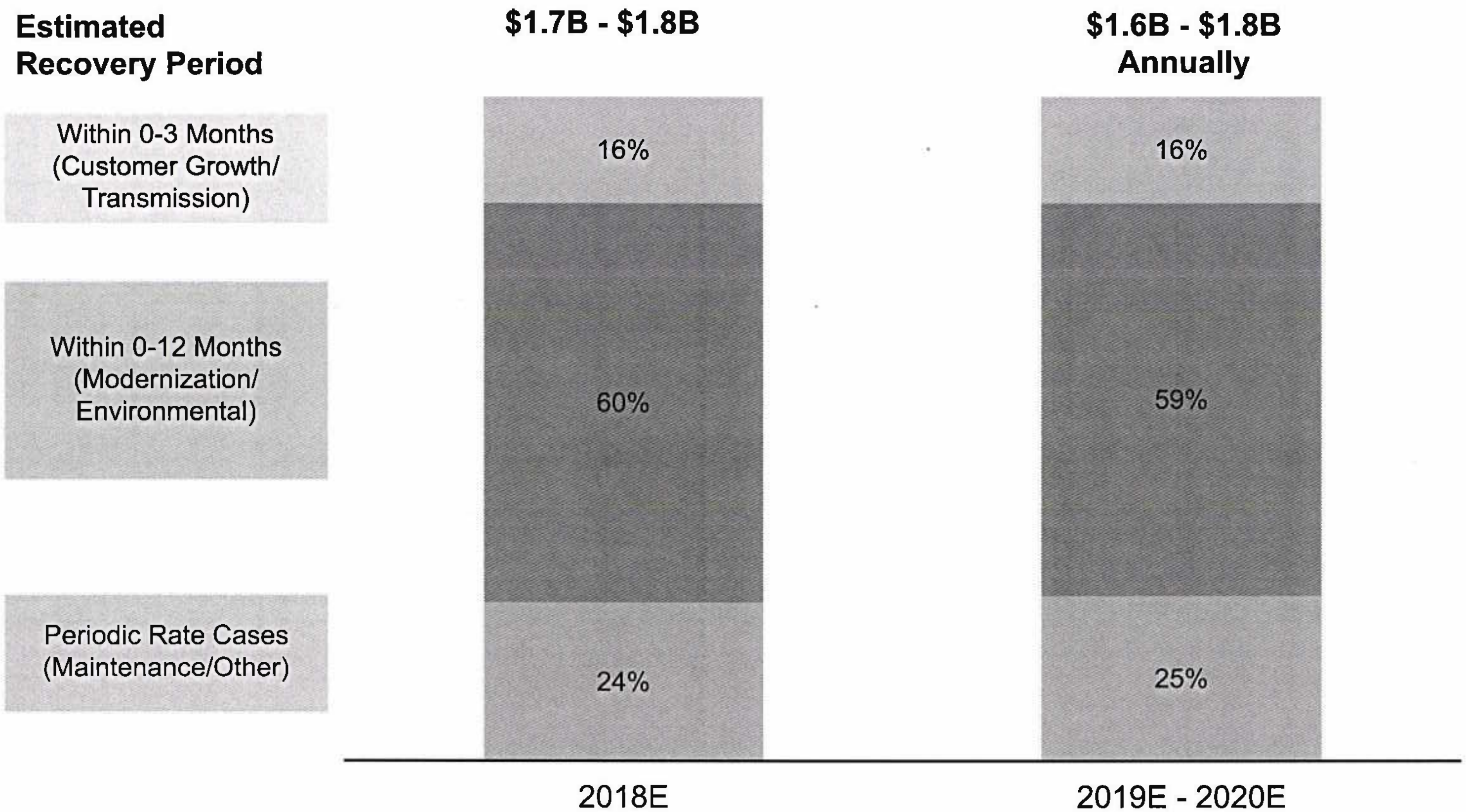


Capital Expenditures

Investments Deliver Customer Value, Enhance System Safety and Reliability



~75% of Capital Investments Begin Earning in Less Than 12 Months

Liquidity and Debt Detail as of Third Quarter 2018 ($M)

Current Liquidity	Actual 9/30/2018	Maturity
Revolving Credit Facility	$1,850	Nov. 28, 2021
Accounts Receivable Programs*	265	
Less:		
Drawn on Credit Facility	—	
Commercial Paper	746	
Accounts Receivable Programs Utilized	265	
L/C's Outstanding Under Credit Facility	10	
Add:		
Cash & Equivalents	42	
Net Available Liquidity	$1,136	

Debt Detail	Balance	Wtd. Avg. Rate**	Wtd. Avg. Maturity
Long-Term Debt	$7,030	4.57%	19 years
Commercial Paper	746	2.57%	42 days
A/R Program Borrowings	265	2.48%	1 month
Term Loan	600	2.79%	7 months
Capital Leases, Def Cost & Other	114	N/A	N/A
Total Debt	**$8,754**		

* 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

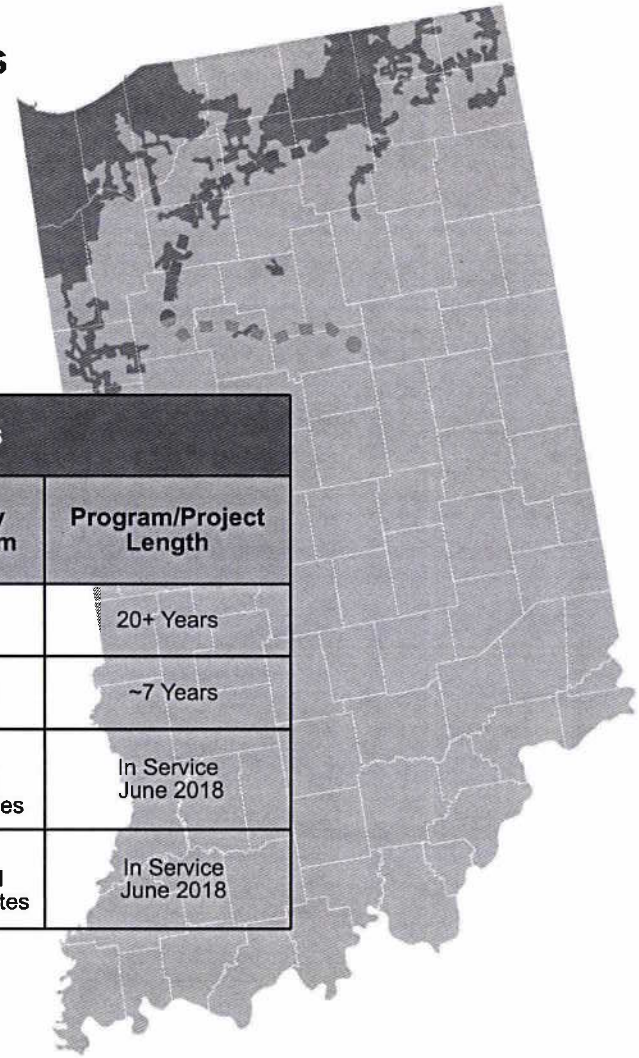
Gas Distribution Operations Infrastructure Programs

Company	Base Case Authorized ROE	Year-End 2017 Rate Base	Total Identified Investments	Modernization Program Investments	Estimated Annual Modernization Program	Recovery Mechanism
Columbia Gas of OH	Not Specified	$2.5B	~$4.1B	~$3.4B	$220M - $270M	Tracked
Columbia Gas of PA	Not Specified	$1.5B	~$3.0B	~$1.8B	$210M - $250M	Rate Case (Forward Test Year)
NIPSCO Gas	9.85%	$1.2B	~$4.5B	~$3.9B	$135M - $160M	Tracked
Columbia Gas of MA	9.55%	$792M	~$1.4B	~$700M	$80M - $120M	Tracked
Columbia Gas of VA	Not Specified	$669M	~$550M	~$300M	$30M - $40M	Tracked
Columbia Gas of KY	Not Specified	$259M	~$750M	~$400M	$25M - $45M	Tracked
Columbia Gas of MD	9.70%	$107M	~$200M	~$100M	$16M - $21M	Tracked

Robust Long-Term Investment Programs Deliver Value on $7.0B Rate Base*

* As of Dec. 31, 2017

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	Complete	FERC Approved Formula Rates	In Service June 2018
Transmission Project II – Partnership (Greentown-Reynolds)	~$350M - $400M (NI: ~$175M-$200M)	Complete	FERC Approved Formula Rates	In Service June 2018

High-Value Investments with $3.6B Rate Base*

* As of Dec. 31, 2017

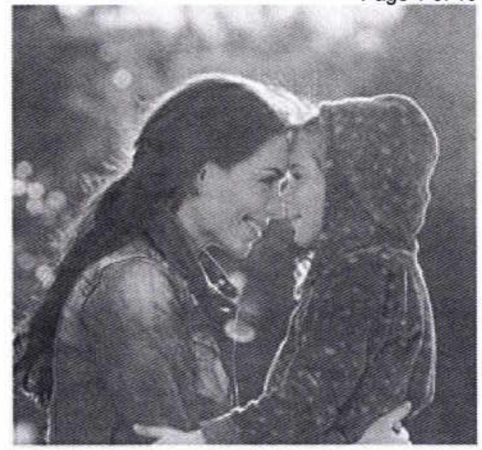
Regulatory Update

2018 Rate Case and Program/Project Activity		
Company/Filing	**Summary**	**Timeline**
Pending Approval		
NIPSCO Electric - Base Rate Case	Requested Increase: $21.4M	Filed: 10/31/2018 Order Expected: 3Q19
Columbia Gas of Virginia - Base Rate Case	Requested Increase: $22.2M	Filed: 8/28/2018 Order Expected: 2H2019
Columbia Gas of Maryland - Base Rate Case	Requested Increase: $6.1M Settled Increase: $3.7M	Filed: 4/13/2018 Settlement Filed: 7/31/2018 Order Expected: 4Q2018
Columbia Gas of Pennsylvania - Base Rate Case	Requested Increase: $46.9M Settled Increase: $26.0M	Filed: 3/16/2018 Order Expected: 4Q2018
Columbia Gas of Ohio - Capital Expenditure Program (CEP) Rider	Settled Increase: $74.5M	Filed: 12/1/2017 Settlement Filed: 10/25/2018
Complete		
Columbia Gas of Ohio - Infrastructure Replacement Program	5-Year Plan Extension Filing	Filed: 2/27/2017 Settlement Filed: 8/18/2017 Settlement Approved: 1/31/2018
NIPSCO Gas - PHMSA Filing	Recovery of Federally Mandated Pipeline Safety Compliance Plan	Filed: 11/8/2017 Settlement Filed: 4/20/2018 Settlement Approved: 9/19/2018
NIPSCO Gas - Base Rate Case	Requested Increase: $138.1M Settled Increase: $107.3M	Filed: 9/27/2017 Settlement Filed: 4/20/2018 Settlement Approved: 9/19/2018
Withdrawn/Dismissed		
NIPSCO Gas - Gas System Modernization (TDSIC)	7-Year Plan Update Filing Investment of ~$1.25B	Filed: 4/2/2018 Dismissed: 9/4/2018
Columbia Gas of Massachusetts - Base Rate Case	Requested Increase: $24.1M Settled Increase: $13.4M	Filed: 4/13/2018 Withdrawn: 9/19/2018

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 2016	~$236M	Feb 2017	May 2017
		FY 2017	~$207M	Feb 2018	May 2018
Columbia Gas of Pennsylvania	Distribution System Improvement Charge (DSIC)	Mar 2018 - May 2018	~$32M	Jun 2018	Jul 2018
		Jun 2018 - Aug 2018	~$55M	Sept 2018	Oct 2018
Columbia Gas of Virginia	Steps to Advance Virginia's Energy Plan (SAVE)	FY 2018	~$35M	Aug 2017	Jan 2018
		FY 2019	~$36M	Aug 2018	Expected - Jan 2019
Columbia Gas of Massachusetts	Gas System Enhancement Plan (GSEP)	FY 2018	~$84M	Oct 2017	May 2018
		FY 2019	~$64M	Oct 2018	Expected - May 2019
Columbia Gas of Kentucky	Accelerated Main Replacement Program (AMRP)	FY 2018	~$24M	Oct 2017	Jan 2018
		FY 2019	~$31M	Oct 2018	Expected - Jan 2019
Columbia Gas of Maryland	Strategic Infrastructure Development and Enhancement (STRIDE)	FY 2017	~$15M	Nov 2016	Jan 2017
		FY 2018	~$21M	Oct 2017	Jan 2018
NIPSCO – Gas	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 8: Jul 2017 – Dec 2017	~$54M	Feb 2018	Sept 2018
		TDSIC 9: Jan 2018 – Jun 2018	~$73M	Aug 2018	Expected - Jan 2019
NIPSCO – Electric	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 3: May 2017 – Nov 2017	~$75M	Jan 2018	Jun 2018
		TDSIC 4: Dec 2017 – May 2018	~$72M	Jul 2018	Expected - Dec 2018



Supplemental Slides
Fourth Quarter 2018 Earnings

February 20, 2019

NiSource

NiSource®

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 presentation include statements and expectations regarding NiSource's or any of its subsidiaries' 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; NiSource's ability to adapt to, and manage costs related to, advances in technology; any changes in our assumptions regarding the financial implications of the Greater Lawrence Incident; potential incidents and other operating risks associated with our business; our ability to obtain sufficient insurance coverage; the outcome of legal and regulatory proceedings, investigations, inquiries, claims and litigation; any damage to NiSource's reputation, including in connection with the Greater Lawrence Incident; 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; 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; the ability of NiSource's subsidiaries to generate cash; tax liabilities associated with the separation of Columbia Pipeline Group, Inc.; NiSource's ability to manage new initiatives and organizational changes; the performance of third-party suppliers and service providers; 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, 2018 and in other filings with the Securities and Exchange Commission. A credit rating is not a recommendation to buy, sell or hold securities, and may be subject to revision or withdrawal at any time by the asset rating organization. In addition, dividends are subject to board approval. 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 available to common shareholders, 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 – Year-End 2018

