Columbia Gas of Pennsylvania, Inc.
2021 General Rate Case
Docket No. R-2021-3024296
Standard Filing Requirements
Exhibits 400-403
Volume 8 of 10

EXHIBIT 400

COLUMBIA GAS OF PENNSYLVANIA, INC.
53.53 II. RATE OF RETURN
A. ALL UTILITIES

25. If the utility plans to make a formal claim for a specific allowable rate of return, provide the following data in statement or exhibit form:

a. Claimed capitalization and capitalization ratios with supporting data.

b. Claimed cost of long-term debt with supporting data.

c. Claimed cost of short-term debt with supporting data.

d. Claimed cost of total debt with supporting data.

e. Claimed cost of preferred stock with supporting data.

f. Claimed cost of common equity with supporting data.

Response:

See the attached schedules.

Exhibit No. 400

COLUMBIA GAS OF PENNSYLVANIA, INC.

Schedules to Accompany

The Direct Testimony

of

Paul R. Moul, Managing Consultant
P. Moul & Associates

Concerning

Cost of Capital

and

Fair Rate of Return

March 30, 2021

COLUMBIA GAS OF PENNSYLVANIA, INC.
Index of Schedules

Columbia Gas of Pennsylvania, Inc.

Summary Cost of Capital

Type of Capital	Ratios	Cost Rate	Weighted Cost Rate
Long-Term Debt	41.77%	4.54%	1.90%
Short Term Debt	3.89%	0.85%	0.03%
Total Debt	45.66%		1.93%
Common Equity	54.34%	10.95%	5.95%
Total	100.00%		7.88%

Indicated levels of fixed charge coverage assuming that the Company could actually achieve its overall cost of capital:

Pre-tax coverage of interest expense based upon a 28.8921% income tax rate
(10.30% ÷ 1.93%) 5.34 x

Post-tax coverage of interest expense
(7.88% ÷ 1.93%) 4.08 x

Columbia Gas of Pennsylvania, Inc.
Cost of Equity
as of December 31, 2020

Discounted Cash Flow (DCF)				***D_1/P_0*** [1]	**+**	***g*** [2]	**+**	***lev.*** [3]	**=**	***k***
Gas Group				3.79%	+	7.50%	+	2.17%	=	13.46%
Risk Premium (RP)						***I*** [4]	**+**	***RP*** [5]	**=**	***k***
Gas Group						3.25%	+	6.75%	=	10.00%
Capital Asset Pricing Model (CAPM)	***Rf*** [6]	**+**		***ß*** [7]	***x (***	***Rm-Rf*** [8]	***) +***	***size*** [9]	**=**	***k***
Gas Group	2.00%	+		1.10	x (	8.77%	) +	1.02%	=	12.67%
Comparable Earnings (CE) [10]						***Historical***		***Forecast***		***Average***
Comparable Earnings Group						11.9%		12.1%		12.00%

References:
(1) Schedule 07
(2) Schedule 09
(3) Schedule 10
(4) A-rated public utility bond yield comprised of a 2.00% risk-free rate of return (Schedule 14 page 2) and a yield spread of 1.25% (Schedule 12 page 3)
(5) Schedule 12 page 1
(6) Schedule 13 page 2
(7) Schedule 10
(8) Schedule 13 page 2
(9) Schedule 13 page 3
(10) Schedule 14 page 2

Columbia Gas of Pennsylvania, Inc.
Capitalization and Financial Statistics
2015-2019, Inclusive

	2019	2018	2017	2016	2015	Average
			(Millions of Dollars)			
Amount of Capital Employed						
Permanent Capital	$ 1,768.9	$ 1,591.9	$ 1,361.1	$ 1,210.3	$ 1,098.5	
Short-Term Debt	$ 46.5	$ 51.5	$ 37.8	$ 33.4	$ 27.8	
Total Capital	$ 1,815.5	$ 1,643.4	$ 1,398.9	$ 1,243.7	$ 1,126.3	
Capital Structure Ratios						
Based on Permanent Captial:						
Long-Term Debt	44.4%	44.3%	46.0%	44.7%	45.1%	44.9%
Common Equity (1)	55.6%	55.7%	54.0%	55.3%	54.9%	55.1%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Based on Total Capital:						
Total Debt incl. Short Term	45.8%	46.1%	47.4%	46.1%	46.5%	46.4%
Common Equity (1)	54.2%	53.9%	52.6%	53.9%	53.5%	53.6%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Rate of Return on Book Common Equity (1)	10.4%	13.0%	9.4%	10.5%	11.3%	10.9%
Operating Ratio (2)	72.9%	72.9%	76.3%	73.3%	76.3%	74.3%
Coverage incl. AFUDC (3)						
Pre-tax: All Interest Charges	4.18 x	4.52 x	4.21 x	4.63 x	4.75 x	4.46 x
Post-tax: All Interest Charges	3.48 x	3.96 x	3.01 x	3.28 x	3.37 x	3.42 x
Coverage excl. AFUDC (3)						
Pre-tax: All Interest Charges	4.16 x	4.49 x	4.18 x	4.61 x	4.73 x	4.43 x
Post-tax: All Interest Charges	3.46 x	3.93 x	2.99 x	3.26 x	3.35 x	3.40 x
Quality of Earnings & Cash Flow						
AFC/Income Avail. for Common Equity	1.0%	0.8%	1.1%	1.0%	0.7%	0.9%
Effective Income Tax Rate	21.9%	15.9%	37.2%	37.1%	36.8%	29.8%
Internal Cash Generation/Construction (4)	56.8%	66.1%	59.5%	66.7%	73.5%	64.5%
Gross Cash Flow/ Avg. Total Debt (5)	22.6%	23.9%	25.4%	28.4%	29.5%	26.0%
Gross Cash Flow Interest Coverage (6)	4.61 x	4.75 x	4.82 x	5.32 x	5.25 x	4.95 x

See Page 2 for Notes.

Columbia Gas of Pennsylvania, Inc.
Capitalization and Financial Statistics
2015-2019, Inclusive

Notes:

(1) Excluding Accumulated Other Comprehensive Income (“OCI”) from the equity account.

(2) Total operating expenses, maintenance, depreciation and taxes other than income as a percentage of operating revenues.

(3) Coverage calculations represent the number of times available earnings, both including and excluding AFUDC (allowance for funds used during construction) as reported in its entirety, cover fixed charges.

(4) Internal cash generation/gross construction is the percentage of gross construction expenditures provided by internally-generated funds from operations after payment of all cash dividends divided by gross construction expenditures.

(5) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less AFUDC) as a percentage of average total debt.

(6) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less total AFUDC) plus interest charges, divided by interest charges.

(7) Common dividend coverage is the relationship of internally generated funds from operations after payment of preferred stock dividends to common dividends paid.

Source of Information: Company provided Financial Statements

Gas Group
Capitalization and Financial Statistics [1]
2015-2019, Inclusive

	2019	2018	2017	2016	2015	
			(Millions of Dollars)			
Amount of Capital Employed						
Permanent Capital	$ 5,169.4	$ 4,698.4	$ 4,133.8	$ 3,746.8	$ 3,522.8	
Short-Term Debt	$ 553.3	$ 499.2	$ 402.2	$ 393.6	$ 259.5	
Total Capital	$ 5,722.7	$ 5,197.6	$ 4,536.0	$ 4,140.4	$ 3,782.3	
Market-Based Financial Ratios						Average
Price-Earnings Multiple	26 x	20 x	22 x	22 x	19 x	22 x
Market/Book Ratio	222.4%	217.6%	224.2%	201.9%	187.7%	210.8%
Dividend Yield	2.7%	2.8%	2.6%	2.8%	3.0%	2.8%
Dividend Payout Ratio	72.5%	52.4%	71.1%	60.7%	67.7%	64.9%
Capital Structure Ratios						
Based on Permanent Capital:						
Long-Term Debt	48.3%	47.9%	47.1%	45.0%	45.9%	46.8%
Preferred Stock	1.5%	1.0%	0.0%	0.1%	0.0%	0.5%
Common Equity [2]	50.3%	51.1%	52.9%	54.9%	54.0%	52.6%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Based on Total Capital:						
Total Debt incl. Short Term	53.4%	53.4%	53.0%	50.5%	51.3%	52.3%
Preferred Stock	1.3%	0.9%	0.0%	0.1%	0.0%	0.5%
Common Equity [2]	45.3%	45.7%	47.0%	49.5%	48.7%	47.2%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Rate of Return on Book Common Equity [2]	8.6%	10.0%	8.0%	9.2%	9.4%	9.0%
Operating Ratio [3]	83.6%	84.6%	84.1%	83.0%	85.0%	84.1%
Coverage incl. AFUDC [4]						
Pre-tax: All Interest Charges	3.79 x	3.65 x	4.22 x	4.88 x	4.85 x	4.28 x
Post-tax: All Interest Charges	3.37 x	3.47 x	3.31 x	3.58 x	3.62 x	3.47 x
Overall Coverage: All Int. & Pfd. Div.	3.33 x	3.47 x	3.31 x	3.58 x	3.62 x	3.46 x
Coverage excl. AFUDC [4]						
Pre-tax: All Interest Charges	3.73 x	3.60 x	4.19 x	4.82 x	4.79 x	4.23 x
Post-tax: All Interest Charges	3.30 x	3.42 x	3.27 x	3.52 x	3.57 x	3.42 x
Overall Coverage: All Int. & Pfd. Div.	3.26 x	3.42 x	3.27 x	3.52 x	3.57 x	3.41 x
Quality of Earnings & Cash Flow						
AFC/Income Avail. for Common Equity	3.0%	3.2%	-5.2%	2.3%	2.4%	1.1%
Effective Income Tax Rate	15.0%	15.6%	39.7%	33.6%	32.6%	27.3%
Internal Cash Generation/Construction [5]	48.7%	46.7%	59.5%	71.6%	71.0%	59.5%
Gross Cash Flow/ Avg. Total Debt [6]	18.3%	18.4%	21.4%	23.7%	22.8%	20.9%
Gross Cash Flow Interest Coverage [7]	6.24 x	6.05 x	6.69 x	7.35 x	6.96 x	6.66 x
Common Dividend Coverage [8]	3.86 x	3.63 x	4.21 x	4.60 x	4.48 x	4.16 x

See Page 2 for Notes.

Gas Group
Capitalization and Financial Statistics
2015-2019, Inclusive

Notes:

(1) All capitalization and financial statistics for the group are the arithmetic average of the achieved results for each individual company in the group.
(2) Excluding Accumulated Other Comprehensive Income ("OCI") from the equity account.
(3) Total operating expenses, maintenance, depreciation and taxes other than income taxes as a percent of operating revenues.
(4) Coverage calculations represent the number of times available earnings, both including and excluding AFUDC (allowance for funds used during construction) as reported in its entirety, cover fixed charges.
(5) Internal cash generation/gross construction is the percentage of gross construction expenditures provided by internally-generated funds from operations after payment of all cash dividends divided by gross construction expenditures.
(6) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less total AFUDC) plus interest charges, divided by interest charges.
(7) Gross Cash Flow plus interest charges divided by interest charges.
(8) Common dividend coverage is the relationship of internally-generated funds from operations after payment of preferred stock dividends to common dividends paid.

Basis of Selection:
The Gas Group includes companies that are contained in The Value Line Investment Survey within the industry group "Natural Gas Utility," they are not currently the target of a publicly-announced merger or acquisition, and after eliminating UGI Corp. due to its highly diversified businesses.

		Corporate Credit Ratings		Stock	Value Line
Ticker	Company	Moody's	S&P	Traded	Beta
ATO	Atmos Energy Corp.	A1	A	NYSE	0.80
CPK	Chesapeake Utilities Corp.	NAIC "1"		NYSE	0.80
NJR	New Jersey Resources Corp.	A1	BBB+	NYSE	0.95
NI	NiSource Inc.	Baa2	BBB+	NYSE	0.85
NWN	Northwest Natural Holding Compa	Baa1	A+	NYSE	0.80
OGS	ONE Gas, Inc.	A2	A	NYSE	0.80
SJI	South Jersey Industries, Inc.	A3	BBB	NYSE	1.05
SWX	Southwest Gas Holdings, Inc.	A3	A-	NYSE	0.95
SR	Spire, Inc.	A1	A-	NYSE	0.85
	Average	A2	A-		0.87

Note: Ratings are those of utility subsidiaries

Source of Information: Utility COMPUSTAT
Moody's Investors Service
Standard & Poor's Corporation

Standard & Poor's Public Utilities
Capitalization and Financial Statistics [1]
2015-2019, Inclusive

	2019	2018	2017	2016	2015	
			(Millions of Dollars)			
Amount of Capital Employed						
Permanent Capital	$ 36,567.1	$ 32,871.6	$ 30,827.6	$ 29,173.1	$ 26,655.9	
Short-Term Debt	$ 1,221.9	$ 1,420.3	$ 1,076.1	$ 1,032.2	$ 875.5	
Total Capital	$ 37,789.0	$ 34,291.9	$ 31,903.7	$ 30,205.3	$ 27,531.4	
Market-Based Financial Ratios						Average
Price-Earnings Multiple	20 x	21 x	21 x	21 x	18 x	20 x
Market/Book Ratio	220.8%	204.7%	214.4%	196.0%	181.1%	203.4%
Dividend Yield	3.2%	3.5%	3.3%	3.5%	3.6%	3.4%
Dividend Payout Ratio	62.7%	71.7%	74.4%	74.6%	68.8%	70.4%
Capital Structure Ratios						
Based on Permanent Captial:						
Long-Term Debt	56.7%	55.0%	56.8%	56.6%	54.7%	55.9%
Preferred Stock	2.2%	2.5%	1.4%	1.9%	1.6%	1.9%
Common Equity [2]	41.1%	42.5%	41.8%	41.6%	43.8%	42.2%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Based on Total Capital:						
Total Debt incl. Short Term	58.2%	57.0%	58.4%	58.2%	56.1%	57.6%
Preferred Stock	2.1%	2.4%	1.4%	1.8%	1.5%	1.8%
Common Equity [2]	39.7%	40.7%	40.3%	40.1%	42.4%	40.6%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Rate of Return on Book Common Equity [2]	10.3%	10.3%	10.8%	9.7%	9.7%	10.2%
Operating Ratio [3]	79.3%	79.8%	77.0%	78.2%	79.7%	78.8%
Coverage incl. AFUDC [4]						
Pre-tax: All Interest Charges	3.05 x	2.94 x	3.42 x	3.38 x	3.80 x	3.32 x
Post-tax: All Interest Charges	3.10 x	2.59 x	2.86 x	2.55 x	2.79 x	2.78 x
Overall Coverage: All Int. & Pfd. Div.	3.04 x	2.55 x	2.84 x	2.52 x	2.75 x	2.74 x
Coverage excl. AFUDC [4]						
Pre-tax: All Interest Charges	2.95 x	2.84 x	3.31 x	3.28 x	3.70 x	3.22 x
Post-tax: All Interest Charges	3.00 x	2.48 x	2.75 x	2.44 x	2.69 x	2.67 x
Overall Coverage: All Int. & Pfd. Div.	2.94 x	2.44 x	2.73 x	2.41 x	2.65 x	2.63 x
Quality of Earnings & Cash Flow						
AFC/Income Avail. for Common Equity	5.8%	7.3%	7.3%	6.5%	5.5%	6.5%
Effective Income Tax Rate	12.2%	19.0%	28.2%	29.0%	32.5%	24.2%
Internal Cash Generation/Construction [5]	66.0%	75.7%	78.7%	78.0%	71.9%	74.1%
Gross Cash Flow/ Avg. Total Debt [6]	17.5%	17.4%	19.9%	20.5%	20.0%	19.1%
Gross Cash Flow Interest Coverage [7]	4.97 x	4.98 x	5.57 x	5.54 x	5.41 x	5.29 x
Common Dividend Coverage [8]	5.56 x	4.80 x	4.33 x	4.31 x	4.24 x	4.65 x

See Page 2 for Notes.

Standard & Poor's Public Utilities
Capitalization and Financial Statistics
2015-2019, Inclusive

Notes:

(1) All capitalization and financial statistics for the group are the arithmetic average of the achieved results for each individual company in the group.
(2) Excluding Accumulated Other Comprehensive Income ("OCI") from the equity account
(3) Total operating expenses, maintenance, depreciation and taxes other than income taxes as a percent of operating revenues.
(4) Coverage calculations represent the number of times available earnings, both including and excluding AFUDC (allowance for funds used during construction) as reported in its entirety, cover fixed charges.
(5) Internal cash generation/gross construction is the percentage of gross construction expenditures provided by internally-generated funds from operations after payment of all cash dividends divided by gross construction expenditures.
(6) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less total AFUDC) as a percentage of average total debt.
(7) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less total AFUDC) plus interest charges, divided by interest charges.
(8) Common dividend coverage is the relationship of internally-generated funds from operations after payment of preferred stock dividends to common dividends paid.

Source of Information: Annual Reports to Shareholders
Utility COMPUSTAT

Standard & Poor's Public Utilities

Company Identities

	Ticker	Credit Rating (1) Moody's	Credit Rating (1) S&P	Common Stock Traded	Value Line Beta
Alliant Energy Corporation	LNT	Baa1	A-	NYSE	0.85
Ameren Corporation	AEE	Baa1	BBB+	NYSE	0.85
American Electric Power	AEP	Baa1	A-	NYSE	0.75
American Water Works	AWK	Baa1	A	NYSE	0.85
CenterPoint Energy	CNP	Baa1	BBB+	NYSE	1.15
CMS Energy	CMS	A3	A-	NYSE	0.80
Consolidated Edison	ED	Baa1	A-	NYSE	0.75
Dominion Energy	D	A2	BBB+	NYSE	0.80
DTE Energy Co.	DTE	A2	A-	NYSE	0.95
Duke Energy	DUK	A1	BBB+	NYSE	0.85
Edison Int'l	EIX	Baa2	BBB	NYSE	0.95
Entergy Corp.	ETR	Baa1	A-	NYSE	0.95
Evergy, Inc.	EVRG	Baa1	A-	NYSE	1.00
Eversource	ES	A3	A	NYSE	0.90
Exelon Corp.	EXC	A2	BBB+	NYSE	0.95
FirstEnergy Corp.	FE	A3	BB+	NYSE	0.85
NextEra Energy Inc.	NEE	A1	A	NYSE	0.90
NiSource Inc.	NI	Baa2	BBB+	NYSE	0.85
NRG Energy Inc.	NRG	Ba1	BB+	NYSE	1.25
Pinnacle West Capital	PNW	A2	A-	NYSE	0.90
PPL Corp.	PPL	A3	A-	NYSE	1.15
Public Serv. Enterprise Inc.	PEG	A2	A-	NYSE	0.90
Sempra Energy	SRE	Baa1	BBB+	NYSE	1.00
Southern Co.	SO	Baa1	A-	NYSE	0.90
WEC Energy Corp.	WEC	A2	A-	NYSE	0.80
Xcel Energy Inc	XEL	A2	A-	NYSE	0.80
Average for S&P Utilities		A3	BBB+		0.91

Note: (1) Ratings are those of utility subsidiaries

Source of Information: SNL Financial LLC
Standard & Poor's Stock Guide
Value Line Investment Survey for Windows

Columbia Gas of Pennsylvania, Inc.
Investor-provided Capitalization
Actual at November 30, 2020, Estimated at November 30, 2021, and Estimated at December 31, 2022

	Actual at November 30, 2020		Estimated at November 30, 2021		Estimated at December 31, 2022	
	Amount Outstanding	Ratios	Amount Outstanding	Ratios	Amount Outstanding	Ratios
Long Term Debt	$ 895,515,000	43.66%	$ 985,515,000	42.32%	$1,110,515,000	41.77%
Common Stock Equity						
Common Stock	45,127,800		45,127,800		45,127,800	
Additional Paid in Capital	107,889,827		167,889,827		172,889,827	
Retained Earnings	944,033,690		1,051,886,325		1,226,611,888	
Total Common Equity	1,097,051,317	53.49%	1,264,903,952	54.32%	1,444,629,515	54.34%
Total Permanent Capital	$1,992,566,317	97.15%	$2,250,418,952	96.64%	$2,555,144,515	96.11%
Short Term Debt (Twelve month average)	58,398,345	2.85%	78,324,923	3.36%	103,335,410	3.89%
Total Capital Employed	$2,050,964,662	100.00%	$2,328,743,875	100.00%	$2,658,479,925	100.00%

Source of information: Company provided data

Columbia Gas of Pennsylvania, Inc.
Long-term Debt Outstanding
Actual at November 30, 2020

Date of Issuance	Coupon Rate	Amount Outstanding	Annualized Debt Service	Embedded Cost of Debt
November 28, 2005	5.920%	$ 54,515,000	$ 3,227,288	
November 1, 2006	6.015%	20,000,000	1,203,000	
December 14, 2007	6.865%	58,000,000	3,981,700	
December 16, 2010	6.020%	28,000,000	1,685,600	
March 28, 2012	5.355%	30,000,000	1,606,500	
March 28, 2012	5.890%	35,000,000	2,061,500	
November 28, 2012	5.260%	65,000,000	3,419,000	
June 9, 2013	5.530%	23,000,000	1,271,900	
December 18, 2013	6.290%	32,000,000	2,012,800	
December 18, 2014	4.430%	30,000,000	1,329,000	
March 1, 2015	4.150%	60,000,000	2,490,000	
September 1, 2015	4.505%	60,000,000	2,703,060	
March 1, 2016	4.186%	45,000,000	1,883,610	
January 31, 2017	4.439%	85,000,000	3,772,810	
June 30, 2018	4.528%	80,000,000	3,622,320	
November 30, 2019	3.687%	80,000,000	2,949,600	
March 31, 2020	3.8716%	110,000,000	4,258,760	
Total Long-Term Debt		895,515,000	43,478,448	4.86%
Short Term Debt (Twelve month average)	0.86%	58,398,345	502,226	
Total Debt		$ 953,913,345	$ 43,980,674	4.61%

Source of information: Company provided data

Columbia Gas of Pennsylvania, Inc.
Long-term Debt Outstanding
Estimated at November 30, 2021

Date of Issuance	Coupon Rate	Amount Outstanding	Annualized Debt Service	Embedded Cost of Debt
November 28, 2005	5.920%	$ 54,515,000	$ 3,227,288	
December 14, 2007	6.865%	58,000,000	3,981,700	
December 16, 2010	6.020%	28,000,000	1,685,600	
March 28, 2012	5.355%	30,000,000	1,606,500	
March 28, 2012	5.890%	35,000,000	2,061,500	
November 28, 2012	5.260%	65,000,000	3,419,000	
June 9, 2013	5.530%	23,000,000	1,271,900	
December 18, 2013	6.290%	32,000,000	2,012,800	
December 18, 2014	4.430%	30,000,000	1,329,000	
March 1, 2015	4.150%	60,000,000	2,490,000	
September 1, 2015	4.505%	60,000,000	2,703,060	
March 1, 2016	4.186%	45,000,000	1,883,610	
January 31, 2017	4.439%	85,000,000	3,772,810	
June 30, 2018	4.528%	80,000,000	3,622,320	
November 30, 2019	3.687%	80,000,000	2,949,600	
March 31, 2020	3.8716%	110,000,000	4,258,760	
March 31, 2021	3.2500%	110,000,000	3,575,000	
Total Long-Term Debt		985,515,000	45,850,448	4.65%
Short Term Debt (Twelve month average)	0.64%	78,324,923	501,280	
Total Debt		$ 1,063,839,923	$ 46,351,728	4.36%

Source of information: Company provided data

Columbia Gas of Pennsylvania, Inc.
Long-term Debt Outstanding
Estimated at December 31, 2022

Date of Issuance	Coupon Rate	Amount Outstanding	Annualized Debt Service	Embedded Cost of Debt
November 28, 2005	5.920%	$ 54,515,000	$ 3,227,288	
December 14, 2007	6.865%	58,000,000	3,981,700	
December 16, 2010	6.020%	28,000,000	1,685,600	
March 28, 2012	5.355%	30,000,000	1,606,500	
March 28, 2012	5.890%	35,000,000	2,061,500	
November 28, 2012	5.260%	65,000,000	3,419,000	
June 9, 2013	5.530%	23,000,000	1,271,900	
December 18, 2013	6.290%	32,000,000	2,012,800	
December 18, 2014	4.430%	30,000,000	1,329,000	
March 1, 2015	4.150%	60,000,000	2,490,000	
September 1, 2015	4.505%	60,000,000	2,703,060	
March 1, 2016	4.186%	45,000,000	1,883,610	
January 31, 2017	4.439%	85,000,000	3,772,810	
June 30, 2018	4.528%	80,000,000	3,622,320	
November 30, 2019	3.687%	80,000,000	2,949,600	
March 31, 2020	3.8716%	110,000,000	4,258,760	
March 31, 2021	3.2500%	110,000,000	3,575,000	
June 30, 2022	3.6700%	125,000,000	4,587,500	
Total Long-Term Debt		1,110,515,000	50,437,948	4.54%
Short Term Debt (Twelve month average)	0.85%	103,335,410	878,351	
Total Debt		$ 1,213,850,410	$ 51,316,299	4.23%

Source of information: Company provided data

Monthly Dividend Yields for
Natural Gas Group
for the Twelve Months Ending December 2020

Company	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	12-Month Average	6-Month Average	3-Month Average
Atmos Energy Corp (ATO)	1.97%	2.23%	2.32%	2.27%	2.24%	2.32%	2.18%	2.31%	2.41%	2.74%	2.61%	2.63%			
Chesapeake Utilities Corp (CPK)	1.69%	1.90%	1.89%	2.01%	1.96%	2.10%	2.09%	2.16%	2.09%	1.81%	1.70%	1.63%			
New Jersey Resources Corporation (NJR)	3.04%	3.57%	3.69%	3.72%	3.59%	3.83%	4.31%	4.45%	4.93%	4.58%	4.06%	3.75%			
NiSource Inc (NI)	2.89%	3.11%	3.38%	3.35%	3.54%	3.72%	3.44%	3.80%	3.84%	3.66%	3.48%	3.69%			
Northwest Natural Holding Company (NWN)	2.60%	2.91%	3.11%	2.93%	2.99%	3.44%	3.57%	3.75%	4.24%	4.32%	4.02%	4.21%			
ONE Gas Inc (OGS)	2.30%	2.63%	2.59%	2.72%	2.58%	2.81%	2.87%	2.92%	3.14%	3.15%	2.73%	2.82%			
South Jersey Industries Inc (SJI)	3.85%	4.41%	4.73%	4.15%	4.20%	4.73%	5.09%	5.39%	6.15%	6.34%	5.32%	5.63%			
Southwest Gas Holdings Inc (SWX)	2.91%	3.38%	3.15%	3.03%	3.01%	3.32%	3.30%	3.63%	3.63%	3.50%	3.55%	3.77%			
Spire Inc. (SR)	2.97%	3.34%	3.35%	3.43%	3.44%	3.80%	4.06%	4.32%	4.69%	4.67%	4.10%	4.07%			
Average	**2.69%**	**3.05%**	**3.13%**	**3.07%**	**3.06%**	**3.34%**	**3.43%**	**3.64%**	**3.90%**	**3.86%**	**3.51%**	**3.58%**	**3.36%**	**3.65%**	**3.65%**

Note: Monthly dividend yields are calculated by dividing the annualized quarterly dividend by the month-end closing stock price adjusted by the fraction of the ex-dividend.