- **Continued focus on gas service restoration in Greater Lawrence, Mass.**
  - Service restored to substantially all customers by mid-December
  - Phase 2 of restoration well underway

- **Extensive efforts to enhance gas system safety, across seven-state footprint**

- **Delivered on a number of key objectives in 2018:**
  - Non-GAAP net operating earnings per share (NOEPS)* of $1.30 versus $1.21 in 2017
  - Accelerating implementation of a safety management system (SMS) across the NiSource footprint
  - Repositioning our Indiana electric business, with submission of a long-term plan to transition our generating fleet away from coal to lower-cost renewable energy resources by 2028
  - Executed on $1.8 billion capital investments, including Greater Lawrence pipeline replacement
  - Adding approximately 27,000 net new gas customers, driven by increased conversions to natural gas from other fuels and a healthy housing market
  - Successfully implementing federal tax reform, with all customers now enjoying savings made possible by lower corporate income tax rates
  - Opened state-of-the-art training centers in Massachusetts and Virginia, enhancing training for gas operations employees and first responders
  - Capital Expenditure Program (CEP) rider approved in Ohio, with new rates in effect
  - Gas rate case settlements approved in Indiana, Maryland and Pennsylvania; new cases filed in Indiana (electric) and Virginia (gas)

2019 NOEPS Guidance Initiated at $1.27 to $1.33 Per Share*; CapEx Guidance: $1.6B to $1.7B

* Net Operating Earnings Per Share (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's February 20, 2019, Earnings Release

Year-End 2018 Financial Highlights

Non-GAAP*	2018	2017	Change
Net Operating Earnings Available to Common Shareholders ($M)	$463.3	$397.5	$65.8
Net Operating Earnings Per Share	$1.30	$1.21	$0.09

GAAP	2018	2017	Change
Net Income (Loss) Available to Common Shareholders($M)	($65.6)	$128.5	($194.1)
Earnings (Loss) Per Share	($0.18)	$0.39	($0.57)

2018 GAAP Results Reflect Greater Lawrence Incident

*Net Operating Earnings (non-GAAP). For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's February 20, 2019, Earnings Release and the supplemental segment and financial information accompanying this presentation available on the investor section of www.nisource.com.

Fourth Quarter 2018 Financial Highlights - Consolidated (Non-GAAP)*

(In millions, except per share amounts)	Three Months Ended Dec 31 2018	2017	Change	Twelve Months Ended Dec 31 2018	2017	Change
Operating Revenues	$ 1,453.1	$ 1,361.4		$ 5,084.0	$ 4,904.8	
Cost of Sales (excluding depreciation and amortization)	499.7	456.0		1,759.4	1,518.7	
Net Revenue (Non-GAAP)	$ 953.4	$ 905.4		$ 3,324.6	$ 3,386.1	
Operation and Maintenance	425.2	418.5		1,519.4	1,578.6	
Depreciation and Amortization	161.8	141.8		599.6	570.3	
Loss on impairment	—	5.5		—	5.5	
Other Taxes	71.7	67.5		274.4	257.2	
Total Operating Expenses	$ 658.7	$ 633.3		$ 2,393.4	$ 2,411.6	
Operating Earnings (Non-GAAP)	$ 294.7	$ 272.1		$ 931.2	$ 974.5	
Interest Expense, Net	(88.1)	(92.4)		(353.3)	(353.2)	
Other, Net	(13.5)	(13.2)		18.0	(13.4)	
Total Other Deductions	$ (101.6)	$ (105.6)		$ (335.3)	$ (366.6)	
Operating Earnings Before Income Tax	$ 193.1	$ 166.5		$ 595.9	$ 607.9	
Income Taxes	43.1	56.2		117.6	210.4	
Net Operating Earnings (Non-GAAP)	**$ 150.0**	**$ 110.3**	**$ 39.7**	**$ 478.3**	**$ 397.5**	**$ 80.8**
Preferred Dividends	(8.1)	—		(15.0)	—	
Net Operating Earnings Available to Common Shareholders (Non-GAAP)	**$ 141.9**	**$ 110.3**	**$ 31.6**	**$ 463.3**	**$ 397.5**	**$ 65.8**
Basic Average Shares Outstanding	369.4	337.5		356.5	329.4	
Basic Net Operating Earnings Per Share (Non-GAAP)	**0.38**	**0.33**	**0.05**	**1.30**	**1.21**	**0.09**

NOEPS Results In Line with Annual Guidance Range

* Net Operating Earnings Per Share (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's February 20, 2019, Earnings Release

Fourth Quarter 2018 Financial Highlights - Gas Distribution (Non-GAAP)*

	Three Months Ended Dec 31			Twelve Months Ended Dec 31		
(In millions)	2018	2017	Change	2018	2017	Change
Operating Revenues	$ 1,056.0	$ 946.4		$ 3,409.3	$ 3,127.4	
Cost of Sales (excluding depreciation and amortization)	382.3	343.0		1,257.4	1,005.0	
Net Revenue (Non-GAAP)	$ 673.7	$ 603.4		$ 2,151.9	$ 2,122.4	
Operation and Maintenance	317.8	297.3		1,081.0	1,074.8	
Depreciation and Amortization	86.0	69.8		301.0	269.3	
Loss on impairment	—	2.8		—	2.8	
Other Taxes	57.5	49.5		204.6	184.1	
Total Operating Expenses	$ 461.3	$ 419.4		$ 1,586.6	$ 1,531.0	
Operating Earnings (Non-GAAP)	$ 212.4	$ 184.0	$ 28.4	$ 565.3	$ 591.4	$ (26.1)
2018 Net Revenue includes a revenue impact as a result of lower income tax rate from Tax Cuts and Jobs Act (offset in Consolidated Income Taxes)			$ 10.3			$ 109.7
Operating Earnings - Excluding Tax Reform Impact (Non-GAAP)			**$ 38.7**			**$ 83.6**

Results Driven by Infrastructure Investments and Customer Growth

* Operating Earnings (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see NiSource's February 20, 2019, Earnings Release and the supplemental segment and financial information accompanying this presentation available on the investor section of www.nisource.com.

Fourth Quarter 2018 Financial Highlights - Electric (Non-GAAP)*

(In millions)	Three Months Ended Dec 31 2018	2017	Change	Twelve Months Ended Dec 31 2018	2017	Change
Operating Revenues	$ 400.5	$ 418.7		$ 1,687.9	$ 1,791.4	
Cost of Sales (excluding depreciation and amortization)	117.5	113.0		502.1	513.9	
Net Revenue (Non-GAAP)	$ 283.0	$ 305.7		$ 1,185.8	$ 1,277.5	
Operation and Maintenance	122.1	143.4		496.7	558.7	
Depreciation and Amortization	66.6	65.8		262.9	277.8	
Loss on impairment	—	1.9		—	1.9	
Other Taxes	11.3	15.1		57.1	59.9	
Total Operating Expenses	$ 200	$ 226.2		$ 816.7	$ 898.3	
Operating Earnings (Non-GAAP)	$ 83.0	$ 79.5	$ 3.5	$ 369.1	$ 379.2	$ (10.1)
2018 Net Revenue includes a revenue impact as a result of lower income tax rate from Tax Cuts and Jobs Act (offset in Consolidated Income Taxes)			$ 10.2			$ 49.1
Operating Earnings - Excluding Tax Reform Impact (Non-GAAP)			**$ 13.7**			**$ 39.0**

Results Driven by Infrastructure Investments and Cost Management

* Operating Earnings (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see NiSource's February 20, 2019, 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: ~$9.1B as of December 31, 2018**
  - ~$7.0B of long-term debt
    - Weighted average maturity ~19 years
    - Weighted average interest rate of 4.6%

- **Solid liquidity position**
  - ~$1.0B in net available liquidity as of December 31, 2018*
  - ~$2.2B of committed facilities in place as of December 31, 2018
    - ~$1.9B revolving credit facility
    - ~$0.4B accounts receivable securitization facilities **

- **Interest rate hedging position**
  - ~$500M of anticipated debt issuances hedged as of December 31, 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

* Consisting of cash and available capacity under credit facilities
** Capacity on accounts receivable securitization facilities changes with seasonality

Financing Plan Update

NiSource Financing Plan		
($ in Millions)	**2018 Actual**	**2019/2020* Estimated**
Equity		
Common Equity Block Issuance	$606	None Planned
ATM (At-The-Market)	$239	$200 - $300 (Annually)
ESPP/401K/Other	$41	$35 - $60 (Annually)
Long-Term Debt		
Incremental Long-Term Debt	($410)	$0 - $500 (Annually)
Other Financing		
Non-Convertible Subordinated Debt or Preferred Equity	$900	TBD

Financing Targets Adj. FFO/Total Debt of ~14% - 15% in 2019/2020**

* Current financing plan may change based on the timing of cash proceeds of insurance recoveries related to the Greater Lawrence Incident
**Adjusted Funds from Operations (FFO); represents Net Income adjusted for depreciation and amortization, loss on early extinguishment of debt and deferred taxes.

Gas Distribution Operations

- Significant progress on regulatory initiatives inclusive of the impacts of federal tax reform across states
- Continuing to execute infrastructure modernization that enhances system safety, reliability and environmental performance

Key Milestones:

Highlight	Key Components	Status
NIPSCO PHMSA Compliance Plan	• Seeks recovery of federally mandated pipeline safety compliance plan • Filing includes $230M of capital covering 2019-2023	• Filed Dec. 31, 2018 • Order expected 2H2019
Columbia Gas of Virginia Base Rate Case	• Supports continued focus on pipeline safety and replacement of aging infrastructure • Requests $22.2M total annual revenue increase; $14.2M, net of infrastructure trackers	• Filed Aug. 28, 2018 • Rates in effect Feb. 1, 2019; subject to refund • Order expected in 2H2019
Columbia Gas of Maryland Base Rate Case	• Supports continued focus on pipeline safety and replacement of aging infrastructure • Settlement includes $3.8M annual revenue increase; $2.2M, net of infrastructure trackers	• Filed Apr. 13, 2018 • Settlement filed Jul. 31, 2018 • Settlement approved Nov. 21, 2018 • Rates in effect Nov. 2018
Columbia Gas of Pennsylvania Base Rate Case	• Supports continued focus on pipeline safety and replacement of aging infrastructure • Settlement includes $26.0M annual revenue increase	• Filed Mar. 16, 2018 • Settlement filed Aug. 31, 2018 • Settlement approved Dec. 6, 2018 • Rates in effect Dec. 2018
Columbia Gas of Ohio Capital Expenditure Program (CEP) Rider	• Establishes annual rider to recover certain capital investments and related deferred expenses not recovered through the IRP tracker • Settlement includes $74.5M annual revenue increase	• Filed Dec. 1, 2017 • Settlement filed Oct. 25, 2018 • Settlement approved Nov. 28, 2018 • Rider in effect Nov. 29, 2018
NIPSCO Gas Base Rate Case	• Supports continued focus on pipeline safety and replacement of aging infrastructure • First base rate increase request in more than 25 years • Settlement includes ultimate $107.3M annual revenue increase	• Filed Sept. 27, 2017 • Settlement filed Apr. 20, 2018 • Settlement approved Sept. 19, 2018 • Rates effective Oct. 1, 2018

~$20B in Identified Long-Term Infrastructure Investment Opportunities

Electric Operations

- Continued execution of seven-year ~$1.2B electric system modernization program
- Construction continues on environmental upgrades for Michigan City, R.M. Schahfer generating stations

Key Milestones:

Highlight	Key Components	Status
Wind CPCN Filings	• Seeks approval for 20-year PPAs to purchase 100% of the output from the Jordan Creek (400MW*) and Roaming Bison (300MW*) • Seeks approval for BTA for Rosewater (100MW*), a joint venture between NIPSCO and EDP Renewables • All three projects expected to be constructed by the end of 2020	• Filed Feb. 1, 2019 • Order expected in 2Q2019
Electric System Modernization Program	• Focused on electric transmission and distribution investments designed to improve system reliability and safety • TDSIC 5 semi-annual tracker update covering ~$58.8M in investments from June 2018 - November 2018	• Filed Jan. 29, 2019 • Order expected 2Q2019
Base Rate Case	• Seeks changes to the company's depreciation schedules related to the early retirements of coal-fired generation plants called for in the IRP • Proposes changes to tariffs to provide service flexibility for industrial customers to remain competitive in the global marketplace • Requests $21.4M annual revenue increase	• Filed Oct. 31, 2018 • Rates in effect Sept. 2019 • Order expected in 3Q2019
Integrated Resource Plan (IRP)	• Outlines NIPSCO's plans for meeting customers' long-term electricity needs • 2018 IRP included plans to retire nearly 80 percent of NIPSCO's coal-fired generation fleet by 2023 and the remaining coal-fired units by 2028 • Replacement options point toward lower-cost renewable energy resources such as wind, solar and battery storage technology • Second all source RFP planned for later in 2019	• Submitted Oct. 31, 2018
Environmental Upgrades	• Address requirements under 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 settlement approved Dec. 13, 2017 • Construction underway, expected completion 1Q2019

~$10B in Identified Long-Term Infrastructure Investment Opportunities

* Represents installed capacity of generation facilities.

Greater Lawrence Event - Update

Event Related Costs and Expenses

- **Pipeline Replacement and Restoration (Total Current Estimate = $220M - $230M)** – replacement of the gas distribution system with modern state-of-the-art plastic mains and service lines, and modern safety features such as pressure regulation and excess flow valves at each premise.

- **Third-Party Claims (Total Current Estimate = $757M - $790M)** - including emergency response, personal injury, property/infrastructure damage claims ('House Ready' Restoration), temporary housing, claims-related legal fees, etc.