Source of Information: http://performance.morningstar.com/stock/performance-return
http://www.snl.com/interactivex/dividends

Forward-looking Dividend Yield

		D_0/P_0	Adj.	D_1/P_0
1/2 Growth		D_0/P_0	(.5g)	D_1/P_0
		3.65%	1.037500	3.79%
Discrete		D_0/P_0	Adj.	D_1/P_0
		3.65%	1.046451	3.82%
Quarterly		D_0/P_0	Adj.	D_1/P_0
		0.9133%	1.018245	3.77%
Average				3.79%
Growth rate				7.50%
K				11.29%

$$K = \frac{D_0(1+g)^0 + D_0(1+g)^0 + D_0(1+g)^1 + D_0(1+g)^1}{P_0} + g$$

$$K = \frac{D_0(1+g)^{.25} + D_0(1+g)^{.50} + D_0(1+g)^{.75} + D_0(1+g)^{1.00}}{P_0} + g$$

$$K = \left[\left(1 + \frac{D_0(1+g)^{.25}}{P_0}\right)^4 - 1\right] + g$$

Historical Growth Rates
Earnings Per Share, Dividends Per Share,
Book Value Per Share, and Cash Flow Per Share

	Earnings per Share		Dividends per Share		Book Value per Share		Cash Flow per Share	
	Value Line		Value Line		Value Line		Value Line	
Gas Group	5 Year	10 Year	5 Year	10 Year	5 Year	10 Year	5 Year	10 Year
Atmos Energy Corp (ATO)	9.50%	7.50%	6.50%	4.00%	8.50%	6.50%	7.00%	5.50%
Chesapeake Utilities Corp (CPK)	8.00%	9.00%	6.50%	5.50%	10.50%	9.50%	7.00%	10.00%
New Jersey Resources Corporation (NJR)	6.00%	7.00%	6.50%	7.00%	8.50%	7.00%	7.50%	7.50%
NiSource Inc (NI)	-8.00%	-1.00%	-5.00%	-2.00%	-7.00%	-3.00%	-5.00%	-2.00%
Northwest Natural Holding Company (NWN)	-17.00%	-11.00%	0.50%	2.00%	-0.50%	1.50%	-5.50%	-3.00%
ONE Gas Inc (OGS)	9.50%	-	17.00%	-	2.50%	-	7.00%	-
South Jersey Industries Inc (SJI)	1.50%	-2.50%	6.00%	8.00%	6.00%	6.50%	3.50%	5.00%
Southwest Gas Holdings Inc (SWX)	4.50%	8.00%	9.50%	8.50%	6.50%	6.00%	1.50%	4.00%
Spire Inc. (SR)	9.50%	3.50%	5.50%	4.00%	7.00%	7.00%	13.00%	5.50%
Average	2.61%	2.56%	5.89%	4.63%	4.67%	5.13%	4.00%	4.06%

Source of Information: Value Line Investment Survey, November 27, 2020

Analysts' Five-Year Projected Growth Rates
Earnings Per Share, Dividends Per Share,
Book Value Per Share, and Cash Flow Per Share

			Value Line				
Gas Group	I/B/E/S First Call	Zacks	Earnings Per Share	Dividends Per Share	Book Value Per Share	Cash Flow Per Share	Percent Retained to Common Equity
Atmos Energy Corp (ATO)	7.10%	7.10%	7.00%	7.50%	7.50%	5.50%	4.50%
Chesapeake Utilities Corp (CPK)	4.74%	NA	9.00%	8.50%	11.00%	8.50%	5.50%
New Jersey Resources Corporation	6.00%	6.00%	2.00%	6.00%	8.50%	2.00%	3.00%
NiSource Inc (NI)	1.65%	5.60%	13.00%	7.50%	5.00%	7.50%	4.50%
Northwest Natural Holding Compan	3.10%	3.10%	24.50%	0.50%	6.00%	8.00%	3.00%
ONE Gas Inc (OGS)	5.00%	5.50%	6.50%	7.50%	5.50%	7.00%	3.50%
South Jersey Industries Inc (SJI)	24.50%	24.50%	12.50%	3.50%	5.00%	6.00%	5.50%
Southwest Gas Holdings Inc (SWX)	4.00%	5.00%	9.00%	4.00%	6.50%	7.50%	5.50%
Spire Inc. (SR)	5.37%	16.50%	5.50%	5.00%	8.50%	5.50%	3.00%
Average	6.83%	9.16%	9.89%	5.56%	7.06%	6.39%	4.22%

Source of Information : Yahoo Finance, January 3, 2021
Zacks, January 3, 2021
Value Line Investment Survey, November 27, 2021

Gas Group
Financial Risk Adjustment

		ATMOS Energy (NYSE:ATO)	Chesapeake Utilities (NYSE:CPK)	New Jersey Resources (NYSE:NJR)	NiSource, Inc (NYSE:NI)	Northwest Natural Gas (NYSE:NWN)	ONE Gas Inc (NYSE:OGS)	South Jersey Industries (NYSE:SJI)	Southwest Gas (SWX)	Spire Inc. (NYSESR)	Average
Fiscal Year		09/30/19	12/31/19	09/30/19	12/31/19	12/31/19	12/31/19	12/31/19	12/31/19	09/30/19	
Capitalization at Fair Values											
	Debt(D)	4,216,249	505,000	1,568,864	8,764,400	957,268	1,500,000	2,730,000	2,672,077	2,373,400	2,809,695
	Preferred(P)	0	0	0	0	0	0	0	0	0	0
	Equity(E)	13,349,252	1,571,974	3,913,860	10,638,657	2,246,701	4,937,853	3,047,159	4,178,915	4,246,604	5,347,886
	Total	17,565,501	2,076,974	5,482,724	19,403,057	3,203,969	6,437,853	5,777,159	6,850,992	6,620,004	8,157,581
Capital Structure Ratios											
	Debt(D)	24.00%	24.31%	28.61%	45.17%	29.88%	23.30%	47.26%	39.00%	35.85%	33.04%
	Preferred(P)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Equity(E)	76.00%	75.69%	71.39%	54.83%	70.12%	76.70%	52.74%	61.00%	64.15%	66.96%
	Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Common Stock											
	Issued	119,338.925	16,403.776	89,998.788	382,135.680	30,472.000	52,771.749	92,394.155	55,007.433	50,973.515	
	Treasury	0.000	0.000	2,185.013	0.000	0.000	0.000	0.000	0.000	0.000	
	Outstanding	119,338.925	16,403.776	87,813.775	382,135.680	30,472.000	52,771.749	92,394.155	55,007.433	50,973.515	
	Market Price	$111.86	$95.83	$44.57	$27.84	$73.73	$93.57	$32.98	$75.97	$83.31	
Capitalization at Carrying Amounts											
	Debt(D)	3,560,000	486,600	1,442,845	7,869,600	881,064	1,300,000	2,540,000	2,463,994	2,122,600	2,518,523
	Preferred(P)	0	0	0	0	0	0	0	0	0	0
	Equity(E)	5,750,223	561,577	1,551,717	5,986,700	865,999	2,129,390	1,423,785	2,505,914	2,543,000	2,590,923
	Total	9,310,223	1,048,177	2,994,562	13,856,300	1,747,063	3,429,390	3,963,785	4,969,908	4,665,600	5,109,445
Capital Structure Ratios											
	Debt(D)	38.24%	46.42%	48.18%	56.79%	50.43%	37.91%	64.08%	49.58%	45.49%	48.57%
	Preferred(P)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Equity(E)	61.76%	53.58%	51.82%	43.21%	49.57%	62.09%	35.92%	50.42%	54.51%	51.43%
	Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Betas	Value Line	0.80	0.80	0.95	0.85	0.80	0.80	1.05	0.95	0.85	0.87

Hamada	Bl	=	Bu	[1+	(1 - t)	D/E	+	P/E	]
	0.87	=	Bu	[1+	(1-0.21)	0.4934	+	0.0000	]
	0.87	=	Bu	[1+	0.79	0.4934	+	0.0000	]
	0.87	=	Bu	1.3898					
	0.63	=	Bu						

Hamada	Bl	=	0.63	[1+	(1 - t)	D/E	+	P/E	]
	Bl	=	0.63	[1+	0.79	0.9443	+	0.0000	]
	Bl	=	0.63	1.7460					
	Bl	=	1.10						

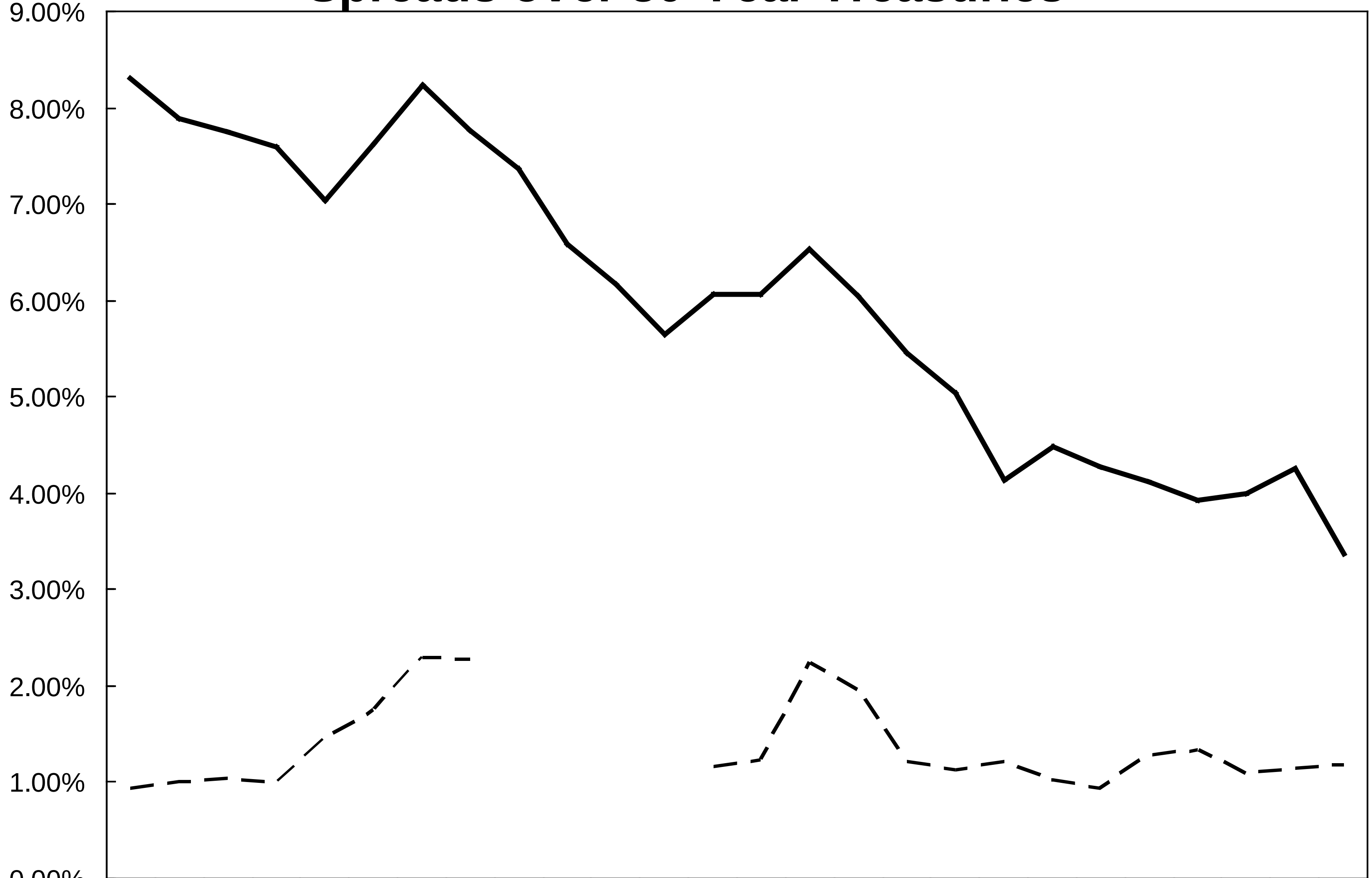
M&M	ku	=	ke	-	(((	ku	-	i	)	1-t	)	D	/	E	-	(ku	-	d	)	P	/	E
	8.91%	=	11.29%	-	(((	8.91%	-	2.81%	)	0.79	)	33.04%	/	66.96%	-	8.91%	-	5.68%	)	0.00%	/	66.96%
	8.91%	=	11.29%	-	(((	6.10%			)	0.79	)	0.4934			-	3.23%			)	0.0000		
	8.91%	=	11.29%	-	((	4.82%					)	0.4934			-	3.23%			)	0		
	8.91%	=	11.29%	-		2.38%									-	0.00%						

M&M	ke	=	ku	+	(((	ku	-	i	)	1-t	)	D	/	E	+	(ku	-	d	)	P	/	E
	13.46%	=	8.91%	+	(((	8.91%	-	2.81%	)	0.79	)	48.57%	/	51.43%	+	8.91%	-	5.68%	)	0.00%	/	51.43%
	13.46%	=	8.91%	+	(((	6.10%			)	0.79	)	0.9443			+	3.23%			)	0.0000		
	13.46%	=	8.91%	+	((	4.82%					)	0.9443			+	3.23%			)	0		
	13.46%	=	8.91%	+		4.55%									+	0.00%						

Interest Rates for Investment Grade Public Utility Bonds
Yearly for 2015-2019
and the Twelve Months Ended December 2020

Years	Aa Rated	A Rated	Baa Rated	Average
2015	4.00%	4.12%	5.03%	4.38%
2016	3.73%	3.93%	4.68%	4.11%
2017	3.82%	4.00%	4.38%	4.07%
2018	4.09%	4.25%	4.67%	4.34%
2019	3.61%	3.77%	4.19%	3.86%
Five-Year Average	3.85%	4.01%	4.59%	4.15%
Months				
Jan-20	3.12%	3.29%	3.60%	3.34%
Feb-20	2.96%	3.11%	3.42%	3.16%
Mar-20	3.30%	3.50%	3.96%	3.59%
Apr-20	2.93%	3.19%	3.82%	3.31%
May-20	2.89%	3.14%	3.63%	3.22%
Jun-20	2.80%	3.07%	3.44%	3.10%
Jul-20	2.46%	2.74%	3.09%	2.77%
Aug-20	2.49%	2.73%	3.06%	2.76%
Sep-20	2.62%	2.84%	3.17%	2.88%
Oct-20	2.72%	2.95%	3.27%	2.98%
Nov-20	2.63%	2.85%	3.17%	2.89%
Dec-20	2.57%	2.77%	3.05%	2.80%
Twelve-Month Average	2.79%	3.02%	3.39%	3.07%
Six-Month Average	2.58%	2.81%	3.14%	2.85%
Three-Month Average	2.64%	2.86%	3.16%	2.89%

Yields on A-rated Public Utility Bonds and Spreads over 30-Year Treasuries



	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
A-rated Public Utility	8.31	7.89	7.75	7.60	7.04	7.62	8.24	7.76	7.37	6.58	6.16	5.65	6.07	6.07	6.53	6.04	5.46	5.04	4.13	4.48	4.28	4.12	3.93	4.00	4.25	3.37
Spread vs. 30-year	0.94	1.01	1.04	0.99	1.46	1.75	2.30	2.27					1.16	1.23	2.25	1.96	1.21	1.13	1.21	1.03	0.94	1.28	1.34	1.10	1.14	1.19

A rated Public Utility Bonds over 30-Year Treasuries

Year	A-rated Public Utility	30-Year Treasuries Yield	30-Year Treasuries Spread
Jan-99	6.97%	5.16%	1.81%
Feb-99	7.09%	5.37%	1.72%
Mar-99	7.26%	5.58%	1.68%
Apr-99	7.22%	5.55%	1.67%
May-99	7.47%	5.81%	1.66%
Jun-99	7.74%	6.04%	1.70%
Jul-99	7.71%	5.98%	1.73%
Aug-99	7.91%	6.07%	1.84%
Sep-99	7.93%	6.07%	1.86%
Oct-99	8.06%	6.26%	1.80%
Nov-99	7.94%	6.15%	1.79%
Dec-99	8.14%	6.35%	1.79%
Jan-00	8.35%	6.63%	1.72%
Feb-00	8.25%	6.23%	2.02%
Mar-00	8.28%	6.05%	2.23%
Apr-00	8.29%	5.85%	2.44%
May-00	8.70%	6.15%	2.55%
Jun-00	8.36%	5.93%	2.43%
Jul-00	8.25%	5.85%	2.40%
Aug-00	8.13%	5.72%	2.41%
Sep-00	8.23%	5.83%	2.40%
Oct-00	8.14%	5.80%	2.34%
Nov-00	8.11%	5.78%	2.33%
Dec-00	7.84%	5.49%	2.35%
Jan-01	7.80%	5.54%	2.26%
Feb-01	7.74%	5.45%	2.29%
Mar-01	7.68%	5.34%	2.34%
Apr-01	7.94%	5.65%	2.29%
May-01	7.99%	5.78%	2.21%
Jun-01	7.85%	5.67%	2.18%
Jul-01	7.78%	5.61%	2.17%
Aug-01	7.59%	5.48%	2.11%
Sep-01	7.75%	5.48%	2.27%
Oct-01	7.63%	5.32%	2.31%
Nov-01	7.57%	5.12%	2.45%
Dec-01	7.83%	5.48%	2.35%
Jan-02	7.66%	5.45%	2.21%
Feb-02	7.54%	5.40%	2.14%
Mar-02	7.76%		
Apr-02	7.57%		
May-02	7.52%		
Jun-02	7.42%		
Jul-02	7.31%		
Aug-02	7.17%		
Sep-02	7.08%		
Oct-02	7.23%		
Nov-02	7.14%		
Dec-02	7.07%		
Jan-03	7.07%		
Feb-03	6.93%		
Mar-03	6.79%		
Apr-03	6.64%		
May-03	6.36%		
Jun-03	6.21%		
Jul-03	6.57%		
Aug-03	6.78%		
Sep-03	6.56%		
Oct-03	6.43%		
Nov-03	6.37%		
Dec-03	6.27%		