- **Other Expenses (Total Current Estimate = $330M - $345M)** - these costs include charitable contributions as well as additional employee, legal, consulting, employee/contractor housing and other incident related expenses

Insurance Policies have a Combined Limit of $1.1B (Casualty = $800M, Property = $300M)*

- **Insurance recoveries recorded during 2018 = $135M** – expected to significantly increase as claims are filed with insurers

Note: For additional details and notes see Schedule 2 of NiSource's February 20, 2019, Earnings Release

Dedicated NiSource Team to Execute Restoration

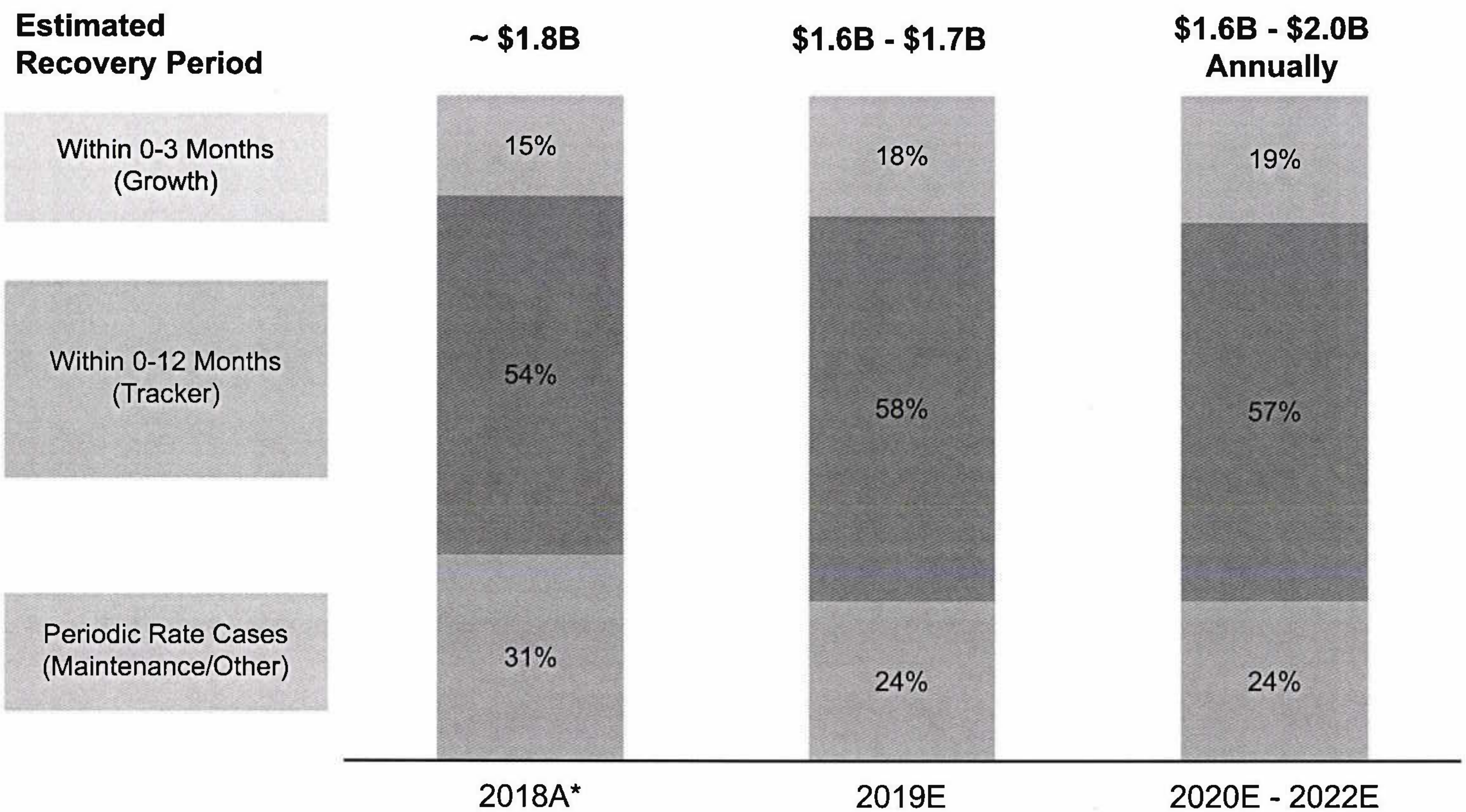
*Subject to policy exclusions

Appendix:
Fourth Quarter 2018 Earnings

NiSource

Capital Expenditures

Investments Deliver Customer Value, Enhance System Safety and Reliability



~75% of Capital Investments Begin Earning in Less Than 12 Months

* Greater Lawrence distribution system capital included in maintenance for 2018

Liquidity and Debt Detail as of Fourth Quarter 2018 ($M)

Current Liquidity	Actual 12/31/2018	Maturity
Revolving Credit Facility	$1,850	Nov. 28, 2021
Accounts Receivable Programs*	399	
Less:		
Drawn on Credit Facility	—	
Commercial Paper	978	
Accounts Receivable Programs Utilized	399	
L/C's Outstanding Under Credit Facility	10	
Add:		
Cash & Equivalents	113	
Net Available Liquidity	$975	

Debt Detail	Balance	Wtd. Avg. Rate**	Wtd. Avg. Maturity
Long-Term Debt	$7,030	4.57%	19 years
Commercial Paper	978	2.96%	61 days
A/R Program Borrowings	399	2.79%	1 month
Term Loan	600	3.07%	4.5 months
Capital Leases, Def Cost & Other	126	N/A	N/A
Total Debt	**$9,133**		

* 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

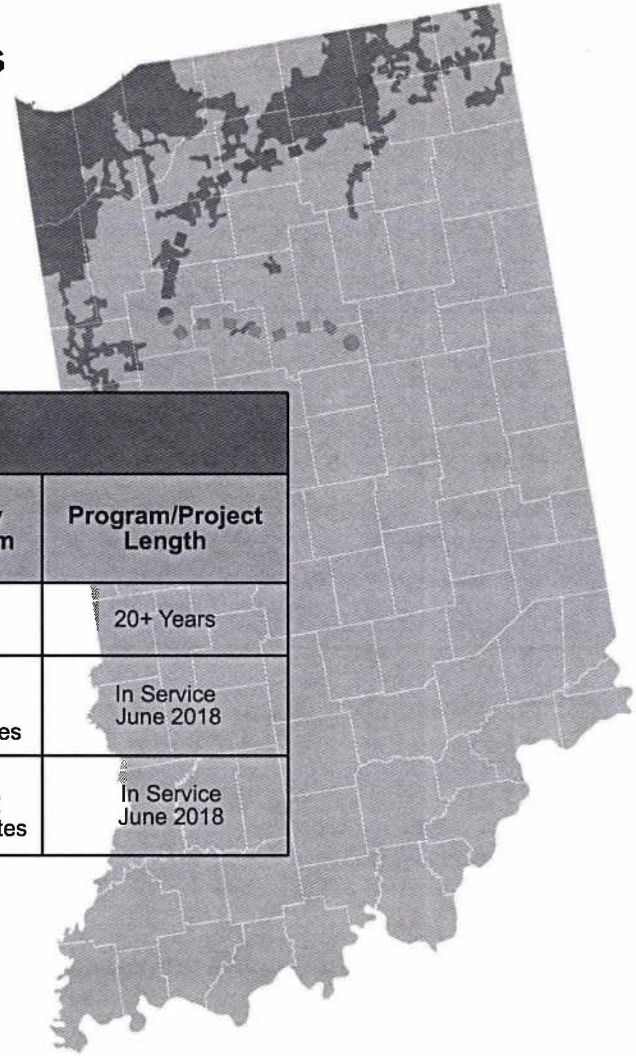
Gas Distribution Operations Infrastructure Programs

Company	Base Case Authorized ROE	Year-End 2018 Rate Base	Total Identified Investments	Modernization Program Investments	Estimated Annual Modernization Program	Recovery Mechanism
Columbia Gas of OH	Not Specified	$2.8B	~$5.6B	~$3.0B	$230M - $270M	Tracked
Columbia Gas of PA	Not Specified	$1.7B	~$4.3B	~$3.2B	$240M - $290M	Rate Case (Forward Test Year)
NIPSCO Gas	9.85%	$1.5B	~$4.9B	~$3.7B	$130M - $190M	Tracked
Columbia Gas of MA	9.55%	$991M	~$2.1B	~$1.0B	$64M - $120M	Tracked
Columbia Gas of VA	Not Specified	$711M	~$1.8B	~$500M	$35M - $60M	Tracked
Columbia Gas of KY	Not Specified	$302M	~$1.1B	~$850M	$30M - $40M	Tracked
Columbia Gas of MD	9.70%	$127M	~$210M	~$130M	$16M - $20M	Tracked

Robust Long-Term Investment Programs Deliver Value on $8.1B Rate Base*

* As of Dec. 31, 2018

Electric Operations Investment Programs



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Program/Project	**Identified Investments**	**Estimated Annual Investment**	**Recovery Mechanism**	**Program/Project Length**
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Transmission Project II – Partnership (Greentown-Reynolds)	~$350M - $400M (NI: ~$175M-$200M)	Complete	FERC Approved Formula Rates	In Service June 2018

High-Value Investments with $4.4B Rate Base*

* As of Dec. 31, 2018

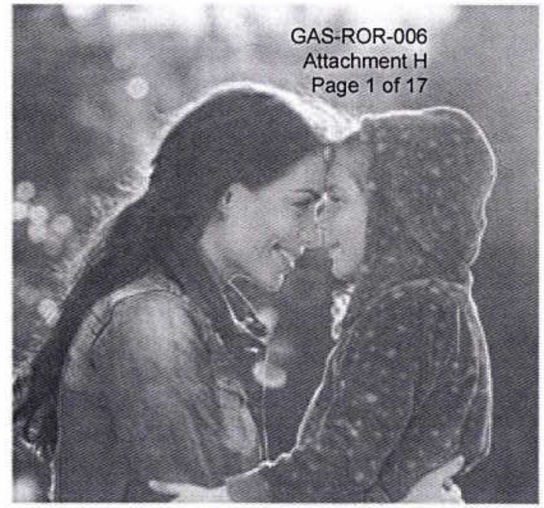
Regulatory Update

2018 Rate Case and Program/Project Activity		
Company/Filing	**Summary**	**Timeline**
Pending Approval		
NIPSCO Gas - PHMSA Compliance Plan 2	Recovery of Federally Mandated Pipeline Safety Compliance Plan Includes ~$230M of capital through 2023	Filed: 12/31/2018 Order Expected: 2H2019
NIPSCO Electric - Base Rate Case	Requested Increase: $21.4M, net of trackers	Filed: 10/31/2018 Order Expected: 3Q2019
Columbia Gas of Virginia - Base Rate Case	Requested Increase: $14.2M, net of trackers	Filed: 8/28/2018 Order Expected: 2H2019
Complete		
Columbia Gas of Maryland - Base Rate Case	Requested Increase: $4.6M, net of trackers Settled Increase: $2.2M, net of trackers	Filed: 4/13/2018 Settlement Filed: 7/31/2018 Settlement Approved: 11/21/2018
Columbia Gas of Pennsylvania - Base Rate Case	Requested Increase: $46.9M Settled Increase: $26.0M	Filed: 3/16/2018 Settlement Filed: 8/31/2018 Settlement Approved: 12/6/2018
Columbia Gas of Ohio - Capital Expenditure Program (CEP) Rider	Settled Increase: $74.5M	Filed: 12/1/2017 Settlement Filed: 10/25/2018 Settlement Approved: 11/28/2018
Columbia Gas of Ohio - Infrastructure Replacement Program	5-Year Plan Extension Filing	Filed: 2/27/2017 Settlement Filed: 8/18/2017 Settlement Approved: 1/31/2018
NIPSCO Gas - PHMSA Compliance Plan 1	Recovery of Federally Mandated Pipeline Safety Compliance Plan Includes $92M of capital through 2021	Filed: 11/8/2017 Settlement Filed: 4/20/2018 Settlement Approved: 9/19/2018
NIPSCO Gas - Base Rate Case	Requested Increase: $138.1M, net of trackers Settled Increase: $107.3M, net of trackers	Filed: 9/27/2017 Settlement Filed: 4/20/2018 Settlement Approved: 9/19/2018
Withdrawn		
Columbia Gas of Massachusetts - Base Rate Case	Requested Increase: $24.1M, net of trackers	Filed: 4/13/2018 Withdrawn: 9/19/2018

Continued Regulatory Execution Drives Growth and Customer Value

Infrastructure Investment Details

Company	Recovery Mechanism	Incremental Infrastructure Investments		Recovery	
		Investment Period	Investment Amount ($M)	Filing Date	Effective Date
Columbia Gas of Ohio	Infrastructure Replacement Program (IRP)	FY 2017	$207.0	Feb 2018	May 2018
		FY 2018	TBD	Expected - Feb 2019	Expected - May 2019
Columbia Gas of Pennsylvania	Distribution System Improvement Charge (DSIC)	Mar 2018 - May 2018	$31.8	Jun 2018	Jul 2018
		Jun 2018 - Aug 2018	$55.4	Sept 2018	Oct 2018
Columbia Gas of Virginia	Steps to Advance Virginia's Energy Plan (SAVE)	FY 2018	$33.3	Aug 2017	Jan 2018
		FY 2019	$36.0	Aug 2018	Jan 2019
Columbia Gas of Massachusetts	Gas System Enhancement Plan (GSEP)	FY 2018	$80.0	Oct 2017	May 2018
		FY 2019	$64.0	Oct 2018	Expected - May 2019
Columbia Gas of Kentucky	Accelerated Main Replacement Program (AMRP)	FY 2018	$24.0	Oct 2017	Jan 2018
		FY 2019	$30.1	Oct 2018	Jan 2019
Columbia Gas of Maryland	Strategic Infrastructure Development and Enhancement (STRIDE)	FY 2018	$20.8	Nov 2017	Jan 2018
		FY 2019	$19.7	Nov 2018	Jan 2019
NIPSCO – Gas	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 8: Jul 2017 – Dec 2017	$54.0	Feb 2018	Sept 2018
		TDSIC 9: Jan 2018 – Jun 2018	$54.4	Aug 2018	Jan 2019
NIPSCO – Electric	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 4: Dec 2017 – May 2018	$72.2	Jul 2018	Dec 2018
		TDSIC 5: Jun 2018 – Nov 2018	$58.8	Jan 2019	Expected - Jun 2019



Supplemental Slides
First Quarter 2019 Earnings

May 1, 2019

NiSource

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Forward-Looking Statements

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Key Takeaways – First Quarter 2019

- **Results in line with guidance range**
  - Net operating earnings per share (NOEPS*) of $0.82 versus $0.77 in 2018
  - NOEPS, dividend expected to grow 5 to 7 percent annually from 2019 through 2022

- **Gas system safety enhancements advance; continued execution on regulatory initiatives**
  - Accelerated SMS implementation moving forward
  - Independent Quality Review Board appointed, chaired by former DOT Secretary
  - Unanimous settlement filed in Virginia gas base rate case
  - IRP tracker update approved, CEP tracker update pending in Ohio
  - 2019 GSEP order received in Massachusetts

- **Electric base rate case partial settlement filed; Generation strategy moves forward**
  - Rate case agreement with key parties addresses revenue requirement, depreciation schedules related to early retirement of coal plants
  - Wind farm filings pending before IURC

- **Restoration, customer support efforts continue in Merrimack Valley**
  - Dedicated team in place to support customer needs, including claims processing, equipment repair support and property restoration
  - Heating equipment replacement work underway

2019 NOEPS Guidance: $1.27 to $1.33 Per Share*; CapEx Guidance: $1.6B to $1.7B

* Net Operating Earnings Per Share (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's May 1, 2019, Earnings Release

First Quarter 2019 Financial Highlights

Non-GAAP*	2019	2018	Change
Net Operating Earnings Available to Common Shareholders ($M)	$307.7	$259.7	$48.0
Net Operating Earnings Per Share	$0.82	$0.77	$0.05

GAAP	2019	2018	Change
Net Income Available to Common Shareholders ($M)	$205.1	$276.1	($71.0)
Earnings Per Share	$0.55	$0.82	($0.27)

Non-GAAP Results in Line with Annual Guidance Range

*Net Operating Earnings (non-GAAP). For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's May 1, 2019, 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: ~$9.2B as of March 31, 2019**
  - ~$7.0B of long-term debt
    - Weighted average maturity ~18 years
    - Weighted average interest rate of 4.6%

- **Solid liquidity position**
  - ~$1.0B in net available liquidity as of March 31, 2019*
  - ~$2.4B of committed facilities in place as of March 31, 2019
    - ~$1.9B revolving credit facility
    - ~$0.5B accounts receivable securitization facilities **

- **Interest rate hedging position**
  - ~$500M of anticipated debt issuances hedged as of March 31, 2019

- **Committed to investment-grade credit ratings**
  - S&P BBB+ | Moody's Baa2 | Fitch BBB

Solid Financial Foundation to Support Long-Term Infrastructure Investment Opportunities

* Consisting of cash and available capacity under credit facilities
** Capacity on accounts receivable securitization facilities changes with seasonality

Financing Plan Update

NiSource Current Financing Plan		
($ in Millions)	**2018 Actual**	**2019/2020* Estimated**
Equity		
Common Equity Block Issuance	$606	None Planned
ATM (At-The-Market)	$239	$200 - $300 (Annually)
ESPP/401K/Other	$41	$35 - $60 (Annually)
Long-Term Debt		
Incremental Long-Term Debt	($410)	$0 - $500 (Annually)
Other Financing		
Non-Convertible Subordinated Debt or Preferred Equity	$900	TBD

Financing Targets Adj. FFO/Total Debt of ~14% - 15% in 2019/2020**

* Current financing plan may change based on business developments including the timing of cash proceeds of insurance recoveries related to the Greater Lawrence Incident
**Adjusted Funds from Operations (FFO); represents Net Income adjusted for depreciation and amortization, loss on early extinguishment of debt and deferred taxes.

Gas Distribution Operations

- Regulatory initiatives advancing in several states
- Continuing to execute infrastructure modernization that enhances system safety, reliability and environmental performance

Key Milestones:

Highlight	Key Components	Status
Columbia Gas of Ohio IRP Annual Rider Update	• Supports continued infrastructure replacement investments • Filing includes $199.6M of capital investments made in 2018	• Filed Feb. 28, 2019 • Order received April 24, 2019 • New rates effective May 1, 2019
Columbia Gas of Ohio Capital Expenditure Program (CEP) Annual Rider Update	• Recovery of certain capital investments and related deferred expenses not recovered through the IRP tracker • Filing includes $122.1M of capital investments made in 2018	• Filed Feb. 28, 2019 • Order expected Aug. 2019 • New rates effective Sept 2019
NIPSCO PHMSA Compliance Plan	• Seeks recovery of federally mandated pipeline safety compliance plan • Filing includes $230M of capital covering 2019-2023	• Filed Dec. 31, 2018 • Order expected 2H2019
Columbia Gas of Massachusetts Gas System Enhancement Plan (GSEP)	• Priority pipe replacement program • Filing includes $64M of capital investments to be made during 2019	• Filed Oct. 31, 2018 • Order received: April 30, 2019 • New rates effective May 2019
Columbia Gas of Virginia Base Rate Case	• Supports continued focus on pipeline safety and replacement of aging infrastructure • Unanimous settlement includes $9.5M annual revenue increase; $1.3M, net of infrastructure trackers	• Filed Aug. 28, 2018 • Rates in effect Feb. 1, 2019; subject to refund • Settlement filed: April 19, 2019 • Order expected in 2H2019

~$20B in Identified Long-Term Infrastructure Investment Opportunities

Electric Operations

- Continued execution of seven-year ~$1.2B electric system modernization program
- Partial settlement filed in base rate case; Wind project applications pending before IURC

Key Milestones:

Highlight	Key Components	Status
Wind CPCN Filings	• Seeks approval for 20-year PPAs to purchase 100% of the output from the Jordan Creek (400MW*) and Roaming Bison (300MW*) • Seeks approval for BTA for Rosewater (100MW*), a joint venture between NIPSCO and EDP Renewables • All three projects expected to be constructed by the end of 2020	• Filed Feb. 1, 2019 • Order expected in 3Q2019
Electric System Modernization Program	• Focused on electric transmission and distribution investments designed to improve system reliability and safety • TDSIC 5 semi-annual tracker update covering $58.8M in investments from June 2018 - November 2018	• Filed Jan. 29, 2019 • Order expected 2Q2019
Base Rate Case	• Seeks changes to the company's depreciation schedules related to the early retirements of coal-fired generation plants called for in the IRP • Proposes changes to tariffs to provide service flexibility for industrial customers to remain competitive in the global marketplace • Partial settlement that addresses revenue requirement, federal tax reform and depreciation schedules and allows for 9.9% ROE	• Filed Oct. 31, 2018 • Partial settlement filed: April 26, 2019 • Order expected in 2H2019
Integrated Resource Plan (IRP)	• Outlines NIPSCO's plans for meeting customers' long-term electricity needs • 2018 IRP included plans to retire nearly 80 percent of NIPSCO's coal-fired generation fleet by 2023 and the remaining coal-fired units by 2028 • Replacement options point toward lower-cost renewable energy resources such as wind, solar and battery storage technology • Second round of RFPs planned for later in 2019	• Submitted Oct. 31, 2018
Environmental Upgrades	• Address requirements under 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 settlement approved Dec. 13, 2017 • Construction substantially complete 1Q2019

~$10B in Identified Long-Term Infrastructure Investment Opportunities

* Represents installed capacity of generation facilities.

Safety Management System (SMS)

What is a Safety Management System (SMS)?

- An advanced, comprehensive approach to safety that enhances operational risk management
- Aligned with a framework developed for pipeline operators by the American Petroleum Institute
- Focused on proactive (vs. reactive) risk identification/mitigation, stakeholder communication, effective operation of key processes, promoting a learning environment and continuous improvement
- Enhanced rigor around planning, prioritizing and executing work and supports risk-informed investment decisions
- Accelerated implementation underway across all seven states

Independent Quality Review Board (QRB) established to provide oversight and governance over the SMS implementation

- Former U.S. Secretary of Transportation Ray LaHood serves as chair
- Four other members with diverse backgrounds in pipeline, aviation and nuclear energy industries
- QRB meeting regularly with NiSource SMS teams to evaluate the rigor and quality of workstream activities
- Reporting feedback to NiSource leadership

Accelerated timing of comprehensive operational risk assessments:

- Conducting initial assessment across all asset families; Include low-probability, high-consequence risks
- Driving assessment at enterprise level, coordinating with state operating companies
- Assessing safety culture
- Integrating a Probabilistic Risk Assessment to identify/mitigate high consequence risks
- Expanding safety/risk assessments to customer-owned facilities

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SMS is Transformative for NiSource

Greater Lawrence Event - March 31, 2019 Update

Event Related Costs and Expenses

- **Pipeline Replacement and Restoration (Total Current Estimate = $240M - $250M)** – replacement of the gas distribution system with modern state-of-the-art plastic mains and service lines, and modern safety features such as pressure regulation and excess flow valves at each premise, and paving and property restoration

- **Third-Party Claims (Total Current Estimate = $961M - $1,010M)** - including emergency response, personal injury, property/infrastructure damage claims, temporary housing, claims-related legal fees, etc.

- **Other Expenses (Total Current Estimate = $360M - $370M)** - these costs include charitable contributions as well as additional employee, legal, consulting, employee/contractor housing and other incident-related expenses

Insurance Policies have a Combined Limit of $1.1B (Casualty = $800M, Property = $300M)*

- **Casualty Insurance recoveries recorded through 1Q2019 = $235M** – expected to significantly increase as claims are filed with insurers
- **Property Insurance recoveries** - notice has been provided to property insurer and discussions around the claim and recovery have commenced

Phase 2 Well Underway

- Senior leadership/management team in place to support customer needs, appliance replacement, property restoration and equipment repair support

Note: Estimates exclude fines, penalties and potential costs that are not presently estimable. For additional details and notes see Schedule 2 of NiSource's May 1, 2019, Earnings Release

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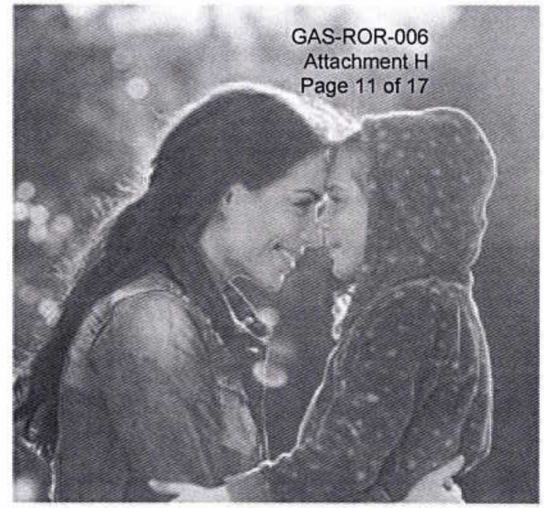
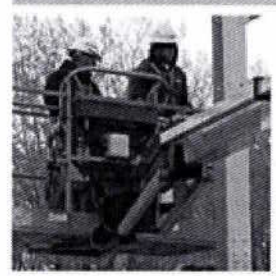
Dedicated NiSource Team Executing Restoration

*Subject to policy exclusions



Appendix:
First Quarter 2019 Earnings



NiSource

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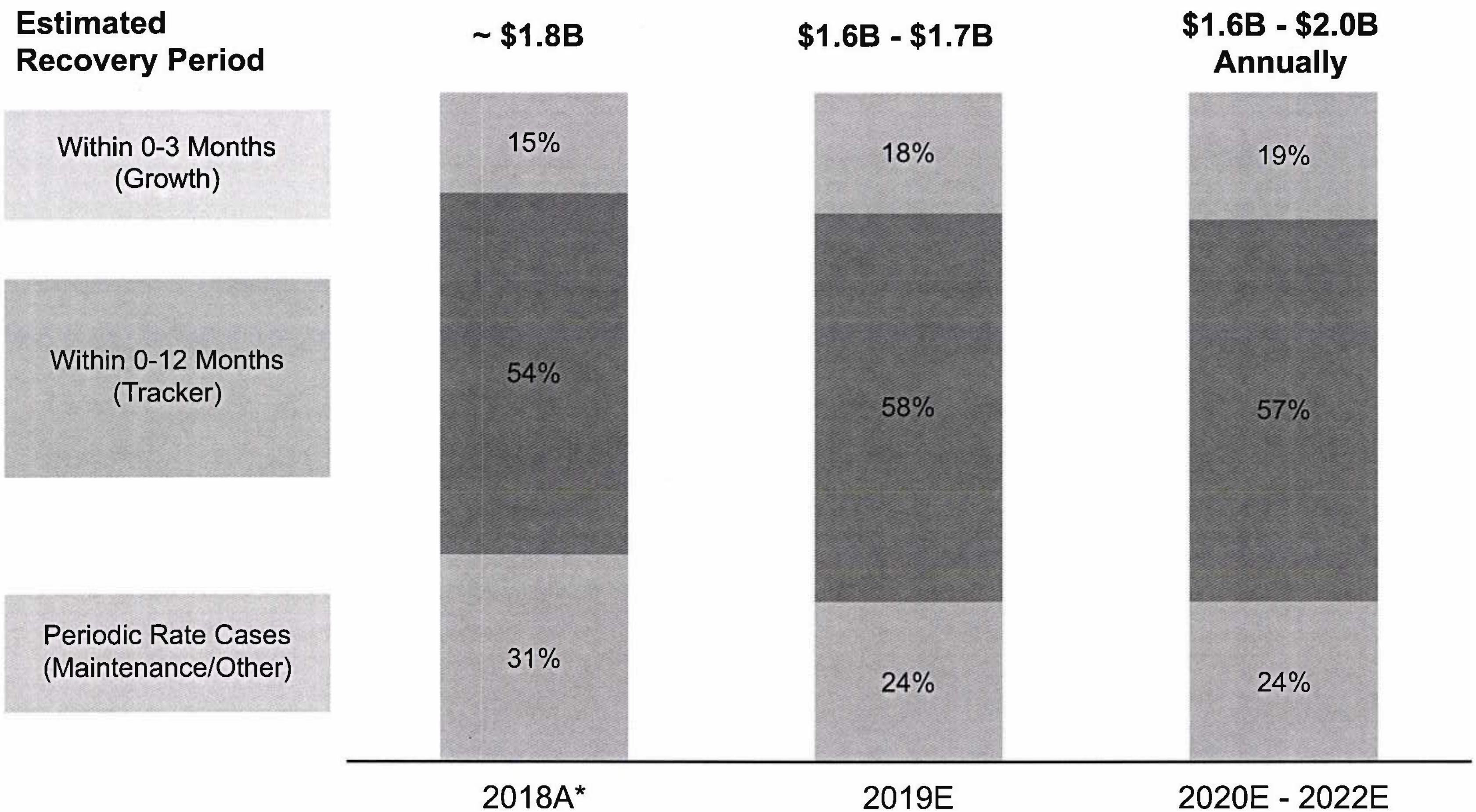
Capital Expenditures