Year	A-rated Public Utility	30-Year Treasuries Yield	30-Year Treasuries Spread
Jan-04	6.15%		
Feb-04	6.15%		
Mar-04	5.97%		
Apr-04	6.35%		
May-04	6.62%		
Jun-04	6.46%		
Jul-04	6.27%		
Aug-04	6.14%		
Sep-04	5.98%		
Oct-04	5.94%		
Nov-04	5.97%		
Dec-04	5.92%		
Jan-05	5.78%		
Feb-05	5.61%		
Mar-05	5.83%		
Apr-05	5.64%		
May-05	5.53%		
Jun-05	5.40%		
Jul-05	5.51%		
Aug-05	5.50%		
Sep-05	5.52%		
Oct-05	5.79%		
Nov-05	5.88%		
Dec-05	5.80%		
Jan-06	5.75%		
Feb-06	5.82%	4.54%	1.28%
Mar-06	5.98%	4.73%	1.25%
Apr-06	6.29%	5.06%	1.23%
May-06	6.42%	5.20%	1.22%
Jun-06	6.40%	5.15%	1.25%
Jul-06	6.37%	5.13%	1.24%
Aug-06	6.20%	5.00%	1.20%
Sep-06	6.00%	4.85%	1.15%
Oct-06	5.98%	4.85%	1.13%
Nov-06	5.80%	4.69%	1.11%
Dec-06	5.81%	4.68%	1.13%
Jan-06	5.75%		
Feb-06	5.82%	4.54%	1.28%
Mar-06	5.98%	4.73%	1.25%
Apr-06	6.29%	5.06%	1.23%
May-06	6.42%	5.20%	1.22%
Jun-06	6.40%	5.15%	1.25%
Jul-06	6.37%	5.13%	1.24%
Aug-06	6.20%	5.00%	1.20%
Sep-06	6.00%	4.85%	1.15%
Oct-06	5.98%	4.85%	1.13%
Nov-06	5.80%	4.69%	1.11%
Dec-06	5.81%	4.68%	1.13%
Jan-07	5.96%	4.85%	1.11%
Feb-07	5.90%	4.82%	1.08%
Mar-07	5.85%	4.72%	1.13%
Apr-07	5.97%	4.87%	1.10%
May-07	5.99%	4.90%	1.09%
Jun-07	6.30%	5.20%	1.10%
Jul-07	6.25%	5.11%	1.14%
Aug-07	6.24%	4.93%	1.31%
Sep-07	6.18%	4.79%	1.39%
Oct-07	6.11%	4.77%	1.34%
Nov-07	5.97%	4.52%	1.45%
Dec-07	6.16%	4.53%	1.63%

Year	A-rated Public Utility	30-Year Treasuries Yield	30-Year Treasuries Spread
Jan-08	6.02%	4.33%	1.69%
Feb-08	6.21%	4.52%	1.69%
Mar-08	6.21%	4.39%	1.82%
Apr-08	6.29%	4.44%	1.85%
May-08	6.28%	4.60%	1.68%
Jun-08	6.38%	4.69%	1.69%
Jul-08	6.40%	4.57%	1.83%
Aug-08	6.37%	4.50%	1.87%
Sep-08	6.49%	4.27%	2.22%
Oct-08	7.56%	4.17%	3.39%
Nov-08	7.60%	4.00%	3.60%
Dec-08	6.52%	2.87%	3.65%
Jan-09	6.39%	3.13%	3.26%
Feb-09	6.30%	3.59%	2.71%
Mar-09	6.42%	3.64%	2.78%
Apr-09	6.48%	3.76%	2.72%
May-09	6.49%	4.23%	2.26%
Jun-09	6.20%	4.52%	1.68%
Jul-09	5.97%	4.41%	1.56%
Aug-09	5.71%	4.37%	1.34%
Sep-09	5.53%	4.19%	1.34%
Oct-09	5.55%	4.19%	1.36%
Nov-09	5.64%	4.31%	1.33%
Dec-09	5.79%	4.49%	1.30%
Jan-10	5.77%	4.60%	1.17%
Feb-10	5.87%	4.62%	1.25%
Mar-10	5.84%	4.64%	1.20%
Apr-10	5.81%	4.69%	1.12%
May-10	5.50%	4.29%	1.21%
Jun-10	5.46%	4.13%	1.33%
Jul-10	5.26%	3.99%	1.27%
Aug-10	5.01%	3.80%	1.21%
Sep-10	5.01%	3.77%	1.24%
Oct-10	5.10%	3.87%	1.23%
Nov-10	5.37%	4.19%	1.18%
Dec-10	5.56%	4.42%	1.14%
Jan-10	5.77%	4.60%	1.17%
Feb-10	5.87%	4.62%	1.25%
Mar-10	5.84%	4.64%	1.20%
Apr-10	5.81%	4.69%	1.12%
May-10	5.50%	4.29%	1.21%
Jun-10	5.46%	4.13%	1.33%
Jul-10	5.26%	3.99%	1.27%
Aug-10	5.01%	3.80%	1.21%
Sep-10	5.01%	3.77%	1.24%
Oct-10	5.10%	3.87%	1.23%
Nov-10	5.37%	4.19%	1.18%
Dec-10	5.56%	4.42%	1.14%
Jan-11	5.57%	4.52%	1.05%
Feb-11	5.68%	4.65%	1.03%
Mar-11	5.56%	4.51%	1.05%
Apr-11	5.55%	4.50%	1.05%
May-11	5.32%	4.29%	1.03%
Jun-11	5.26%	4.23%	1.03%
Jul-11	5.27%	4.27%	1.00%
Aug-11	4.69%	3.65%	1.04%
Sep-11	4.48%	3.18%	1.30%
Oct-11	4.52%	3.13%	1.39%
Nov-11	4.25%	3.02%	1.23%
Dec-11	4.33%	2.98%	1.35%

Year	A-rated Public Utility	30-Year Treasuries Yield	30-Year Treasuries Spread
Jan-12	4.34%	3.03%	1.31%
Feb-12	4.36%	3.11%	1.25%
Mar-12	4.48%	3.28%	1.20%
Apr-12	4.40%	3.18%	1.22%
May-12	4.20%	2.93%	1.27%
Jun-12	4.08%	2.70%	1.38%
Jul-12	3.93%	2.59%	1.34%
Aug-12	4.00%	2.77%	1.23%
Sep-12	4.02%	2.88%	1.14%
Oct-12	3.91%	2.90%	1.01%
Nov-12	3.84%	2.80%	1.04%
Dec-12	4.00%	2.88%	1.12%
Jan-13	4.15%	3.08%	1.07%
Feb-13	4.18%	3.17%	1.01%
Mar-13	4.20%	3.16%	1.04%
Apr-13	4.00%	2.93%	1.07%
May-13	4.17%	3.11%	1.06%
Jun-13	4.53%	3.40%	1.13%
Jul-13	4.68%	3.61%	1.07%
Aug-13	4.73%	3.76%	0.97%
Sep-13	4.80%	3.79%	1.01%
Oct-13	4.70%	3.68%	1.02%
Nov-13	4.77%	3.80%	0.97%
Dec-13	4.81%	3.89%	0.92%
Jan-14	4.63%	3.77%	0.86%
Feb-14	4.53%	3.66%	0.87%
Mar-14	4.51%	3.62%	0.89%
Apr-14	4.41%	3.52%	0.89%
May-14	4.26%	3.39%	0.87%
Jun-14	4.29%	3.42%	0.87%
Jul-14	4.23%	3.33%	0.90%
Aug-14	4.13%	3.20%	0.93%
Sep-14	4.24%	3.26%	0.98%
Oct-14	4.06%	3.04%	1.02%
Nov-14	4.09%	3.04%	1.05%
Dec-14	3.95%	2.83%	1.12%
Jan-14	4.63%	3.77%	0.86%
Feb-14	4.53%	3.66%	0.87%
Mar-14	4.51%	3.62%	0.89%
Apr-14	4.41%	3.52%	0.89%
May-14	4.26%	3.39%	0.87%
Jun-14	4.29%	3.42%	0.87%
Jul-14	4.23%	3.33%	0.90%
Aug-14	4.13%	3.20%	0.93%
Sep-14	4.24%	3.26%	0.98%
Oct-14	4.06%	3.04%	1.02%
Nov-14	4.09%	3.04%	1.05%
Dec-14	3.95%	2.83%	1.12%
Jan-15	3.58%	2.46%	1.12%
Feb-15	3.67%	2.57%	1.10%
Mar-15	3.74%	2.63%	1.11%
Apr-15	3.75%	2.59%	1.16%
May-15	4.17%	2.96%	1.21%
Jun-15	4.39%	3.11%	1.28%
Jul-15	4.40%	3.07%	1.33%
Aug-15	4.25%	2.86%	1.39%
Sep-15	4.39%	2.95%	1.44%
Oct-15	4.29%	2.89%	1.40%
Nov-15	4.40%	3.03%	1.37%
Dec-15	4.35%	2.97%	1.38%

Year	A-rated Public Utility	30-Year Treasuries Yield	30-Year Treasuries Spread
Jan-16	4.27%	2.86%	1.41%
Feb-16	4.11%	2.62%	1.49%
Mar-16	4.16%	2.68%	1.48%
Apr-16	4.00%	2.62%	1.38%
May-16	3.93%	2.63%	1.30%
Jun-16	3.78%	2.45%	1.33%
Jul-16	3.57%	2.23%	1.34%
Aug-16	3.59%	2.26%	1.33%
Sep-16	3.66%	2.35%	1.31%
Oct-16	3.77%	2.50%	1.27%
Nov-16	4.08%	2.86%	1.22%
Dec-16	4.27%	3.11%	1.16%
Jan-17	4.14%	3.02%	1.12%
Feb-17	4.18%	3.03%	1.15%
Mar-17	4.23%	3.08%	1.15%
Apr-17	4.12%	2.94%	1.18%
May-17	4.12%	2.96%	1.16%
Jun-17	3.94%	2.80%	1.14%
Jul-17	3.99%	2.88%	1.11%
Aug-17	3.86%	2.80%	1.06%
Sep-17	3.87%	2.78%	1.09%
Oct-17	3.91%	2.88%	1.03%
Nov-17	3.83%	2.80%	1.03%
Dec-17	3.79%	2.77%	1.02%
Jan-18	3.86%	2.88%	0.98%
Feb-18	4.09%	3.13%	0.96%
Mar-18	4.13%	3.09%	1.04%
Apr-18	4.17%	3.07%	1.10%
May-18	4.28%	3.13%	1.15%
Jun-18	4.27%	3.05%	1.22%
Jul-18	4.27%	3.01%	1.26%
Aug-18	4.26%	3.04%	1.22%
Sep-18	4.32%	3.15%	1.17%
Oct-18	4.45%	3.34%	1.11%
Nov-18	4.52%	3.36%	1.16%
Dec-18	4.37%	3.10%	1.27%
Jan-19	4.35%	3.04%	1.31%
Feb-19	4.25%	3.02%	1.23%
Mar-19	4.16%	2.98%	1.18%
Apr-19	4.08%	2.94%	1.14%
May-19	3.98%	2.82%	1.16%
Jun-19	3.82%	2.57%	1.25%
Jul-19	3.69%	2.57%	1.12%
Aug-19	3.29%	2.12%	1.17%
Sep-19	3.37%	2.16%	1.21%
Oct-19	3.39%	2.19%	1.20%
Nov-19	3.43%	2.28%	1.15%
Dec-19	3.40%	2.30%	1.10%
Jan-20	3.29%	2.22%	1.07%
Feb-20	3.11%	1.97%	1.14%
Mar-20	3.50%	1.46%	2.04%
Apr-20	3.19%	1.27%	1.92%
May-20	3.14%	1.38%	1.76%
Jun-20	3.07%	1.49%	1.58%
Jul-20	2.74%	1.31%	1.43%
Aug-20	2.73%	1.36%	1.37%
Sep-20	2.84%	1.42%	1.42%
Oct-20	2.95%	1.57%	1.38%
Nov-20	2.85%	1.62%	1.23%
Dec-20	2.77%	1.67%	1.10%
Average:	12-months		1.45%
	6-months		1.32%
	3-months		1.24%

Common Equity Risk Premiums
Years 1926-2019

	Large Common Stocks	Long-Term Corp. Bonds	Equity Risk Premium	Long-Term Govt. Bonds Yields
Low Interest Rates	11.92%	5.22%	6.70%	2.88%
Average Across All Interest Rates	12.09%	6.40%	5.69%	4.99%
High Interest Rates	12.26%	7.57%	4.69%	7.09%

Source of Information: 2020 SBBI Yearbook Stocks, Bonds, Bills, and Inflation

Basic Series
Annual Total Returns (except yields)