Investments Deliver Customer Value, Enhance System Safety and Reliability



~75% of Capital Investments Begin Earning in Less Than 12 Months

* Greater Lawrence distribution system capital included in maintenance for 2018

Liquidity and Debt Detail as of First Quarter 2019 ($M)

Current Liquidity	Actual 3/31/2019	Maturity
Revolving Credit Facility	$1,850	Nov. 28, 2021
Accounts Receivable Programs*	500	
Less:		
Drawn on Credit Facility	—	
Commercial Paper	980	
Accounts Receivable Programs Utilized	500	
L/C's Outstanding Under Credit Facility	10	
Add:		
Cash & Equivalents	151	
Net Available Liquidity	$1,011	

Debt Detail	Balance	Wtd. Avg. Rate**	Wtd. Avg. Maturity
Long-Term Debt	$6,963	4.57%	18 years
Commercial Paper	980	2.90%	40.2 days
A/R Program Borrowings	500	2.81%	1 month
Term Loan	600	3.00%	0.5 months
Capital Leases, Def Cost & Other	199	N/A	N/A
Total Debt	**$9,242**		

* 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

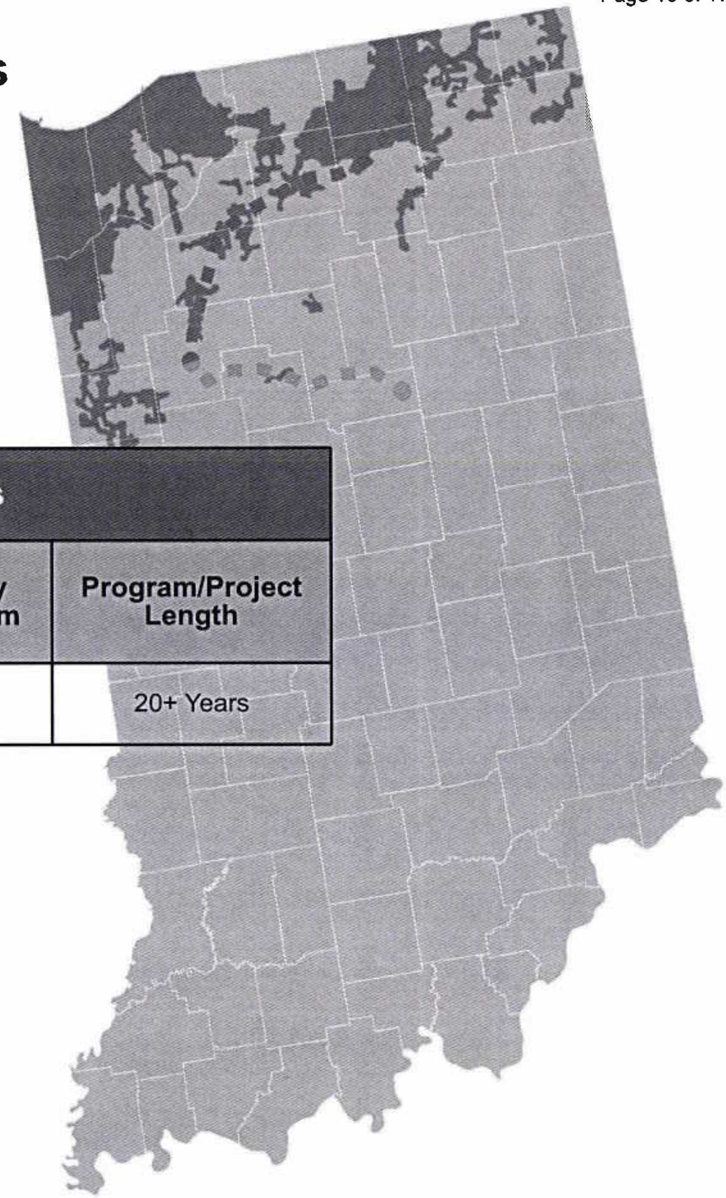
Gas Distribution Operations Infrastructure Programs

Company	Base Case Authorized ROE	Year-End 2018 Rate Base	Total Identified Investments	Modernization Program Investments	Estimated Annual Modernization Program	Recovery Mechanism
Columbia Gas of OH	Not Specified	$2.8B	~$5.6B	~$3.0B	$230M - $270M	Tracked
Columbia Gas of PA	Not Specified	$1.7B	~$4.3B	~$3.2B	$240M - $290M	Rate Case (Forward Test Year)
NIPSCO Gas	9.85%	$1.5B	~$4.9B	~$3.7B	$130M - $190M	Tracked
Columbia Gas of MA	9.55%	$991M	~$2.1B	~$1.0B	$64M - $120M	Tracked
Columbia Gas of VA	Not Specified	$711M	~$1.8B	~$500M	$35M - $60M	Tracked
Columbia Gas of KY	Not Specified	$302M	~$1.1B	~$850M	$30M - $40M	Tracked
Columbia Gas of MD	9.70%	$127M	~$210M	~$130M	$16M - $20M	Tracked

Robust Long-Term Investment Programs Deliver Value on $8.1B Rate Base*

* As of Dec. 31, 2018

Electric Operations Investment Programs



Infrastructure Investment Programs/Projects				
Program/Project	**Identified Investments**	**Estimated Annual Investment**	**Recovery Mechanism**	**Program/Project Length**
Infrastructure Modernization	~$4.9B	~$185M - $215M	Tracked	20+ Years

High-Value Investments with $4.4B Rate Base*

* As of Dec. 31, 2018

Regulatory Update

2019 Rate Case and Program/Project Activity		
Company/Filing	**Summary**	**Timeline**
	Pending Approval	
NIPSCO Electric - Wind Filings	20-year PPAs for Jordan Creek and Roaming Bison wind projects BTA for Rosewater JV between NIPSCO and EDP Renewables	Filed: 2/1/2019 Order Expected: 3Q2019
NIPSCO Gas - PHMSA Compliance Plan 2	Recovery of Federally Mandated Pipeline Safety Compliance Plan Includes ~$230M of capital through 2023	Filed: 12/31/2018 Order Expected: 2H2019
NIPSCO Electric - Base Rate Case	Partial settlement that addresses revenue requirement, federal tax reform and depreciation schedules and allows for 9.9% ROE	Filed: 10/31/2018 Partial Settlement filed: 4/26/19 Order Expected: 2H2019
Columbia Gas of Virginia - Base Rate Case	Requested Increase: $14.2M, net of trackers Settled Increase: $1.3M, net of trackers	Filed: 8/28/2018 Settlement Filed: 4/19/2019 Order Expected: 2H2019

Continued Regulatory Execution Drives Growth and Customer Value

Infrastructure Investment and Tracker Filing Details

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		Investment Period	Investment Amount ($M)	Filing Date	Effective Date
Columbia Gas of Ohio	Infrastructure Replacement Program (IRP)	FY 2017	$207.3	Feb 2018	May 2018
		FY 2018	$199.6	Feb 2019	May 2019
Columbia Gas of Ohio	Capital Expenditure Program (CEP)	FY 2018	$122.1	Feb 2019	Expected - Sept 2019
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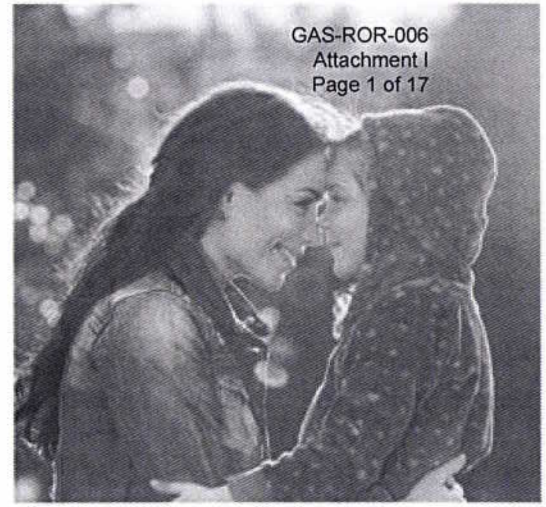

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Second Quarter 2019 Earnings

July 31, 2019

NiSource

NiSource

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Key Takeaways – Second Quarter 2019

- **Results in line with guidance range**
  - Net operating earnings per share (NOEPS*) of $0.05 versus $0.07 in 2Q2018
  - 2019 capital investments reaffirmed at $1.6 to $1.7 billion
  - 2019 NOEPS guidance range of $1.27 to $1.33 reaffirmed
  - NOEPS, dividend expected to grow 5 to 7 percent annually from 2019 through 2022

- **Gas system safety enhancements advance; continued execution on regulatory initiatives**
  - Accelerated SMS implementation well underway with enhanced risk management tools introduced in each state
  - Gas base rate case filed in Maryland; settlement approved in Virginia base rate case
  - CEP tracker update pending in Ohio

- **Electric base rate case continues; Generation strategy moves forward**
  - Base rate case hearing underway; order expected in fourth quarter
  - Wind project PPAs approved; wind joint venture agreement pending before IURC

- **Restoration, customer support efforts continue in Merrimack Valley**
  - Heating equipment replacement work nearing completion
  - Settlements reached with class action plaintiffs, municipalities; Municipal settlement addresses road repair, public property restoration and municipal claims

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2019 NOEPS Guidance: $1.27 to $1.33 Per Share*; CapEx Guidance: $1.6B to $1.7B

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Second Quarter 2019 Financial Highlights

Non-GAAP*	2019	2018	Change
Net Operating Earnings Available to Common Shareholders ($M)	$19.1	$26.4	($7.3)
Net Operating Earnings Per Share	$0.05	$0.07	($0.02)

GAAP	2019	2018	Change
Net Income Available to Common Shareholders ($M)	$283.1	$23.2	$259.9
Earnings Per Share	$0.76	$0.07	$0.69

Non-GAAP Results in Line with Annual Guidance Range

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  - ~$2.2B of committed facilities in place as of June 30, 2019
    - ~$1.9B revolving credit facility
    - ~$0.3B accounts receivable securitization facilities **

- **Interest rate hedging position**
  - ~$500M of anticipated debt issuances hedged as of June 30, 2019

- **Committed to investment-grade credit ratings**
  - S&P BBB+ | Moody's Baa2 | Fitch BBB

Solid Financial Foundation to Support Long-Term Infrastructure Investment Opportunities

* Consisting of cash and available capacity under credit facilities
** Capacity on accounts receivable securitization facilities changes with seasonality

Financing Plan Update

NiSource Current Financing Plan		
($ in Millions)	**2018 Actual**	**2019/2020* Estimated**
Equity		
Common Equity Block Issuance	$606	None Planned
ATM (At-The-Market)	$239	$200 - $300 (Annually)
ESPP/401K/Other	$41	$35 - $60 (Annually)
Long-Term Debt		
Incremental Long-Term Debt	($410)	~$500 (Annually)
Other Financing		
Non-Convertible Subordinated Debt or Preferred Equity	$900	TBD

Financing Targets Adj. FFO/Total Debt of ~14% - 15% Long-Term**

* Current financing plan may change based on business developments including the timing of cash proceeds of insurance recoveries related to the Greater Lawrence Incident
**Adjusted Funds from Operations (FFO); represents Net Income adjusted for depreciation and amortization, loss on early extinguishment of debt and deferred taxes.