Year	Large Common Stocks	Long-Term Corp. Bonds	Long-Term Govt. Bonds Yields
1940	-9.78%	3.39%	1.94%
1945	36.44%	4.08%	1.99%
1941	-11.59%	2.73%	2.04%
1949	18.79%	3.31%	2.09%
1946	-8.07%	1.72%	2.12%
1950	31.71%	2.12%	2.24%
2019	31.49%	19.95%	2.25%
1939	-0.41%	3.97%	2.26%
1948	5.50%	4.14%	2.37%
1947	5.71%	-2.34%	2.43%
1942	20.34%	2.60%	2.46%
1944	19.75%	4.73%	2.46%
2012	16.00%	10.68%	2.46%
2014	13.69%	17.28%	2.46%
1943	25.90%	2.83%	2.48%
1938	31.12%	6.13%	2.52%
2017	21.83%	12.25%	2.54%
1936	33.92%	6.74%	2.55%
2011	2.11%	17.95%	2.55%
2015	1.38%	-1.02%	2.68%
1951	24.02%	-2.69%	2.69%
1954	52.62%	5.39%	2.72%
2016	11.96%	6.70%	2.72%
1937	-35.03%	2.75%	2.73%
1953	-0.99%	3.41%	2.74%
1935	47.67%	9.61%	2.76%
1952	18.37%	3.52%	2.79%
2018	-4.38%	-4.73%	2.84%
1934	-1.44%	13.84%	2.93%
1955	31.56%	0.48%	2.95%
2008	-37.00%	8.78%	3.03%
1932	-8.19%	10.82%	3.15%
1927	37.49%	7.44%	3.17%
1957	-10.78%	8.71%	3.23%
1930	-24.90%	7.98%	3.30%
1933	53.99%	10.38%	3.36%
1928	43.61%	2.84%	3.40%
1929	-8.42%	3.27%	3.40%
1956	6.56%	-6.81%	3.45%
1926	11.62%	7.37%	3.54%
2013	32.39%	-7.07%	3.78%
1960	0.47%	9.07%	3.80%
1958	43.36%	-2.22%	3.82%
1962	-8.73%	7.95%	3.95%
1931	-43.34%	-1.85%	4.07%
2010	15.06%	12.44%	4.14%
1961	26.89%	4.82%	4.15%
1963	22.80%	2.19%	4.17%
1964	16.48%	4.77%	4.23%
1959	11.96%	-0.97%	4.47%
1965	12.45%	-0.46%	4.50%
2007	5.49%	2.60%	4.50%
1966	-10.06%	0.20%	4.55%
2009	26.46%	3.02%	4.58%
2005	4.91%	5.87%	4.61%
2002	-22.10%	16.33%	4.84%
2004	10.88%	8.72%	4.84%
2006	15.79%	3.24%	4.91%
2003	28.68%	5.27%	5.11%
1998	28.58%	10.76%	5.42%
1967	23.98%	-4.95%	5.56%
2000	-9.10%	12.87%	5.58%
2001	-11.89%	10.65%	5.75%
1971	14.30%	11.01%	5.97%
1968	11.06%	2.57%	5.98%
1972	18.99%	7.26%	5.99%
1997	33.36%	12.95%	6.02%
1995	37.58%	27.20%	6.03%
1970	3.86%	18.37%	6.48%
1993	10.08%	13.19%	6.54%
1996	22.96%	1.40%	6.73%
1999	21.04%	-7.45%	6.82%
1969	-8.50%	-8.09%	6.87%
1976	23.93%	18.65%	7.21%
1973	-14.69%	1.14%	7.26%
1992	7.62%	9.39%	7.26%
1991	30.47%	19.89%	7.30%
1974	-26.47%	-3.06%	7.60%
1986	18.67%	19.85%	7.89%
1994	1.32%	-5.76%	7.99%
1977	-7.16%	1.71%	8.03%
1975	37.23%	14.64%	8.05%
1989	31.69%	16.23%	8.16%
1990	-3.10%	6.78%	8.44%
1978	6.57%	-0.07%	8.98%
1988	16.61%	10.70%	9.19%
1987	5.25%	-0.27%	9.20%
1985	31.73%	30.09%	9.56%
1979	18.61%	-4.18%	10.12%
1982	21.55%	42.56%	10.95%
1984	6.27%	16.86%	11.70%
1983	22.56%	6.26%	11.97%
1980	32.50%	-2.76%	11.99%
1981	-4.92%	-1.24%	13.34%

Yields for Treasury Constant Maturities
Yearly for 2015-2019
and the Twelve Months Ended December 2020

Years	1-Year	2-Year	3-Year	5-Year	7-Year	10-Year	20-Year	30-Year
2015	0.32%	0.69%	1.03%	1.53%	1.89%	2.14%	2.55%	2.84%
2016	0.61%	0.84%	1.01%	1.34%	1.64%	1.84%	2.23%	2.60%
2017	1.20%	1.40%	1.58%	1.91%	2.16%	2.33%	2.65%	2.90%
2018	2.33%	2.53%	2.63%	2.75%	2.85%	2.91%	3.02%	3.11%
2019	2.05%	1.97%	1.94%	1.96%	2.05%	2.14%	2.40%	2.58%
Five-Year Average	1.30%	1.49%	1.64%	1.90%	2.12%	2.27%	2.57%	2.81%
Months								
Jan-20	1.53%	1.52%	1.52%	1.56%	1.67%	1.76%	2.07%	2.22%
Feb-20	1.41%	1.33%	1.31%	1.32%	1.42%	1.50%	1.81%	1.97%
Mar-20	0.33%	0.45%	0.50%	0.59%	0.78%	0.87%	1.26%	1.46%
Apr-20	0.18%	0.22%	0.28%	0.39%	0.55%	0.66%	1.06%	1.27%
May-20	0.16%	0.17%	0.22%	0.34%	0.53%	0.67%	1.12%	1.38%
Jun-20	0.18%	0.19%	0.22%	0.34%	0.55%	0.73%	1.27%	1.49%
Jul-20	0.15%	0.15%	0.17%	0.28%	0.46%	0.62%	1.09%	1.31%
Aug-20	0.13%	0.14%	0.16%	0.27%	0.46%	0.65%	1.14%	1.36%
Sep-20	0.13%	0.13%	0.16%	0.27%	0.46%	0.68%	1.21%	1.42%
Oct-20	0.13%	0.15%	0.19%	0.34%	0.55%	0.79%	1.34%	1.57%
Nov-20	0.12%	0.17%	0.22%	0.39%	0.63%	0.87%	1.40%	1.62%
Dec-20	0.10%	0.14%	0.19%	0.39%	0.66%	0.93%	1.47%	1.67%
Twelve-Month Average	0.38%	0.40%	0.43%	0.54%	0.73%	0.89%	1.35%	1.56%
Six-Month Average	0.13%	0.15%	0.18%	0.32%	0.54%	0.76%	1.28%	1.49%
Three-Month Average	0.12%	0.15%	0.20%	0.37%	0.61%	0.86%	1.40%	1.62%

Measures of the Risk-Free Rate & Corporate Bond Yields

The forecast of Treasury and Corporate yields
per the consensus of nearly 50 economists
reported in the Blue Chip Financial Forecasts dated December 1, 2020 and January 1, 2021

		Treasury					Corporate	
Year	Quarter	1-Year Bill	2-Year Note	5-Year Note	10-Year Note	30-Year Bond	Aaa Bond	Baa Bond
2021	First	0.1%	0.2%	0.4%	0.9%	1.7%	2.5%	3.5%
2021	Second	0.2%	0.2%	0.5%	1.0%	1.8%	2.5%	3.6%
2021	Third	0.2%	0.3%	0.6%	1.1%	1.9%	2.6%	3.7%
2021	Fourth	0.2%	0.3%	0.6%	1.2%	2.0%	2.7%	3.8%
2022	First	0.2%	0.4%	0.7%	1.3%	2.1%	2.8%	3.8%
2022	Second	0.3%	0.4%	0.8%	1.4%	2.1%	2.8%	3.8%
Long-range CONSENSUS								
2022		0.3%	0.4%	0.8%	1.3%	2.1%	2.8%	3.9%
2023		0.6%	0.8%	1.2%	1.7%	2.4%	3.2%	4.3%
2024		1.0%	1.2%	1.6%	2.0%	2.8%	3.6%	4.7%
2025		1.4%	1.6%	2.0%	2.4%	3.1%	4.0%	5.0%
2026		1.8%	1.9%	2.3%	2.6%	3.4%	4.2%	5.2%
Averages:								
	2022-2026	1.0%	1.2%	1.5%	2.0%	2.8%	3.6%	4.6%
	2027-2031	2.1%	2.3%	2.5%	2.8%	3.6%	4.5%	5.4%

Measures of the Market Premium

Value Line Return					
As of:	Dividend Yield		Median Appreciation Potential		Median Total Return
25-Dec-20	2.0%	+	7.79%	=	9.79%

DCF Result for the S&P 500 Composite							
D/P	(	1+.5g	)	+	g	=	k
1.73%	(	1.0470	)	+	9.40%	=	11.21%

Summary			
Value Line			9.79%
S&P 500			11.21%
Average			10.50%
Risk-free Rate of Return (Rf)			2.00%
Forecast Market Premium			8.50%
Historical Market Premium			
Low Interest Rates	(Rm)	(Rf)	
1926-2019 Arith. mean	11.92%	2.88%	9.04%
Average - Forecast/Historical			8.77%

Exhibit 7.8: Size-Decile Portfolios of the NYSE/NYSE MKT/NASDAQ Long-Term Returns in Excess of CAPM
1926–2016

Size Grouping	OLS Beta	Arithmetic Mean	Return in Excess of Risk-free Rate (actual)	Return in Excess of Risk-free Rate (as predicted by CAPM)	Size Premium
Mid-Cap (3–5)	1.12	13.82%	8.80%	7.79%	1.02%
Low-Cap (6–8)	1.22	15.26%	10.24%	8.49%	1.75%
Micro-Cap (9–10)	1.35	18.04%	13.02%	9.35%	3.67%
Breakdown of Deciles 1–10					
1-Largest	0.92	11.05%	6.04%	6.38%	-0.35%
2	1.04	12.82%	7.81%	7.19%	0.61%
3	1.11	13.57%	8.55%	7.66%	0.89%
4	1.13	13.80%	8.78%	7.80%	0.98%
5	1.17	14.62%	9.60%	8.09%	1.51%
6	1.17	14.81%	9.79%	8.14%	1.66%
7	1.25	15.41%	10.39%	8.67%	1.72%
8	1.30	16.14%	11.12%	9.04%	2.08%
9	1.34	16.97%	11.96%	9.28%	2.68%
10-Smallest	1.39	20.27%	15.25%	9.66%	5.59%

Betas are estimated from monthly returns in excess of the 30-day U.S. Treasury bill total return, January 1926–December 2016. Historical riskless rate measured by the 91-year arithmetic mean income return component of 20-year government bonds (5.02%). Calculated in the context of the CAPM by multiplying the equity risk premium by beta. The equity risk premium is estimated by the arithmetic mean total return of the S&P 500 (11.95%) minus the arithmetic mean income return component of 20-year government bonds (5.02%) from 1926–2016. Source: Morningstar *Direct* and CRSP. Calculated based on data from CRSP US Stock Database and CRSP US Indices Database ©2017 Center for Research. Used with permission. All calculations performed by Duff & Phelps, LLC.

Comparable Earnings Approach
Using Non-Utility Companies with
Timeliness of 3 & 4; Safety Rank of 1, 2 & 3; Financial Strength of B+, B++, A & A+;
Price Stability of 70 to 95; Betas of .80 to 1.05; and Technical Rank of 3, 4 & 5

Company	Industry	Timeliness Rank	Safety Rank	Financial Strength	Price Stability	Beta	Technical Rank
ACI Worldwide Inc	IT Services	3	3	B+	70	1.05	3
Alamo Group	Machinery	3	3	B+	70	1.05	3
Brown Forman Corp (Class B)	Beverage	3	1	A	95	0.85	3
Badger Meter Inc	Precision Instrument	3	3	B++	70	1.05	5
Brady Corp	Diversified Co.	4	3	B++	80	1.00	5
CACI International Inc	IT Services	3	3	B+	80	0.95	3
Caseys General Stores Inc	Retail/Wholesale Food	3	3	B+	85	0.85	3
Cerner Corp	Healthcare Information	3	2	A+	85	0.95	3
Chemed Corporation	Diversified Co.	3	2	A	95	0.85	4
Cincinnati Financial Corp	Insurance (Prop/Cas.)	4	3	B++	70	1.05	4
CME Group Inc	Brokers & Exchanges	4	2	A	90	0.95	5
CoStar Group Inc	Information Services	3	2	A+	80	0.95	4
Dolby Laboratories Inc	Entertainment Tech	3	2	A	90	0.95	3
Ennis Inc.	Office Equip/Supplies	3	3	B++	85	0.80	4
ESCO Technologies Inc	Diversified Co.	3	3	B+	90	1.00	3
Exponent Inc.	Information Services	3	3	B+	90	0.85	3
FirstCash Inc.	Financial Svcs. (Div.)	4	3	B++	85	0.85	4
FactSet Research Systems Inc	Information Services	3	2	A+	85	1.00	3
Franklin Electric Co Inc	Electrical Equipment	3	3	A	75	1.00	3
FLIR Systems Inc	Electrical Equipment	4	3	B++	70	0.95	5
GATX Corp	Railroad	3	3	B+	75	1.00	3
Gentex Corp	Auto Parts	3	3	B++	85	0.95	3
Graphic Packaging	Packaging & Container	3	3	B+	80	1.00	3
Huntington Ingalls Industries Inc	Aerospace/Defense	3	3	B++	75	1.05	4
Hill Rom Holdings	Med Supp Non-Invasive	4	3	B++	70	1.05	4
Integra LifeSciences Holdings Corporati	Med Supp Invasive	3	3	B+	75	1.00	4
International Business Machines Corp	Computers/Peripherals	3	1	A	90	1.05	4
Intercontinental Exch.	Brokers & Exchanges	3	2	A	95	0.90	4
Ingredion Incorporated	Food Processing	4	3	B++	90	0.90	4
Innospec Inc	Chemical (Specialty)	4	3	B++	75	1.00	4
J B Hunt Transport Services Inc	Trucking	3	2	A+	85	0.95	3
J and J Snack Foods Corp	Food Processing	4	1	A+	90	0.90	4
ManTech International Corporation	IT Services	3	3	B+	85	0.85	3
Mercury General Corp	Insurance (Prop/Cas.)	3	3	B++	75	0.95	4
Monster Beverage Corporation	Beverage	3	2	A+	80	0.85	4
Monolithic Power Sys.	Semiconductor	3	3	A	75	1.00	4
MSA Safety	Machinery	3	3	B+	80	1.00	3
MSC Industrial Direct Co Inc	Machinery	3	2	A	80	0.95	3
Neogen Corp	Med Supp Non-Invasive	3	3	B++	70	0.80	3
New York Times Co	Publishing	3	3	B+	75	0.80	4
Omnicom Group Inc	Advertising	4	3	B+	90	1.00	3
Post Holdings Inc	Food Processing	3	3	B++	85	0.95	5
Power Integrations Inc	Semiconductor	3	3	A	70	0.85	4
Roper Tech.	Machinery	3	1	A+	95	1.00	3
Scholastic Corporation	Publishing	4	3	B++	75	1.00	4
Tennant Co	Machinery	4	3	B++	70	1.05	4
Trimas Corporation	Diversified Co.	3	3	B+	80	0.90	3
AMERCO	Trucking	3	2	B++	90	0.95	3
UniFirst Corp	Industrial Services	3	2	A	90	0.95	3
Valmont Industries	Diversified Co.	3	2	A	80	1.05	3
VeriSign Inc	Internet	3	3	B++	90	0.95	5
Washington Federal Inc	Thrift	4	3	B+	80	1.05	4
Encore Wire	Electronics	3	3	A	70	1.00	4
Watts Water Technologies Inc	Machinery	3	2	B++	95	1.00	3
Yum Brands Inc	Restaurant	3	3	B++	85	1.05	3
Average		3	3	B++	82	0.96	4
Gas Group	Average	3	2	A	87	0.87	4

Source of Information: Value Line Investment Survey for Windows, January 2021

Comparable Earnings Approach
Five -Year Average Historical Earned Returns
for Years 2015-2019 and
Projected 3-5 Year Returns

Company	2015	2016	2017	2018	2019	Average	Projected 2023-25
ACI Worldwide Inc	13.1%	17.2%	0.7%	6.6%	5.9%	8.7%	11.0%
Alamo Group	12.0%	10.3%	12.1%	14.5%	11.0%	12.0%	13.0%
Brown Forman Corp (Class B)	45.3%	48.8%	56.7%	50.7%	41.9%	48.7%	60.0%
Badger Meter Inc	11.2%	12.6%	12.5%	14.8%	14.3%	13.1%	20.0%
Brady Corp	11.1%	13.3%	13.7%	14.9%	15.4%	13.7%	14.0%
CACI International Inc	8.5%	8.9%	9.1%	9.4%	11.2%	9.4%	11.0%
Caseys General Stores Inc	20.9%	14.9%	11.2%	14.5%	16.1%	15.5%	15.0%
Cerner Corp	19.1%	20.1%	16.8%	16.6%	20.0%	18.5%	20.0%
Chemed Corporation	21.5%	20.7%	26.1%	33.9%	31.7%	26.8%	28.5%
Cincinnati Financial Corp	9.2%	7.2%	5.5%	7.0%	7.0%	7.2%	9.0%
CME Group Inc	6.1%	7.5%	18.1%	7.6%	8.1%	9.5%	9.0%
CoStar Group Inc	4.3%	8.3%	5.8%	10.0%	11.0%	7.9%	11.0%
Dolby Laboratories Inc	10.0%	9.4%	9.4%	12.6%	11.1%	10.5%	13.5%
Ennis Inc.	12.0%	10.5%	12.5%	12.9%	13.0%	12.2%	12.5%
ESCO Technologies Inc	7.1%	8.3%	8.6%	9.0%	9.9%	8.6%	9.5%
Exponent Inc.	16.6%	17.4%	14.3%	23.0%	23.5%	19.0%	30.0%
FirstCash Inc.	14.1%	4.1%	7.9%	11.6%	12.2%	10.0%	12.5%
FactSet Research Systems Inc	45.3%	49.7%	46.1%	50.8%	52.5%	48.9%	43.5%
Franklin Electric Co Inc	13.2%	12.8%	12.5%	14.6%	12.3%	13.1%	12.5%
FLIR Systems Inc	13.4%	12.5%	13.7%	16.6%	16.2%	14.5%	16.0%
GATX Corp	18.1%	17.6%	10.4%	11.2%	10.9%	13.6%	8.0%
Gentex Corp	18.5%	18.2%	18.0%	23.5%	21.9%	20.0%	25.0%
Graphic Packaging	22.4%	21.6%	23.2%	11.9%	13.2%	18.5%	17.5%
Huntington Ingalls Industries Inc	27.1%	34.7%	27.2%	55.1%	36.5%	36.1%	19.5%
Hill Rom Holdings	13.4%	18.3%	19.0%	19.9%	21.9%	18.5%	17.5%
Integra LifeSciences Holdings Corporation	13.6%	16.1%	15.9%	14.8%	16.8%	15.4%	21.0%
International Business Machines Corp	93.7%	65.1%	72.8%	75.4%	54.9%	72.4%	26.5%
Intercontinental Exch.	9.2%	10.6%	10.4%	12.1%	12.7%	11.0%	12.0%
Ingredion Incorporated	19.1%	20.5%	19.5%	20.8%	16.4%	19.3%	17.5%
Innospec Inc	19.8%	12.4%	7.8%	10.3%	12.2%	12.5%	13.0%
J B Hunt Transport Services Inc	32.9%	30.6%	22.6%	29.7%	24.9%	28.1%	17.5%
J and J Snack Foods Corp	11.7%	11.9%	11.6%	11.1%	11.4%	11.5%	11.5%
ManTech International Corporation	4.3%	4.5%	4.7%	5.9%	7.6%	5.4%	9.0%
Mercury General Corp	7.1%	5.4%	5.1%	6.2%	8.0%	6.4%	14.5%
Monster Beverage Corporation	13.4%	21.4%	20.0%	27.5%	26.6%	21.8%	21.0%
Monolithic Power Sys.	9.5%	12.2%	15.1%	16.4%	14.1%	13.5%	23.0%
MSA Safety	18.3%	18.8%	23.6%	27.7%	25.9%	22.9%	26.5%
MSC Industrial Direct Co Inc	17.5%	21.1%	18.7%	20.8%	20.0%	19.6%	22.0%
Neogen Corp	9.6%	9.0%	9.3%	10.3%	9.4%	9.5%	8.0%
New York Times Co	7.7%	3.7%	0.5%	12.1%	11.9%	7.2%	20.5%
Omnicom Group Inc	44.6%	53.1%	46.0%	52.1%	46.9%	48.5%	34.5%
Post Holdings Inc	1.8%	7.2%	7.6%	10.1%	12.7%	7.9%	11.5%
Power Integrations Inc	9.1%	9.8%	11.9%	13.3%	6.9%	10.2%	9.5%
Roper Tech.	12.8%	11.4%	11.0%	15.9%	14.4%	13.1%	12.0%
Scholastic Corporation	3.6%	4.7%	5.0%	3.9%	2.6%	4.0%	6.0%
Tennant Co	18.2%	16.7%	9.2%	12.8%	14.9%	14.4%	13.5%
Trimas Corporation	10.7%	11.6%	11.8%	13.1%	9.5%	11.3%	14.0%
AMERCO	21.7%	15.2%	9.0%	10.0%	7.0%	12.6%	6.5%
UniFirst Corp	10.0%	8.5%	7.4%	10.2%	10.0%	9.2%	7.5%
Valmont Industries	4.4%	18.4%	14.2%	16.1%	13.8%	13.4%	12.5%
VeriSign Inc	-	-	-	-	-	-	NMF
Washington Federal Inc	8.2%	8.3%	8.7%	10.2%	10.3%	9.1%	9.5%
Encore Wire	8.8%	5.9%	10.5%	10.8%	7.5%	8.7%	9.0%
Watts Water Technologies Inc	12.0%	12.5%	12.5%	14.4%	14.2%	13.1%	14.0%
Yum Brands Inc	NMF	-	-	-	-	-	NMF
Average						16.7%	16.7%
Median						13.1%	13.5%
Average (excluding companies with values >20%)						11.9%	12.1%

Comparable Earnings Approach

Screening Parameters

Timeliness Rank

The rank for a stock's probable relative market performance in the year ahead. Stocks ranked 1 (Highest) or 2 (Above Average) are likely to outpace the year-ahead market. Those ranked 4 (Below Average) or 5 (Lowest) are not expected to outperform most stocks over the next 12 months. Stocks ranked 3 (Average) will probably advance or decline with the market in the year ahead. Investors should try to limit purchases to stocks ranked 1 (Highest) or 2 (Above Average) for Timeliness.

Safety Rank

A measure of potential risk associated with individual common stocks rather than large diversified portfolios (for which Beta is good risk measure). Safety is based on the stability of price, which includes sensitivity to the market (see Beta) as well as the stock's inherent volatility, adjusted for trend and other factors including company size, the penetration of its markets, product market volatility, the degree of financial leverage, the earnings quality, and the overall condition of the balance sheet. Safety Ranks range from 1 (Highest) to 5 (Lowest). Conservative investors should try to limit purchases to equities ranked 1 (Highest) or 2 (Above Average) for Safety.

Financial Strength

The financial strength of each of the more than 1,600 companies in the VS II data base is rated relative to all the others. The ratings range from A++ to C in nine steps. (For screening purposes, think of an A rating as "greater than" a B). Companies that have the best relative financial strength are given an A++ rating, indicating ability to weather hard times better than the vast majority of other companies. Those who don't quite merit the top rating are given an A+ grade, and so on. A rating as low as C++ is considered satisfactory. A rating of C+ is well below average, and C is reserved for companies with very serious financial problems. The ratings are based upon a computer analysis of a number of key variables that determine (a) financial leverage, (b) business risk, and (c) company size, plus the judgment of Value Line's analysts and senior editors regarding factors that cannot be quantified across-the-board for companies. The primary variables that are indexed and studied include equity coverage of debt, equity coverage of intangibles, "quick ratio", accounting methods, variability of return, fixed charge coverage, stock price stability, and company size.

Price Stability Index

An index based upon a ranking of the weekly percent changes in the price of the stock over the last five years. The lower the standard deviation of the changes, the more stable the stock. Stocks ranking in the top 5% (lowest standard deviations) carry a Price Stability Index of 100; the next 5%, 95; and so on down to 5. One standard deviation is the range around the average weekly percent change in the price that encompasses about two thirds of all the weekly percent change figures over the last five years. When the range is wide, the standard deviation is high and the stock's Price Stability Index is low.

Beta

A measure of the sensitivity of the stock's price to overall fluctuations in the New York Stock Exchange Composite Average. A Beta of 1.50 indicates that a stock tends to rise (or fall) 50% more than the New York Stock Exchange Composite Average. Use Beta to measure the stock market risk inherent in any diversified portfolio of, say, 15 or more companies. Otherwise, use the Safety Rank, which measures total risk inherent in an equity, including that portion attributable to market fluctuations. Beta is derived from a least squares regression analysis between weekly percent changes in the price of a stock and weekly percent changes in the NYSE Average over a period of five years. In the case of shorter price histories, a smaller time period is used, but two years is the minimum. The Betas are periodically adjusted for their long-term tendency to regress toward 1.00.

Technical Rank

A prediction of relative price movement, primarily over the next three to six months. It is a function of price action relative to all stocks followed by Value Line. Stocks ranked 1 (Highest) or 2 (Above Average) are likely to outpace the market. Those ranked 4 (Below Average) or 5 (Lowest) are not expected to outperform most stocks over the next six months. Stocks ranked 3 (Average) will probably advance or decline with the market. Investors should use the Technical and Timeliness Ranks as complements to one another.

EXHIBIT 401

COLUMBIA GAS OF PENNSYLVANIA, INC.
53.53 II. RATE OF RETURN
A. ALL UTILITIES

1. Provide capitalization and capitalization ratios for the last five-year period and projected through the next two years. (With short-term debt and without short-term debt.) (Company, Parent and System [consolidated].)

   a. Provide year-end interest coverage before and after taxes for the last three years and at latest date. (Indenture and SEC Basis.) (Company, Parent and System [consolidated].)

   b. Provide year-end preferred stock dividend coverage for the last three years and at latest date (Charter and SEC Basis).

Response:

1. Capitalization and capitalization ratios for the last five year period are provided on page 2 (Company) and page 3 (NiSource).
   a. Interest coverage ratios are provided on page 4 (Company) and page 5 (Nisource).
   b. Preferred stock dividend coverage for the last 3 years and at latest date for NiSource Inc. are as follows:

In millions	2017	2018	2019	2020
Net Income		$(50.59)M	$383.1M	$(14.2)M
Required Preferred Dividend Payment		$15.0M	$55.1M	$55.1M
Preferred Stock dividend coverage	N/A (1)	N/A (2)	6.95	N/A (2)

(1) NiSource Inc.'s outstanding cumulative preferred stock was issued in 2018.
(2) Payout ratio excluded for periods with a net loss.

COLUMBIA GAS OF PENNSYLVANIA, INC.
Capitalization and Capitalization Ratios
As Ratios

Line No.	As of	With Short Term Debt Amount (1) $000	With Short Term Debt Ratio (2) %	Without Short Term Debt Amount (3) $000	Without Short Term Debt Ratio (4) %
1	November 30, 2016				
2	Common Equity (a)	650,222	53.52	650,222	54.61
3	Long-Term Debt	540,515	44.49	540,515	45.39
4	Short-Term Debt (b)	24,092	1.99	0	0.00
5	Total	1,214,829	100.00	1,190,737	100.00
6	November 30, 2017				
7	Common Equity (a)	713,822	51.47	713,822	53.30
8	Long-Term Debt	625,515	45.10	625,515	46.70
9	Short-Term Debt (b)	47,592	3.43	0	0.00
10	Total	1,386,929	100.00	1,339,337	100.00
11	November 30, 2018				
12	Common Equity (a)	846,996	52.46	846,996	54.56
13	Long-Term Debt	705,515	43.70	705,515	45.44
14	Short-Term Debt (b)	62,010	3.85	0	0.00
15	Total	1,614,522	100.00	1,552,511	100.00
16	November 30, 2019				
17	Common Equity (a)	951,493	52.99	951,493	54.78
18	Long-Term Debt	785,515	43.74	785,515	45.22
19	Short-Term Debt (b)	58,765	3.27	0	0.00
20	Total	1,795,773	100.00	1,737,008	100.00
21	November 30, 2020				
22	Common Equity (a)	1,097,051	53.49	1,097,051	55.06
23	Long-Term Debt	895,515	43.66	895,515	44.94
24	Short-Term Debt (b)	58,398	2.85	0	0.00
25	Total	2,050,965	100.00	1,992,566	100.00
26	November 30, 2021 - Projected				
27	Common Equity (a)	1,264,904	54.32	1,264,904	56.21
28	Long-Term Debt	985,515	42.32	985,515	43.79
29	Short-Term Debt (b)	78,325	3.36	0	0.00
30	Total	2,328,744	100.00	2,250,419	100.00
31	December 31, 2022 - Projected				
32	Common Equity (a)	1,444,630	54.34	1,444,630	56.54
33	Long-Term Debt	1,110,515	41.77	1,110,515	43.46
34	Short-Term Debt (b)	103,335	3.89	0	0.00
35	Total	2,658,480	100.00	2,555,145	100.00

(a) Excluding Accumulated Other Comprehensive Income ("OCI") from the equity account, if any.
(b) Represent 12 month average