Gas Distribution Operations

- Regulatory initiatives advancing in several states
- Continuing to execute infrastructure modernization that enhances system safety, reliability and environmental performance

Key Milestones:

Highlight	Key Components	Status
Columbia Gas of Maryland Base Rate Case	• Supports continued replacement of aging pipelines and adoption of pipeline safety upgrades • Requests $3.7M total annual revenue increase; $2.5M, net of infrastructure trackers	• Filed May 22, 2019 • Order expected 4Q2019 • New rates expected to be effective Jan. 2020
Columbia Gas of Ohio Capital Expenditure Program (CEP) Annual Rider Update	• Recovery of certain capital investments and related deferred expenses not recovered through the IRP tracker • Filing includes $122.1M of capital investments made in 2018	• Filed Feb. 28, 2019 • Order expected Aug. 2019 • New rates expected to be effective Sept. 2019
NIPSCO PHMSA Compliance Plan	• Seeks recovery of federally mandated pipeline safety compliance plan • Filing includes ~$230M of capital covering 2019-2023	• Filed Dec. 31, 2018 • Order expected 2H2019
Columbia Gas of Virginia Base Rate Case	• Supports continued focus on pipeline safety and replacement of aging infrastructure • Unanimous settlement includes $9.5M annual revenue increase; $1.3M, net of infrastructure trackers	• Filed Aug. 28, 2018 • Settlement filed: April 19, 2019 • Order received June 12, 2019 • Final rates effective July 2019

~$20B in Identified Long-Term Infrastructure Investment Opportunities

Electric Operations

- Continued execution of seven-year ~$1.2B electric system modernization program
- Hearing underway in base rate case; Wind project PPAs approved by IURC

Key Milestones:

Highlight	Key Components	Status
Wind CPCN Filings	• 20-year PPAs approved to purchase 100% of the output from the Jordan Creek (400MW*) and Roaming Bison (300MW*) projects • BTA (Build-Transfer Agreement) application pending for Rosewater (100MW*), a joint venture between NIPSCO and EDP Renewables • Jordan Creek, Rosewater expected to be in service by the end of 2020 • Roaming Bison expected to be in service in 2021	• Filed Feb. 1, 2019 • PPAs approved June 5, 2019 • BTA order expected in 3Q2019
Electric System Modernization Program	• Focused on electric transmission and distribution investments designed to improve system reliability and safety • TDSIC 5 semi-annual tracker update covering $58.8M in investments from June 2018 - November 2018	• Filed Jan. 29, 2019 • Order received June 12, 2019 • Rates effective June 2019
Base Rate Case	• Seeks changes to the company's depreciation schedules related to the early retirements of coal-fired generation plants called for in the IRP • Proposes changes to tariffs to provide service flexibility for industrial customers to remain competitive in the global marketplace • Partial settlement that addresses revenue requirement, federal tax reform and depreciation schedules and allows for 9.9% ROE	• Filed Oct. 31, 2018 • Partial settlement filed: April 26, 2019 • Hearing began July 25, 2019 • Order expected in 4Q2019 • New rates expected to be effective 1Q2020
Integrated Resource Plan (IRP)	• Outlines NIPSCO's plans for meeting customers' long-term electricity needs • 2018 IRP included plans to retire nearly 80 percent of NIPSCO's coal-fired generation fleet by 2023 and the remaining coal-fired units by 2028 • Replacement options point toward lower-cost renewable energy resources such as wind, solar and battery storage technology • Second round of RFPs planned for fourth quarter 2019	• Submitted Oct. 31, 2018

~$10B in Identified Long-Term Infrastructure Investment Opportunities

* Represents installed capacity of generation facilities.

Safety Management System (SMS)

What is a Safety Management System (SMS)?

- An advanced, comprehensive approach to managing safety that enhances operational risk management
- Aligned with a framework developed for pipeline operators by the American Petroleum Institute
- Focused on proactive risk identification and mitigation, stakeholder communication, effective operation of key processes, promoting a learning environment and continuous improvement
- Rigorous planning, prioritization and execution of work, supports risk-informed investment decisions

Independent Quality Review Board (QRB) established to provide oversight and guidance over the SMS implementation

- Former U.S. Secretary of Transportation Ray LaHood serves as chair
- Five other members with diverse backgrounds in pipeline, aviation and nuclear energy industries
- QRB meeting regularly with NiSource SMS teams to evaluate the rigor and quality of workstream activities
- Reporting feedback to NiSource executive leadership

Accelerated timing of comprehensive operational risk assessments:

- Conducting initial assessment across all asset families
- Driving assessment at enterprise level, coordinating with state operating companies
- Assessing safety culture
- Integrating a Probabilistic Risk Assessment to identify and mitigate high consequence risks
- Expanding safety and risk assessments to customer-owned facilities

Accelerated Implementation Underway Across All Seven States

Greater Lawrence Event Costs and Insurance Update - June 30, 2019

Event Related Costs and Expenses

- **Pipeline Replacement and Restoration (Total Current Estimate = $250M - $260M)** – replacement of the gas distribution system with modern state-of-the-art plastic mains and service lines, and modern safety features such as pressure regulation and excess flow valves at each premise, and paving and property restoration

- **Third-Party Claims (Total Current Estimate = $994M - $1,020M)** - including emergency response, personal injury, property/infrastructure damage claims, temporary housing, claims-related legal fees, etc.

- **Other Expenses (Total Current Estimate = $430M - $440M)** - these costs include charitable contributions as well as additional employee, legal, consulting, employee/contractor housing, insurance-related loss surcharges and other incident-related expenses

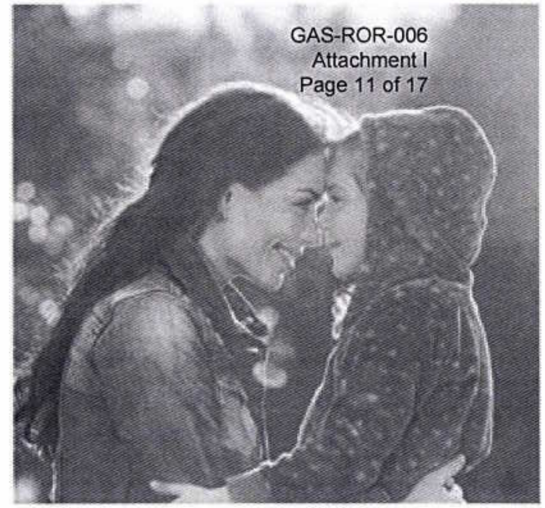
Insurance Policies Have a Combined Limit of $1.1B (Casualty = $800M, Property = $300M)*

- **Casualty Insurance recoveries recorded through 2Q2019 = $670M** – expected to increase as claims are processed
- **Property Insurance recoveries** - a claim has been filed with the property insurer and discussions around the claim and recovery have commenced

Note: Estimates exclude potential fines and penalties. For additional details and notes see Schedule 2 of NiSource's July 31, 2019, Earnings Release

Dedicated NiSource Team Executing Restoration

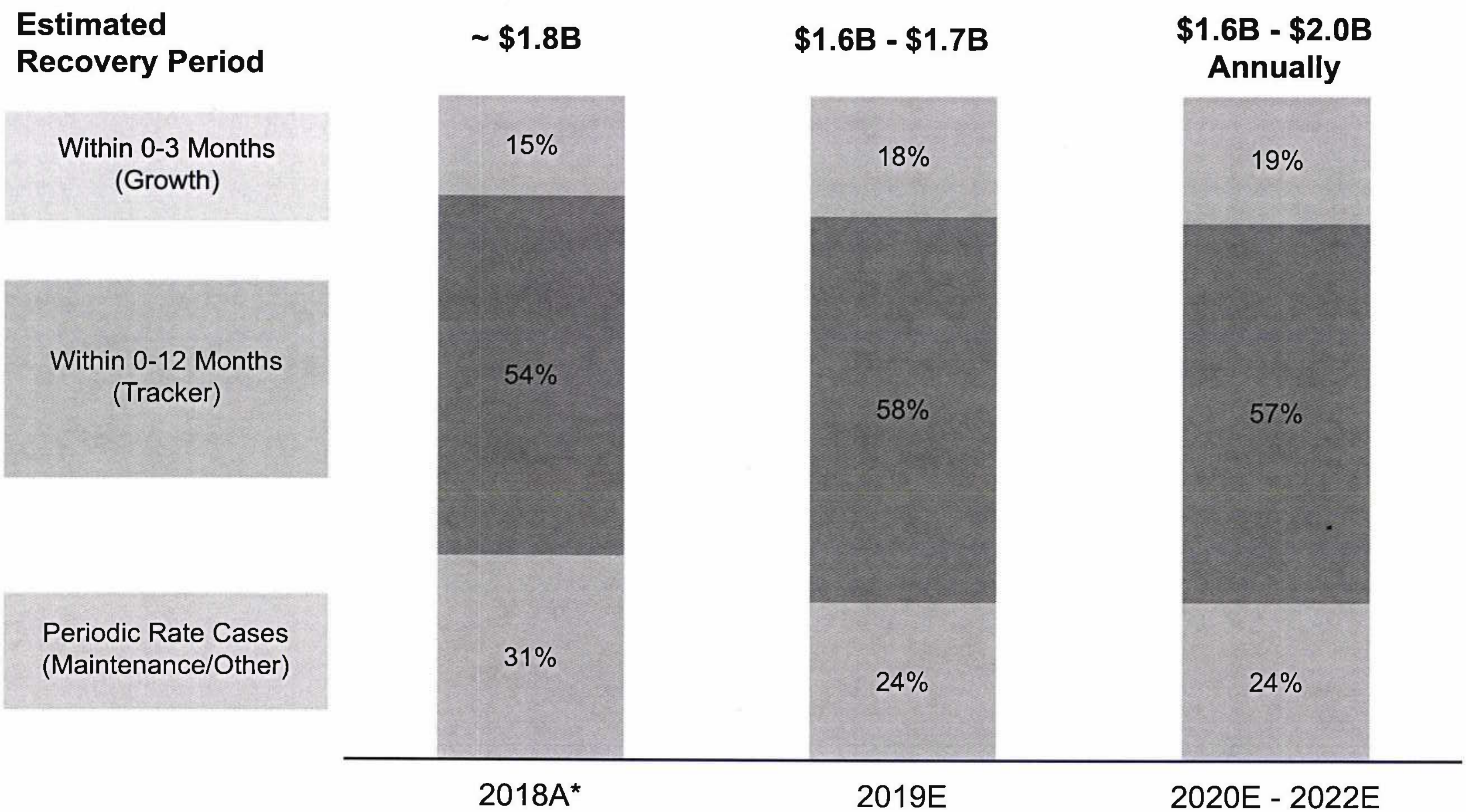
*Combined limits in effect as of Sept. 13, 2018. Subject to policy exclusions



Appendix:
Second Quarter 2019 Earnings

Capital Expenditures

Investments Deliver Customer Value, Enhance System Safety and Reliability



~75% of Capital Investments Begin Earning in Less Than 12 Months

* Greater Lawrence distribution system capital included in maintenance for 2018

Liquidity and Debt Detail as of Second Quarter 2019 ($M)

Current Liquidity	Actual 6/30/2019	Maturity
Revolving Credit Facility	$1,850	Feb. 20, 2024
Accounts Receivable Programs*	320	
Less:		
Drawn on Credit Facility	—	
Commercial Paper	911	
Accounts Receivable Programs Utilized	320	
L/C's Outstanding Under Credit Facility	10	
Add:		
Cash & Equivalents	24	
Net Available Liquidity	$953	

Debt Detail	Balance	Wtd. Avg. Rate**	Wtd. Avg. Maturity
Long-Term Debt	$6,923	4.56%	18 years
Commercial Paper	911	2.81%	55 days
A/R Program Borrowings	320	2.69%	1 month
Term Loan	850	3.01%	9.5 months
Capital Leases, Def Cost & Other	198	N/A	N/A
Total Debt	**$9,202**		

* 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

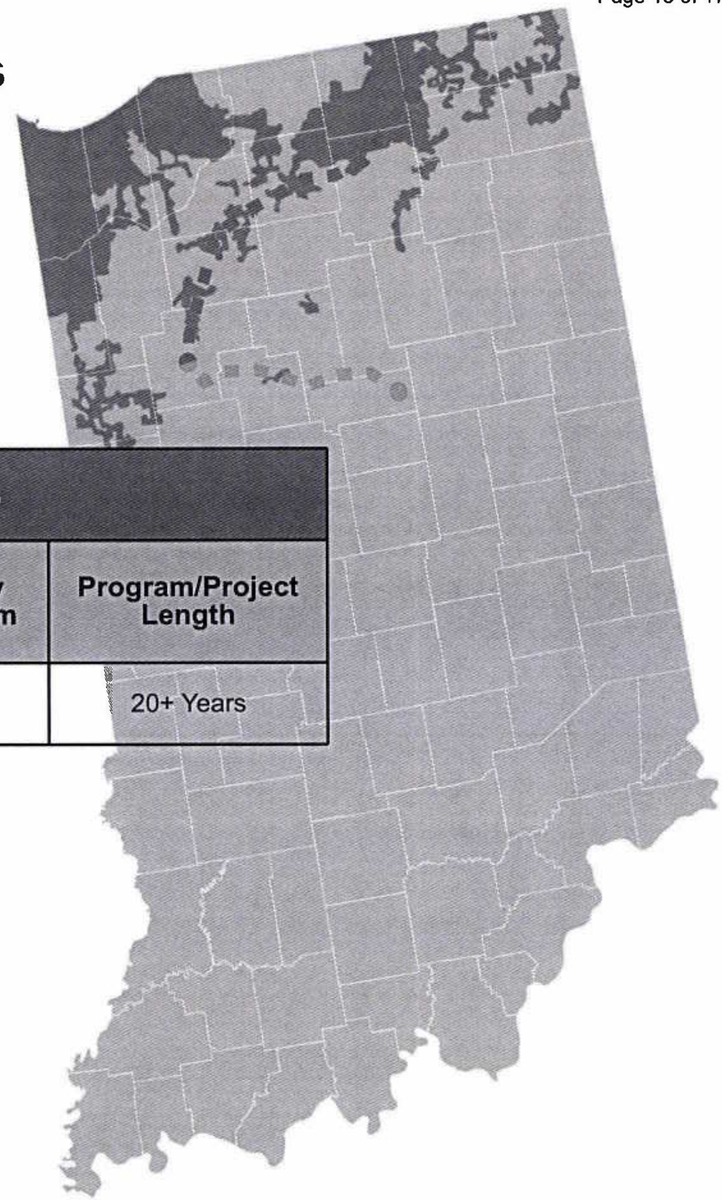
Gas Distribution Operations Infrastructure Programs

Company	Base Case Authorized ROE	Year-End 2018 Rate Base	Total Identified Investments	Modernization Program Investments	Estimated Annual Modernization Program	Recovery Mechanism
Columbia Gas of OH	Not Specified	$2.8B	~$5.6B	~$3.0B	$230M - $270M	Tracked
Columbia Gas of PA	Not Specified	$1.7B	~$4.3B	~$3.2B	$240M - $290M	Rate Case (Forward Test Year)
NIPSCO Gas	9.85%	$1.5B	~$4.9B	~$3.7B	$130M - $190M	Tracked
Columbia Gas of MA	9.55%	$991M	~$2.1B	~$1.0B	$64M - $120M	Tracked
Columbia Gas of VA	Not Specified	$711M	~$1.8B	~$500M	$35M - $60M	Tracked
Columbia Gas of KY	Not Specified	$302M	~$1.1B	~$850M	$30M - $40M	Tracked
Columbia Gas of MD	Not Specified	$127M	~$210M	~$130M	$16M - $20M	Tracked