NiSource, Inc.
Capitalization and Capitalization Ratios
As Ratios

Line No.	As of	With Short Term Debt Amount	With Short Term Debt Ratio	Without Short Term Debt Amount	Without Short Term Debt Ratio
		(1)	(2)	(3)	(4)
		$000	%	$000	%
1	November 30, 2016				
2	Common Equity (a)	4,038,776	35.25	4,038,776	38.49
3	Preferred Stock	0	0.00	0	0.00
4	Long-Term Debt	6,455,301	56.34	6,455,301	61.51
5	Short-Term Debt (b)	963,554	8.41	0	0.00
6	Total	11,457,631	100.00	10,494,077	100.00
7	November 30, 2017				
8	Common Equity (a)	4,452,302	33.17	4,452,302	36.33
9	Preferred Stock	0	0.00	0	0.00
10	Long-Term Debt	7,802,440	58.13	7,802,440	63.67
11	Short-Term Debt (b)	1,168,657	8.71	0	0.00
12	Total	13,423,400	100.00	12,254,743	100.00
13	November 30, 2018				
14	Common Equity (a)	4,763,702	33.65	4,763,702	37.25
15	Preferred Stock	879,880	6.22	879,880	6.88
16	Long-Term Debt	7,145,820	50.48	7,145,820	55.87
17	Short-Term Debt (b)	1,365,241	9.65	0	0.00
18	Total	14,154,643	100.00	12,789,402	100.00
19	November 30, 2019				
20	Common Equity (a)	5,401,077	33.59	5,401,077	38.20
21	Preferred Stock	879,749	5.47	879,749	6.22
22	Long-Term Debt	7,859,601	48.89	7,859,601	55.58
23	Short-Term Debt (b)	1,937,109	12.05	0	0.00
24	Total	16,077,537	100.00	14,140,428	100.00
25	November 30, 2020				
26	Common Equity (a)	4,873,175	29.99	4,873,175	32.53
27	Preferred Stock	879,749	5.41	879,749	5.87
28	Long-Term Debt	9,227,555	56.78	9,227,555	61.60
29	Short-Term Debt (b)	1,270,514	7.82	0	0.00
30	Total	16,250,993	100.00	14,980,479	100.00
31	December 31, 2021 - Projected				
32	Common Equity (a)	6,080,653	34.99	6,080,653	35.94
33	Preferred Stock	1,629,749	9.38	1,629,749	9.63
34	Long-Term Debt	9,207,481	52.99	9,207,481	54.42
35	Short-Term Debt (b)	458,770	2.64	0	0.00
36	Total	17,376,654	100.00	16,917,883	100.00
37	December 31, 2022 - Projected				
38	Common Equity (a)	6,836,967	36.01	6,836,967	37.07
39	Preferred Stock	1,629,749	8.58	1,629,749	8.84
40	Long-Term Debt	9,977,098	52.55	9,977,098	54.09
41	Short-Term Debt (b)	542,780	2.86	0	0.00
42	Total	18,986,594	100.00	18,443,814	100.00

(a) Excluding Accumulated Other Comprehensive Income ("OCI") from the equity account, if any.
(b) Represent 12 month average

COLUMBIA GAS OF PENNSYLVANIA, INC.
INTEREST COVERAGES

Line No.	Description	Twelve Months Ended November 30 2017 (1)	Twelve Months Ended November 30 2018 (2)	Twelve Months Ended November 30 2019 (3)	Twelve Months Ended November 30 2020 (4)
1	Income Before Interest and Taxes	134,162,223	149,762,478	166,684,001	156,590,756
2	Less: Income Taxes	37,244,264	26,185,537	22,200,487	23,487,747
3	Income Before Interest	96,917,959	123,576,941	144,483,514	133,103,009
4	Interest Expense	33,318,203	35,402,475	39,986,576	42,545,079
5	Pre Tax Coverage (times) 1/	4.03	4.23	4.17	3.68
6	Post Tax Coverage (times) 2/	2.91	3.49	3.61	3.13

1/ Pre Tax=Line 1 / 4

2/ Post Tax=Line 3 / 4

NiSource, Inc.
INTEREST COVERAGES

Line No.	Description	Twelve Months Ended November 30 2017 (1)	Twelve Months Ended November 30 2018 (2)	Twelve Months Ended November 30 2019 (3)	Twelve Months Ended November 30 2020 (4)
1	Income Before Interest and Taxes	779,297,059	191,873,519	1,261,766,888	(73,794,673)
2	Less: Income Taxes	154,849,297	121,402,481	46,883,129	(61,351,510)
3	Income Before Interest	624,447,762	70,471,038	1,214,883,759	(12,443,163)
4	Interest Expense	351,572,447	353,836,471	377,847,712	374,063,569
5	Pre Tax Coverage (times) 1/	2.22	0.54	3.34	NA
6	Post Tax Coverage (times) 2/	1.78	0.20	3.22	NA

1/ Pre Tax=Line 1 / 4

2/ Post Tax=Line 3 / 4

EXHIBIT 402

COLUMBIA GAS OF PENNSYLVANIA, INC.
53.53 II. RATE OF RETURN
A. ALL UTILITIES

2. Provide latest quarterly financial report (Company and Parent).

Response:

Columbia Gas of Pennsylvania, Inc. does not publish quarterly financial reports.

Attached is NiSource Inc.'s September 30, 2020 Form 10-Q.

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, 2020

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, IN	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	NYSE
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	NYSE

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: 383,212,193 shares outstanding at October 26, 2020.

NISOURCE INC.
FORM 10-Q QUARTERLY REPORT
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

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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
AOCI	Accumulated Other Comprehensive Income (Loss)
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
ATM	At-the-market
BTA	Build-transfer agreement
CARES Act	The Coronavirus Aid, Relief and Economic Security Act provides more than $2 trillion to battle COVID-19 and its economic effects, including various types of economic relief for impacted business and industries.
CCRs	Coal Combustion Residuals
CEP	Capital Expenditure Program
CERCLA	Comprehensive Environmental Response Compensation and Liability Act (also known as Superfund)
COVID-19	Novel Coronavirus 2019
DSIC	Distribution System Improvement Charge
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
GWh	Gigawatt hours
IRP	Infrastructure Replacement Program
IURC	Indiana Utility Regulatory Commission
LIBOR	London InterBank Offered Rate
MA DOR	Massachusetts Department of Revenue

DEFINED TERMS

Massachusetts Business	All of the assets sold to, and liabilities assumed by, Eversource pursuant to the Asset Purchase Agreement
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator
MMDth	Million dekatherms
MW	Megawatts
MWh	Megawatt hours
NTSB	National Transportation Safety Board
NYMEX	New York Mercantile Exchange
OPEB	Other Postretirement Benefits
PHMSA	Pipeline and Hazardous Materials Safety Administration
PPA	Power Purchase Agreement
PSC	Public Service Commission
PTC	Production tax credit
PUC	Public Utilities Commission
PUCO	Public Utilities Commission of Ohio
RCRA	Resource Conservation and Recovery Act
RFP	Request for proposals
SAVE	Steps to Advance Virginia's Energy Plan
SEC	Securities and Exchange Commission
SMRP	Safety Modification and Replacement Program
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)
TSA	Transition Service Agreement
TDSIC	Transmission, Distribution and Storage System Improvement Charge
VSCC	Virginia State Corporation Commission

Note regarding forward-looking statements

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. These forward-looking statements include, but are not limited to, statements concerning our 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 our credit rating or the credit rating of 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; compliance with the agreements entered into with the U.S. Attorney’s Office to settle the U.S. Attorney’s Office’s investigation relating to the Greater Lawrence Incident; potential incidents and other operating risks associated with our business; continuing and potential future impacts from the COVID-19 pandemic; our ability to obtain sufficient insurance coverage and whether such coverage will protect us against significant losses; 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 applicable laws, regulations and tariffs; compliance with environmental laws and the costs of associated liabilities;

fluctuations in demand from residential, commercial and industrial 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 impairment of goodwill; 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; our ability to manage new initiatives and organizational changes; the performance of third-party suppliers and service providers; changes in the method for determining LIBOR and the potential replacement of the LIBOR benchmark interest rate; and other matters in the "Risk Factors" section of our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, and in our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020, 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.

PART I

ITEM 1. FINANCIAL STATEMENTS

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions, except per share amounts)	**2020**	2019	**2020**	2019
Operating Revenues				
Customer revenues	**$ 861.5**	$ 891.0	**$ 3,320.1**	$ 3,694.7
Other revenues	**41.0**	40.5	**150.6**	117.0
Total Operating Revenues	**902.5**	931.5	**3,470.7**	3,811.7
Operating Expenses				
Cost of sales (excluding depreciation and amortization)	**143.1**	196.7	**793.9**	1,130.5
Operation and maintenance	**379.9**	393.9	**1,177.6**	995.5
Depreciation and amortization	**180.6**	182.2	**542.4**	535.2
Loss on classification as held for sale	**35.6**	—	**400.2**	—
Loss (gain) on sale of fixed assets and impairments, net	**0.3**	(0.2)	**(0.4)**	(0.1)
Other taxes	**70.2**	67.9	**224.3**	221.9
Total Operating Expenses	**809.7**	840.5	**3,138.0**	2,883.0
Operating Income	**92.8**	91.0	**332.7**	928.7
Other Income (Deductions)				
Interest expense, net	**(95.2)**	(95.9)	**(285.1)**	(285.6)
Other, net	**8.0**	1.3	**19.9**	0.3
Loss on early extinguishment of long-term debt	**(243.4)**	—	**(243.4)**	—
Total Other Deductions, Net	**(330.6)**	(94.6)	**(508.6)**	(285.3)
Income (Loss) before Income Taxes	**(237.8)**	(3.6)	**(175.9)**	643.4
Income Taxes	**(64.9)**	(10.2)	**(73.9)**	121.0
Net Income (Loss)	**(172.9)**	6.6	**(102.0)**	522.4
Preferred dividends	**(13.8)**	(13.8)	**(41.4)**	(41.4)
Net Income (Loss) Available to Common Shareholders	**(186.7)**	(7.2)	**(143.4)**	481.0
Earnings (Loss) Per Share				
Basic Earnings (Loss) Per Share	**$ (0.49)**	$ (0.02)	**$ (0.37)**	$ 1.29
Diluted Earnings (Loss) Per Share	**$ (0.49)**	$ (0.02)	**$ (0.37)**	$ 1.28
Basic Average Common Shares Outstanding	**383.8**	374.1	**383.5**	373.8
Diluted Average Common Shares	**383.8**	374.1	**383.5**	375.2

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

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

(in millions, net of taxes)	Three Months Ended September 30, **2020**	Three Months Ended September 30, 2019	Nine Months Ended September 30, **2020**	Nine Months Ended September 30, 2019
Net Income (Loss)	**$ (172.9)**	$ 6.6	**$ (102.0)**	$ 522.4
Other comprehensive income (loss):				
Net unrealized gain on available-for-sale debt securities[1]	**1.4**	0.7	**1.7**	5.6
Net unrealized gain (loss) on cash flow hedges[2]	**26.0**	(50.6)	**(104.6)**	(100.4)
Unrecognized pension and OPEB benefit[3]	**0.9**	0.4	**1.9**	1.7
Total other comprehensive income (loss)	**28.3**	(49.5)	**(101.0)**	(93.1)
Comprehensive Income (Loss)	**$ (144.6)**	$ (42.9)	**$ (203.0)**	$ 429.3

[1] Net unrealized gain on available-for-sale debt securities, net of $0.4 million and $0.1 million tax expense in the third quarter of 2020 and 2019, respectively, and $0.5 million and $1.4 million tax expense for the nine months ended 2020 and 2019, respectively.
[2] Net unrealized gain (loss) on cash flow hedges, net of $8.6 million tax expense and $16.7 million tax benefit in the third quarter of 2020 and 2019, respectively, and $34.6 million and $33.2 million tax benefit for the nine months ended 2020 and 2019, respectively.
[3] Unrecognized pension and OPEB benefit, net of $0.2 million and $0.1 million tax expense in the third quarter of 2020 and 2019, respectively, and $0.1 million and $0.6 million tax expense for the nine months ended 2020 and 2019, respectively.

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

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NiSource Inc.
Condensed Consolidated Balance Sheets (unaudited)

(in millions)	**September 30, 2020**	December 31, 2019
ASSETS		
Property, Plant and Equipment		
Utility plant	**$ 20,843.4**	$ 24,502.6
Accumulated depreciation and amortization	**(5,659.0)**	(7,609.3)
Net utility plant	**15,184.4**	16,893.3
Other property, at cost, less accumulated depreciation	**894.6**	18.9
Net Property, Plant and Equipment	**16,079.0**	16,912.2
Investments and Other Assets		
Unconsolidated affiliates	**0.9**	1.3
Available-for-sale debt securities (amortized cost of $156.1 and $150.1, allowance for credit losses of $0.7 and $0, respectively)	**161.8**	154.2
Other investments	**75.3**	74.7
Total Investments and Other Assets	**238.0**	230.2
Current Assets		
Cash and cash equivalents	**58.6**	139.3
Restricted cash	**9.0**	9.1
Accounts receivable	**560.7**	876.1
Allowance for credit losses	**(39.3)**	(19.2)
Accounts receivable, net	**521.4**	856.9
Gas inventory	**203.3**	250.9
Materials and supplies, at average cost	**127.0**	120.2
Electric production fuel, at average cost	**66.2**	53.6
Exchange gas receivable	**24.4**	48.5
Assets held for sale	**1,565.7**	—
Regulatory assets	**132.6**	225.7
Prepayments and other	**112.6**	149.7
Total Current Assets	**2,820.8**	1,853.9
Other Assets		
Regulatory assets	**1,915.6**	2,013.9
Goodwill	**1,485.9**	1,485.9
Deferred charges and other	**162.2**	163.7
Total Other Assets	**3,563.7**	3,663.5
Total Assets	**$ 22,701.5**	$ 22,659.8

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, 2020**	December 31, 2019
CAPITALIZATION AND LIABILITIES		
Capitalization		
Stockholders' Equity		
Common stock - $0.01 par value, 600,000,000 shares authorized; 383,114,130 and 382,135,680 shares outstanding, respectively	**$ 3.8**	$ 3.8
Preferred stock - $0.01 par value, 20,000,000 shares authorized; 440,000 shares outstanding	**880.0**	880.0
Treasury stock	**(99.9)**	(99.9)
Additional paid-in capital	**6,684.2**	6,666.2
Retained deficit	**(1,849.6)**	(1,370.8)
Accumulated other comprehensive loss	**(193.6)**	(92.6)
Total Stockholders' Equity	**5,424.9**	5,986.7
Long-term debt, excluding amounts due within one year	**9,208.9**	7,856.2
Total Capitalization	**14,633.8**	13,842.9
Current Liabilities		
Current portion of long-term debt	**21.4**	13.4
Short-term borrowings	**1,388.2**	1,773.2
Accounts payable	**410.3**	666.0
Dividends payable - common stock	**80.5**	—
Dividends payable - preferred stock	**19.4**	—
Customer deposits and credits	**229.2**	256.4
Taxes accrued	**147.1**	231.6
Interest accrued	**95.4**	99.4
Risk management liabilities	**96.9**	12.6
Exchange gas payable	**46.3**	59.7
Regulatory liabilities	**156.0**	160.2
Liabilities held for sale	**451.8**	—
Legal and environmental	**17.2**	20.1
Accrued compensation and employee benefits	**141.7**	156.3
Claims accrued	**26.3**	165.4
Other accruals	**119.1**	131.5
Total Current Liabilities	**3,446.8**	3,745.8
Other Liabilities		
Risk management liabilities	**169.5**	134.0
Deferred income taxes	**1,439.5**	1,485.3
Deferred investment tax credits	**8.8**	9.7
Accrued insurance liabilities	**82.4**	81.5
Accrued liability for postretirement and postemployment benefits	**344.4**	373.2
Regulatory liabilities	**1,936.8**	2,352.0
Asset retirement obligations	**424.8**	416.9
Other noncurrent liabilities	**214.7**	218.5
Total Other Liabilities	**4,620.9**	5,071.1
Commitments and Contingencies (Refer to Note 18, "Other Commitments and Contingencies")	**—**	—
Total Capitalization and Liabilities	**$ 22,701.5**	$ 22,659.8