Robust Long-Term Investment Programs Deliver Value on $8.1B Rate Base*

* As of Dec. 31, 2018

Electric Operations Investment Programs



Infrastructure Investment Programs/Projects				
Program/Project	**Identified Investments**	**Estimated Annual Investment**	**Recovery Mechanism**	**Program/Project Length**
Infrastructure Modernization	~$4.9B	~$185M - $215M	Tracked	20+ Years

High-Value Investments with $4.4B Rate Base*

* As of Dec. 31, 2018

Regulatory Update

2019 Rate Case and Program/Project Activity		
Company/Filing	**Summary**	**Timeline**
	Pending Approval	
Columbia Gas of Maryland - Base Rate Case	Requested Increase: $2.5M, net of trackers	Filed: 5/22/2019 Order Expected: 4Q2019
NIPSCO Electric - Wind Project Filing	BTA for Rosewater JV between NIPSCO and EDP Renewables	Filed: 2/1/2019 Order Expected: 3Q2019
NIPSCO Gas - PHMSA Compliance Plan 2	Recovery of Federally Mandated Pipeline Safety Compliance Plan Includes ~$230M of capital through 2023	Filed: 12/31/2018 Order Expected: 2H2019
NIPSCO Electric - Base Rate Case	Partial settlement that addresses revenue requirement, federal tax reform and depreciation schedules and allows for 9.9% ROE	Filed: 10/31/2018 Partial Settlement filed: 4/26/19 Order Expected: 4Q2019
	Completed	
Columbia Gas of Virginia - Base Rate Case	Requested Increase: $14.2M, net of trackers Settled Increase: $1.3M, net of trackers	Filed: 8/28/2018 Settlement Filed: 4/19/2019 Settlement Approved: 6/12/2019
NIPSCO Electric - Wind Project Filings	20-year PPAs for Jordan Creek and Roaming Bison wind projects	Filed: 2/1/2019 Order Received: 6/5/2019

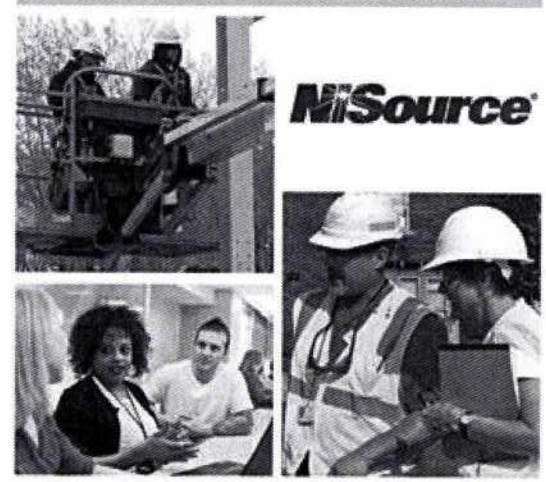
Continued Regulatory Execution Drives Growth and Customer Value

Infrastructure Investment and Tracker Filing Details

Company	Recovery Mechanism	Incremental Investments		Recovery	
		Investment Period	Investment Amount ($M)	Filing Date	Effective Date
Columbia Gas of Ohio	Infrastructure Replacement Program (IRP)	FY 2017	$207.3	Feb 2018	May 2018
		FY 2018	$199.6	Feb 2019	May 2019
Columbia Gas of Ohio	Capital Expenditure Program (CEP)	FY 2018	$122.1	Feb 2019	Expected - Sept 2019
Columbia Gas of Pennsylvania	Base Rate Case with Fully Forecasted Test Year	FY 2019	$239.1	Mar 2018	Dec 2018
Columbia Gas of Virginia	Steps to Advance Virginia's Energy Plan (SAVE)	FY 2018	$33.3	Aug 2017	Jan 2018
		FY 2019	$36.0	Aug 2018	Jan 2019
Columbia Gas of Massachusetts	Gas System Enhancement Plan (GSEP)	FY 2018	$80.0	Oct 2017	May 2018
		FY 2019	$64.0	Oct 2018	May 2019
Columbia Gas of Kentucky	Accelerated Main Replacement Program (AMRP)	FY 2018	$24.0	Oct 2017	Jan 2018
		FY 2019	$30.1	Oct 2018	Jan 2019
Columbia Gas of Maryland	Strategic Infrastructure Development and Enhancement (STRIDE)	FY 2018	$20.8	Nov 2017	Jan 2018
		FY 2019	$15.9	Nov 2018	Jan 2019
NIPSCO – Gas	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 9: Jan 2018 – Jun 2018	$54.4	Aug 2018	Jan 2019
		TDSIC 10: Jul 2018 – Apr 2019	$12.4	Jun 2019	Expected - Nov 2019
NIPSCO – Electric	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 4: Dec 2017 – May 2018	$72.2	Jul 2018	Dec 2018
		TDSIC 5: Jun 2018 – Nov 2018	$58.8	Jan 2019	Jun 2019

Supplemental Slides
Third Quarter 2019 Earnings

October 30, 2019



NiSource®

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 presentation include, but are not limited to, statements and expectations regarding NiSource's or any of its subsidiaries' plans, strategies, objectives, expected performance, expenditures, including planned, identified, infrastructure or utility investments, 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, 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; NiSource's ability to adapt to, and manage costs related to, advances in technology; any changes in our assumptions regarding the financial implications of the Greater Lawrence Incident; potential incidents and other operating risks associated with our business; our ability to obtain sufficient insurance coverage; the outcome of legal and regulatory proceedings, investigations, inquiries, claims and litigation; any damage to NiSource's reputation, including in connection with the Greater Lawrence Incident; 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; 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; the ability of NiSource's subsidiaries to generate cash; tax liabilities associated with the separation of Columbia Pipeline Group, Inc.; NiSource's ability to manage new initiatives and organizational changes; the performance of third-party suppliers and service providers; the transition to a replacement for the LIBOR benchmark interest rate; 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, 2018 and in other filings with the Securities and Exchange Commission. A credit rating is not a recommendation to buy, sell or hold securities, and may be subject to revision or withdrawal at any time by the assigning rating organization. In addition, dividends are subject to board approval. All forward-looking statements are expressly qualified in their entirety by the foregoing cautionary statements. 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 available to common shareholders, 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 – Third Quarter 2019

- **Initiating 2020 guidance; 2019 guidance range reaffirmed**
  - Net operating earnings per share (NOEPS*) of $0.00 versus $0.10 in 3Q2018
  - Continue to expect NOEPS* and dividend to grow 5 to 7 percent annually through 2022
  - 2019 NOEPS* guidance of $1.27 to $1.33 reaffirmed, expect CapEx of $1.7 to $1.8B
  - 2020 NOEPS* guidance of $1.36 to $1.40; CapEx expected at $1.7 to $1.8B
- **Solid progress on gas system safety enhancements, including SMS implementation**
  - First asset risk analysis completed by SMS team; Corrective Action Program introduced
  - More than 1,000 automatic shut-off devices now installed, including all in MA and VA
  - Chief Safety Officer appointed to lead centralized safety function
- **Electric generation strategy advances; second wind joint venture project filed**
  - Second RFP consistent with 2018 Integrated Resource Plan
  - Wind joint venture agreement approved; second JV wind project certificate request filed
  - Base rate case hearing concluded; order expected in 4Q2019
- **NTSB investigation, Merrimack Valley Phase II restoration complete**
  - November 2018 urgent safety recommendations closed; responses deemed acceptable
  - Heating equipment replacement work complete
  - Abandoned service line verification work underway

2020 NOEPS* Guidance Consistent with 5 to 7% Long-Term Annual Growth Rate

* Net Operating Earnings Per Share (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's October 30, 2019, Earnings Release

Third Quarter 2019 Financial Highlights

Non-GAAP*	2019	2018	Change
Net Operating Earnings (Loss) Available to Common Shareholders ($M)	($1.7)	$35.3	($37.0)
Net Operating Earnings (Loss) Per Share	$0.00	$0.10	($0.10)

GAAP	2019	2018	Change
Net Loss Available to Common Shareholders ($M)	($7.2)	($345.1)	$337.9
Loss Per Share	($0.02)	($0.95)	$0.93

Non-GAAP Results in Line with Annual Guidance Range

*Net Operating Earnings (non-GAAP). For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's October 30, 2019, 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: ~$9.5B as of September 30, 2019**
  - ~$7.7B of long-term debt
    - Weighted average maturity ~17 years
    - Weighted average interest rate of 4.4%

- **Solid liquidity position**
  - ~$1.4B in net available liquidity as of September 30, 2019*
  - ~$2.2B of committed facilities in place as of September 30, 2019
    - ~$1.9B revolving credit facility
    - ~$0.3B accounts receivable securitization facilities **

- **Interest rate hedging position**
  - ~$500M of anticipated debt issuances hedged as of September 30, 2019

- **Committed to investment-grade credit ratings**
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Solid Financial Foundation to Support Long-Term Infrastructure Investment Opportunities

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** Capacity on accounts receivable securitization facilities changes with seasonality

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ESPP/401K/Other	$41	$35 - $60 (Annually)	
Long-Term Debt			
Incremental Long-Term Debt	($410)	$709	~$500
Other Financing			
Non-Convertible Subordinated Debt or Preferred Equity	$900	None Planned	

Financing Targets Adj. FFO/Total Debt of ~14%-15% and Achieving 5-7% Long-Term Growth Commitments**

* Current financing plan may change based on business developments including the timing of cash proceeds of insurance recoveries related to the Greater Lawrence Incident
**Adjusted Funds from Operations (FFO); represents Net Income adjusted for depreciation and amortization, loss on early extinguishment of debt and deferred taxes.

Gas Distribution Operations

- Regulatory initiatives advancing in several states
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Key Milestones:

Highlight	Key Components	Status
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NIPSCO PHMSA Compliance Plan	• Recovery of federally mandated pipeline safety compliance plan • Filing includes ~$230M of capital covering 2019-2023	• Filed Dec. 31, 2018 • Order received Sept. 4, 2019
NIPSCO Gas System Modernization Program	• Long-term infrastructure modernization program • TDSIC10 filing covers $12.4M in incremental capital investments made between July 2018 and April 2019	• Filed June 25, 2019 • Order received Oct. 16, 2019 • New rates effective Nov. 2019
Columbia Gas of Kentucky Advanced Main Replacement Program (AMRP) Annual Rider Update	• Seeks to recover $40.4M for 2020 capital investments • AMRP rider allows company to recover capital investments not currently recovered in base rates • Application includes request to recover capital to be spent on low-pressure systems safety enhancements	• Filed Oct. 15, 2019 • Order expected by YE2019 • Rates expected to be effective Jan. 2020

~$20B in Identified Long-Term Infrastructure Investment Opportunities

Electric Operations

- Continued execution of seven-year ~$1.2B electric system modernization program
- Second RFP for replacement capacity issued
- Rosewater BTA approved by IURC; Indiana Crossroads BTA certificate request filed with IURC

Key Milestones:

Highlight	Key Components	Status
Wind CPCN Filings	• BTA (Build-Transfer Agreement) application approved for Rosewater (100MW*), a joint venture between NIPSCO and EDP Renewables • BTA CPCN application filed for Indiana Crossroads (302MW*), a second joint venture between NIPSCO and EDP Renewables	• Rosewater approved Aug. 7, 2019 • Indiana Crossroads CPCN filed Oct. 22, 2019, expected in service 4Q2021
Electric System Modernization Program	• Focused on electric transmission and distribution investments designed to improve system reliability and safety • TDSIC 6 semi-annual tracker update covering $131.1M in investments from December 2018 - June 2019	• Filed Aug. 21, 2019 • Order expected 4Q2019 • Rates expected to be effective January 2020
Base Rate Case	• Seeks changes to the company's depreciation schedules related to the early retirements of coal-fired generation plants called for in the IRP • Proposes changes to tariffs to provide service flexibility for industrial customers to remain competitive in the global marketplace • Partial settlement that addresses revenue requirement, federal tax reform, depreciation schedules and allows for 9.9% ROE	• Filed Oct. 31, 2018 • Partial settlement filed: April 26, 2019 • Hearing concluded August 2019 • Order expected in 4Q2019 • New rates expected to be effective 1Q2020
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Insurance Policies Have a Combined Limit of $1.1B (Casualty = $800M, Property = $300M)*

- **Casualty Insurance recoveries recorded through 3Q2019 = $670M** – expected to increase as claims are processed
- **Property Insurance recoveries -** proof of loss has been filed with property insurer for the full cost of the pipeline replacement

Note: Estimates exclude potential fines and penalties. For additional details and notes see Schedule 2 of NiSource's October 30, 2019, Earnings Release

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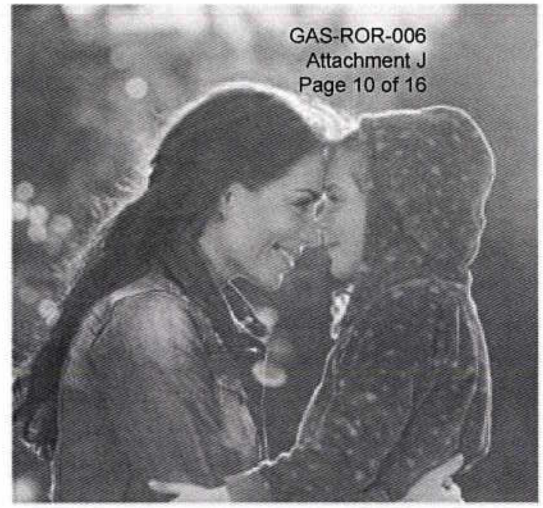
Dedicated NiSource Team Continuing to Support Safety Operations

*Combined limits in effect as of Sept. 13, 2018. Subject to policy exclusions



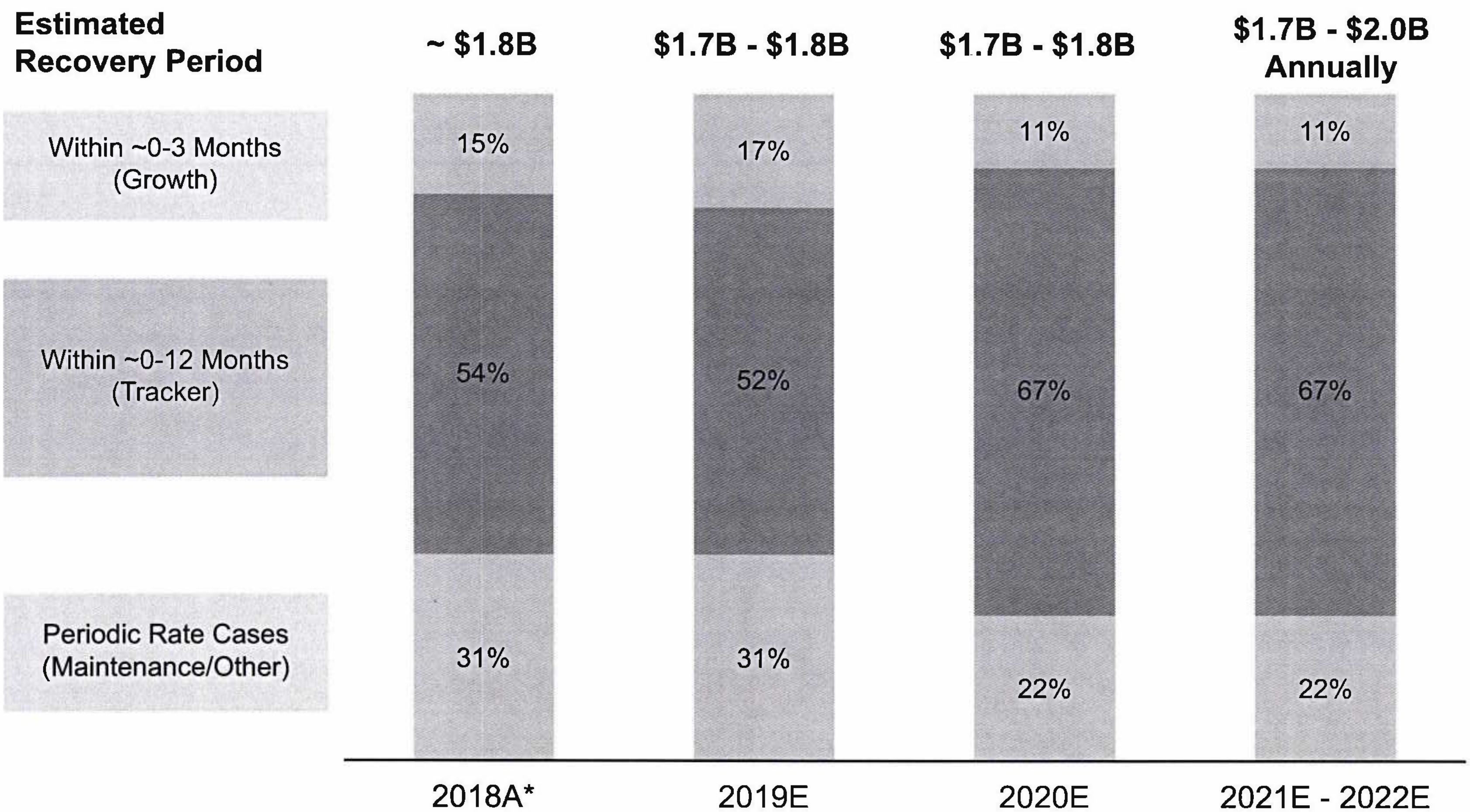
Appendix:
Third Quarter 2019 Earnings

NiSource

NiSource®

Capital Expenditures

Investments Deliver Customer Value, Enhance System Safety and Reliability



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Commercial Paper	505	
Accounts Receivable Programs Utilized	260	
L/C's Outstanding Under Credit Facility	10	
Add:		
Cash & Equivalents	28	
Net Available Liquidity	$1,363	

Debt Detail	Balance	Wtd. Avg. Rate**	Wtd. Avg. Maturity
Long-Term Debt	$7,739	4.40%	17 years
Commercial Paper	505	2.74%	68 days
A/R Program Borrowings	260	2.35%	1 month
Term Loan	850	2.65%	6.5 months
Capital Leases, Def Cost & Other	126	N/A	N/A
Total Debt	**$9,480**		

* 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 Operations Infrastructure Programs

Company	Base Case Authorized ROE	Year-End 2018 Rate Base	Total Identified Investments	Modernization Program Investments	Estimated Annual Modernization Program	Recovery Mechanism
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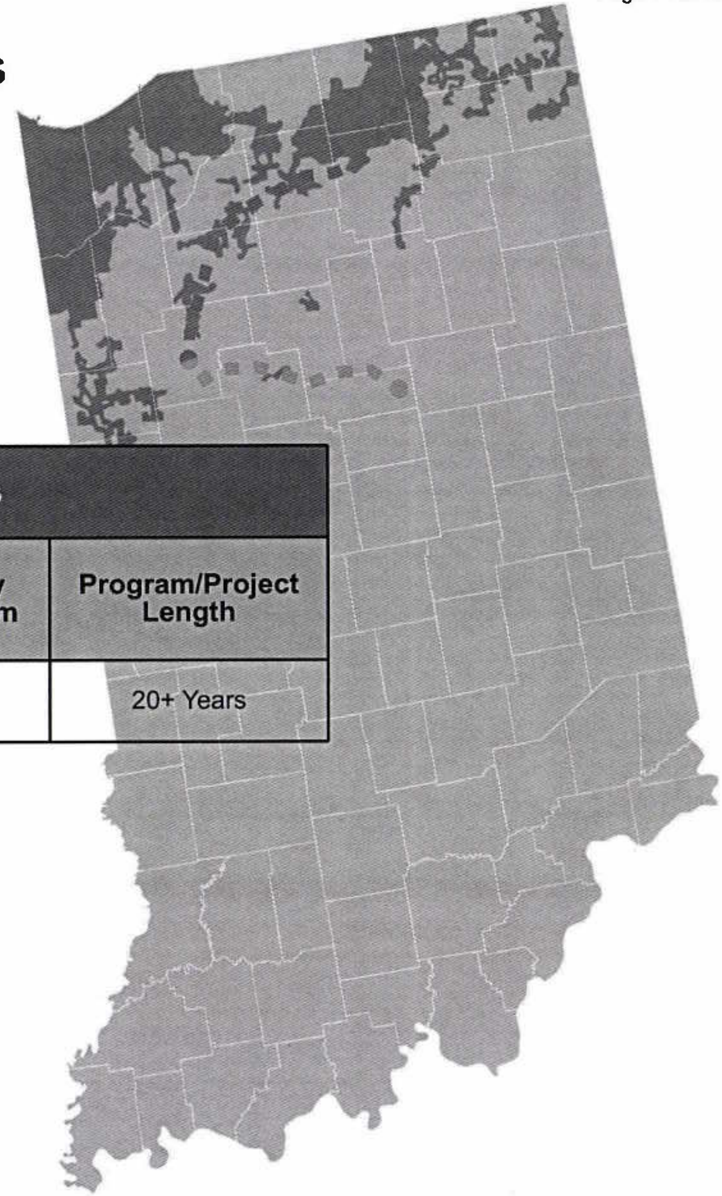
Columbia Gas of PA	Not Specified	$1.7B	~$4.3B	~$3.2B	$240M - $290M	Rate Case (Forward Test Year)
NIPSCO Gas	9.85%	$1.5B	~$4.9B	~$3.7B	$130M - $190M	Tracked
Columbia Gas of MA	9.55%	$991M	~$2.1B	~$1.0B	$64M - $120M**	Tracked
Columbia Gas of VA	Not Specified	$711M	~$1.8B	~$500M	$35M - $60M	Tracked
Columbia Gas of KY	Not Specified	$302M	~$1.1B	~$850M	$30M - $40M	Tracked
Columbia Gas of MD	Not Specified	$127M	~$210M	~$130M	$16M - $20M	Tracked

Robust Long-Term Investment Programs Deliver Value on $8.1B Rate Base*

* As of Dec. 31, 2018
** Incremental capital invested anticipated to be lower than $64.0M for 2019

Electric Operations Investment Programs



Infrastructure Investment Programs/Projects				
Program/Project	**Identified Investments**	**Estimated Annual Investment**	**Recovery Mechanism**	**Program/Project Length**
Infrastructure Modernization	~$4.9B	~$185M - $215M	Tracked	20+ Years

High-Value Investments with $4.4B Rate Base*

* As of Dec. 31, 2018

Regulatory Update

2019 Rate Case and Program/Project Activity		
Company/Filing	**Summary**	**Timeline**
	Pending Approval	
NIPSCO Electric - Wind Project Filing	BTA for Indiana Crossroads JV between NIPSCO and EDP Renewables (302 MW)	Filed: 10/22/2019 Order Requested: Feb. 2020
Columbia Gas of Maryland - Base Rate Case	Requested Increase: $2.5M, net of trackers	Filed: 5/22/2019 Order Expected: 4Q2019
NIPSCO Electric - Base Rate Case	Partial settlement that addresses revenue requirement, federal tax reform and depreciation schedules and allows for 9.9% ROE	Filed: 10/31/2018 Partial Settlement filed: 4/26/19 Order Expected: 4Q2019
	Completed	
NIPSCO Electric - Wind Project Filing	BTA for Rosewater JV between NIPSCO and EDP Renewables (100 MW)	Filed: 2/1/2019 Order Received: 8/7/2019
NIPSCO Gas - PHMSA Compliance Plan 2	Recovery of Federally Mandated Pipeline Safety Compliance Plan Includes ~$230M of capital through 2023	Filed: 12/31/2018 Order Received: 9/4/2019
Columbia Gas of Virginia - Base Rate Case	Requested Increase: $14.2M, net of trackers Settled Increase: $1.3M, net of trackers	Filed: 8/28/2018 Settlement Filed: 4/19/2019 Settlement Approved: 6/12/2019
NIPSCO Electric - Wind Project Filings	20-year PPAs for Jordan Creek and Roaming Bison wind projects	Filed: 2/1/2019 Order Received: 6/5/2019

Continued Regulatory Execution Drives Growth and Customer Value

Infrastructure Investment and Tracker Filing Details

Company	Recovery Mechanism	Incremental Investments		Recovery	
		Investment Period	Investment Amount ($M)	Filing Date	Effective Date
Columbia Gas of Ohio	Infrastructure Replacement Program (IRP)	FY 2017	$207.3	Feb 2018	May 2018
		FY 2018	$199.6	Feb 2019	May 2019
Columbia Gas of Ohio	Capital Expenditure Program (CEP)	FY 2018	$121.7	Feb 2019	Sept 2019
Columbia Gas of Pennsylvania	Base Rate Case with Fully Forecasted Test Year	FY 2019	$239.1	Mar 2018	Dec 2018
Columbia Gas of Virginia	Steps to Advance Virginia's Energy Plan (SAVE)	FY 2019	$36.0	Aug 2018	Jan 2019
		FY 2020	$48.3	Aug 2019	Jan 2020
Columbia Gas of Massachusetts	Gas System Enhancement Plan (GSEP)	FY 2018	$80.0	Oct 2017	May 2018
		FY 2019	$64.0*	Oct 2018	May 2019
Columbia Gas of Kentucky	Accelerated Main Replacement Program (AMRP)	FY 2019	$30.1	Oct 2018	Jan 2019
		FY 2020	$40.4	Oct 2019	Expected - Jan 2020
Columbia Gas of Maryland	Strategic Infrastructure Development and Enhancement (STRIDE)	FY 2018	$20.8	Nov 2017	Jan 2018
		FY 2019	$15.9	Nov 2018	Jan 2019
NIPSCO – Gas	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 9: Jan 2018 – Jun 2018	$54.4	Aug 2018	Jan 2019
		TDSIC 10: Jul 2018 – Apr 2019	$12.4	Jun 2019	Nov 2019
NIPSCO – Electric	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 5: Jun 2018 – Nov 2018	$58.8	Jan 2019	Jun 2019
		TDSIC 6: Dec 2018 – Jun 2019	$131.1	Aug 2019	Expected - Jan 2020

* Incremental capital investment anticipated to be lower than $64.0M for 2019

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
March 2020		$110M		3.6245%		30 Year
March 2021		$100M		3.8645%		30 Year

Note: The coupons are based upon U.S. Treasury yield forecasts obtained from Bloomberg L.P. as of February 17, 2020, 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. (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 (2015-2019) through an underwritten public offering. However, NiSource Inc. has issued 66,124,928 shares of common stock during the time period 2015-2019 by means of the respective types of transactions listed below. None of the proceeds were used to fund mergers or acquisitions. Proceeds were used for investments in utility plant and equipment and other general corporate purposes.

Type	Shares Issued
At the Market Offerings Private Placement Dividend Reinvestment Plan 401(k) and other employee benefit plans	See Attachment A

401(k)			
	2015	1,644,147	
	2016	1,792,789	
	2017	1,396,115	
	2018	881,929	
	2019	630,393	
		6,345,373	
ESPP			
	2015	203,370	
	2016	201,426	
	2017	206,587	
	2018	222,909	
	2019	201,147	
		1,035,439	
DRIP			
	2015	274,705	
	2016	386,393	
	2017	263,827	
	2018	-	Moved to Open Market Purchases
	2019	-	
		924,925	
Omnibus Plan			
	2015	943,366	
	2015 Options	20,550	
	2016	1,145,852	
	2017	594,549	
	2018	395,835	
	2019	517,988	
		3,618,140	
ATM 2017			
	2017	11,931,376	
	2018	6,345,860	
		18,277,236	
ATM 2018			
	2018	2,537,154	
	2019	8,422,498	
		10,959,652	
Private Placement			
	2018	24,964,163	
Total Issued		66,124,928	

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. There are no plans to refinance existing preferred stock.