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

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

Nine Months Ended September 30, *(in millions)*	**2020**	2019
Operating Activities		
Net Income (Loss)	**$ (102.0)**	$ 522.4
Adjustments to Reconcile Net Income (Loss) to Net Cash from Operating Activities:		
Loss on early extinguishment of debt	**243.4**	—
Depreciation and amortization	**542.4**	535.2
Deferred income taxes and investment tax credits	**(70.8)**	120.4
Loss on classification as held for sale	**400.2**	—
Other adjustments	**13.3**	18.8
Changes in Assets and Liabilities:		
Components of working capital	**(148.6)**	146.8
Regulatory assets/liabilities	**9.9**	(70.0)
Deferred charges and other noncurrent assets	**(24.6)**	(76.4)
Other noncurrent liabilities	**(4.6)**	34.6
Net Cash Flows from Operating Activities	**858.6**	1,231.8
Investing Activities		
Capital expenditures	**(1,292.2)**	(1,310.0)
Cost of removal	**(102.1)**	(84.5)
Purchases of available-for-sale securities	**(94.8)**	(104.0)
Sales of available-for-sale securities	**88.9**	104.1
Other investing activities	**0.3**	0.6
Net Cash Flows used for Investing Activities	**(1,399.9)**	(1,393.8)
Financing Activities		
Proceeds from issuance of long-term debt	**2,974.0**	750.0
Repayments of long-term debt and finance lease obligations	**(1,616.4)**	(48.5)
Issuance of short-term debt (maturity > 90 days)	**1,350.0**	600.0
Repayment of short-term debt (maturity > 90 days)	**(1,350.0)**	(550.0)
Change in short-term borrowings, net (maturity ≤ 90 days)	**(385.0)**	(412.1)
Issuance of common stock, net of issuance costs	**11.2**	10.9
Equity costs, premiums and other debt related costs	**(246.5)**	(11.9)
Dividends paid - common stock	**(241.1)**	(223.8)
Dividends paid - preferred stock	**(35.7)**	(36.7)
Net Cash Flows from Financing Activities	**460.5**	77.9
Change in cash, cash equivalents and restricted cash	**(80.8)**	(84.1)
Cash, cash equivalents and restricted cash at beginning of period	**148.4**	121.1
Cash, Cash Equivalents and Restricted Cash at End of Period	**$ 67.6**	$ 37.0

Supplemental Disclosures of Cash Flow Information

Nine Months Ended September 30, *(in millions)*	**2020**	2019
Non-cash transactions:		
Capital expenditures included in current liabilities	**$ 159.6**	$ 187.1
Dividends declared but not paid	**99.9**	94.1
Assets recorded for asset retirement obligations	**$ 70.3**	$ 12.8

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

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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 July 1, 2020	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,676.5**	**$ (1,576.7)**	**$ (221.9)**	**$ 5,661.8**
Comprehensive Loss:							
Net loss	—	—	—	—	(172.9)	—	(172.9)
Other comprehensive income, net of tax	—	—	—	—	—	28.3	28.3
Dividends:							
Common stock ($0.21 per share)	—	—	—	—	(80.6)	—	(80.6)
Preferred stock (See Note 5)	—	—	—	—	(19.4)	—	(19.4)
Stock issuances:							
Employee stock purchase plan	—	—	—	1.5	—	—	1.5
Long-term incentive plan	—	—	—	3.2	—	—	3.2
401(k) and profit sharing	—	—	—	3.0	—	—	3.0
Balance as of September 30, 2020	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,684.2**	**$ (1,849.6)**	**$ (193.6)**	**$ 5,424.9**

[(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, 2020	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,666.2**	**$ (1,370.8)**	**$ (92.6)**	**$ 5,986.7**
Comprehensive Loss:							
Net loss	—	—	—	—	(102.0)	—	(102.0)
Other comprehensive loss, net of tax	—	—	—	—	—	(101.0)	(101.0)
Dividends:							
Common stock ($0.84 per share)	—	—	—	—	(321.7)	—	(321.7)
Preferred stock (See Note 5)	—	—	—	—	(55.1)	—	(55.1)
Stock issuances:							
Employee stock purchase plan	—	—	—	4.2	—	—	4.2
Long-term incentive plan	—	—	—	3.1	—	—	3.1
401(k) and profit sharing	—	—	—	10.7	—	—	10.7
Balance as of September 30, 2020	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,684.2**	**$ (1,849.6)**	**$ (193.6)**	**$ 5,424.9**

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

(in millions)	Common Stock	Preferred Stock[1]	Treasury Stock	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Total
Balance as of July 1, 2019	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,417.1**	**$ (1,144.0)**	**$ (80.8)**	**$ 5,976.2**
Comprehensive Loss:							
Net income	—	—	—	—	6.6	—	6.6
Other comprehensive loss, net of tax	—	—	—	—	—	(49.5)	(49.5)
Dividends:							
Common stock ($0.20 per share)	—	—	—	—	(74.8)	—	(74.8)
Preferred stock (See Note 5)	—	—	—	—	(19.4)	—	(19.4)
Stock issuances:							
Employee stock purchase plan	—	—	—	1.5	—	—	1.5
Long-term incentive plan	—	—	—	3.6	—	—	3.6
401(k) and profit sharing	—	—	—	4.3	—	—	4.3
Balance as of September 30, 2019	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,426.5**	**$ (1,231.6)**	**$ (130.3)**	**$ 5,848.5**

[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	—	—	—	—	522.4	—	522.4
Other comprehensive loss, net of tax	—	—	—	—	—	(93.1)	(93.1)
Dividends:							
Common stock ($0.80 per share)	—	—	—	—	(298.6)	—	(298.6)
Preferred stock (See Note 5)	—	—	—	—	(56.1)	—	(56.1)
Stock issuances:							
Employee stock purchase plan	—	—	—	4.2	—	—	4.2
Long-term incentive plan	—	—	—	5.7	—	—	5.7
401(k) and profit sharing	—	—	—	13.1	—	—	13.1
Balance as of September 30, 2019	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,426.5**	**$ (1,231.6)**	**$ (130.3)**	**$ 5,848.5**

[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)

	Preferred	Common		
Shares *(in thousands)*	**Shares**	**Shares**	**Treasury**	**Outstanding**
Balance as of July 1, 2020	**440**	**386,880**	**(3,963)**	**382,917**
Issued:				
Employee stock purchase plan	—	65	—	65
Long-term incentive plan	—	2	—	2
401(k) and profit sharing	—	130	—	130
Balance as of September 30, 2020	**440**	**387,077**	**(3,963)**	**383,114**

	Preferred	Common		
Shares *(in thousands)*	**Shares**	**Shares**	**Treasury**	**Outstanding**
Balance as of January 1, 2020	**440**	**386,099**	**(3,963)**	**382,136**
Issued:				
Employee stock purchase plan	—	171	—	171
Long-term incentive plan	—	381	—	381
401(k) and profit sharing	—	426	—	426
Balance as of September 30, 2020	**440**	**387,077**	**(3,963)**	**383,114**

	Preferred	Common		
Shares *(in thousands)*	**Shares**	**Shares**	**Treasury**	**Outstanding**
Balance as of July 1, 2019	**440**	**377,212**	**(3,963)**	**373,249**
Issued:				
Employee stock purchase plan	—	51	—	51
Long-term incentive plan	—	1	—	1
401(k) and profit sharing	—	146	—	146
Balance as of September 30, 2019	**440**	**377,410**	**(3,963)**	**373,447**

	Preferred	Common		
Shares *(in thousands)*	**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	—	153	—	153
Long-term incentive plan	—	465	—	465
401(k) and profit sharing	—	466	—	466
Balance as of September 30, 2019	**440**	**377,410**	**(3,963)**	**373,447**

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, 2019. 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.

We continue to monitor how COVID-19 is affecting our workforce, customers, suppliers, operations, financial results and cash flow. The extent of the impact in the future will vary and depend on the duration and severity of the impact on the global, national and local economies. See Note 3, “Revenue Recognition,” Note 9, “Regulatory Matters,” and Note 14, “Income Taxes,” for information on COVID-19.

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*	This 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 have held discussions with our third-party specialist and identified the disclosure requirements that will impact our Notes to Condensed Consolidated Financial Statements (unaudited). We will adopt this ASU on its effective date.
ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*	This pronouncement simplifies the accounting for income taxes by eliminating certain exceptions to the general principles in ASC 740, income taxes. It also improves consistency of application for other areas of the guidance by clarifying and amending existing guidance.	Annual periods beginning after December 15, 2020 Early adoption is permitted.	We have evaluated the amendments of this pronouncement and determined it does not have an impact on the Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited). We continue to monitor the guidance as it relates to new activity or transactions that could impact our Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited). We expect to adopt this ASU on its effective date.
ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Statements*	This pronouncement provides temporary optional expedients and exceptions for applying GAAP principles to contract modifications and hedging relationships to ease the financial reporting burdens of the expected market transition from LIBOR and other interbank offered rates to alternative reference rates.	Upon issuance on March 12, 2020, and will apply though December 31, 2022.	We continue to evaluate the temporary expedients and options available under this guidance, and the effects of this pronouncement on our Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited). We are currently identifying and evaluating contracts that may be impacted. As of September 30, 2020, we have not applied any expedients and options available under this ASU.

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

Standard	Description	Effective Date	Effect on the financial statements or other significant matters
ASU 2020-06, *Debt with Conversion and Other Options (Subtopic 470-20) and Derivative and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*	This pronouncement simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity's own equity. Specifically, the ASU "simplifies accounting for convertible instruments by removing major separation models required under current GAAP." In addition, the ASU "removes certain settlement conditions that are required for equity contracts to qualify for it" and "simplifies the diluted earnings per share (EPS) calculations in certain areas."	Annual period beginning after December 15, 2021. Early adoption is permitted for annual period beginning after December 15, 2020.	This pronouncement does not impact any securities we currently have on our balance sheet. We will continue to evaluate the effects of this pronouncement on our Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited) as it pertains to any relevant future activity. We are currently evaluating the timing of our adoption of this ASU.

Recently Adopted Accounting Pronouncements

Standard	Adoption
ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments* ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326)*	In June 2016, the FASB issued ASU 2016-13, Measurement of Credit Losses on Financial Instruments (ASC 326). ASC 326 revised the GAAP guidance on the impairment of most financial assets and certain other instruments that are not measured at fair value through net income. ASC 326 introduces the current expected credit loss (CECL) model that is based on expected losses for instruments measured at amortized cost rather than incurred losses. It also requires entities to record an allowance 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 debt securities will be recognized immediately in earnings, instead of over-time as they would under historic guidance. In 2019, the FASB issued ASU 2019-04, Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivative and Hedging, and Topic 825, Financial Instruments. This pronouncement clarified and improved certain areas of guidance related to the recently issued standards on credit losses, hedging, and recognition and measurement. We adopted ASC 326 effective January 1, 2020, using a modified retrospective method. Adoption of this standard did not have material impact on our Condensed Consolidated Financial Statements (unaudited). No adjustments were made to the January 1, 2020 opening balances as a result of this adoption. As required under the modified retrospective method of adoption, results for the reporting periods beginning after January 1, 2020 are presented under ASC 326, while prior period amounts are not adjusted. See Note 3, "Revenue Recognition," and Note 11, "Fair Value," for our discussion of the implementing these standards.

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 sale of the Massachusetts Business was completed on October 9, 2020. Refer to Note 6, "Assets and Liabilities Held for Sale," for further details. The Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

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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 (Loss) (unaudited) for the three and nine months ended September 30, 2020 and September 30, 2019:

Three Months Ended September 30, 2020 *(in millions)*	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Customer Revenues[(1)]				
Residential	$ 306.9	$ 164.8	$ —	$ 471.7
Commercial	91.8	132.3	—	224.1
Industrial	42.8	102.7	—	145.5
Off-system	6.0	—	—	6.0
Miscellaneous	6.8	7.2	0.2	14.2
Total Customer Revenues	$ 454.3	$ 407.0	$ 0.2	$ 861.5
Other Revenues[(2)]	15.8	25.2	—	41.0
Total Operating Revenues	$ 470.1	$ 432.2	$ 0.2	$ 902.5

(1) Customer revenue amounts exclude intersegment revenues. See Note 21, "Business Segment Information," for discussion of intersegment revenues.
(2) Other revenues represent revenue earned under alternative revenue programs.

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

Three Months Ended September 30, 2019 *(in millions)*	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Customer Revenues[(1)]				
Residential	$ 288.3	$ 148.7	$ —	$ 437.0
Commercial	90.9	136.3	—	227.2
Industrial	45.3	151.5	—	196.8
Off-system	16.9	—	—	16.9
Miscellaneous	9.8	3.1	0.2	13.1
Total Customer Revenues	$ 451.2	$ 439.6	$ 0.2	$ 891.0
Other Revenues[(2)]	12.4	28.1	—	40.5
Total Operating Revenues	$ 463.6	$ 467.7	$ 0.2	$ 931.5

(1) Customer revenue amounts exclude intersegment revenues. See Note 21, "Business Segment Information," for discussion of intersegment revenues.
(2) Other revenues represent revenue earned under alternative revenue programs.

Nine Months Ended September 30, 2020 *(in millions)*	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Customer Revenues[(1)]				
Residential	$ 1,518.1	$ 411.5	$ —	$ 1,929.6
Commercial	483.9	365.4	—	849.3
Industrial	165.6	301.1	—	466.7
Off-system	32.7	—	—	32.7
Miscellaneous	24.6	16.6	0.6	41.8
Total Customer Revenues	$ 2,224.9	$ 1,094.6	$ 0.6	$ 3,320.1
Other Revenues[(2)]	79.5	71.1	—	150.6
Total Operating Revenues	$ 2,304.4	$ 1,165.7	$ 0.6	$ 3,470.7

(1) Customer revenue amounts exclude intersegment revenues. See Note 21, "Business Segment Information," for discussion of intersegment revenues.
(2) Other revenues represent revenue earned under alternative revenue programs.

Nine Months Ended September 30, 2019 *(in millions)*	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Customer Revenues[(1)]				
Residential	$ 1,638.6	$ 373.4	$ —	$ 2,012.0
Commercial	543.2	370.7	—	913.9
Industrial	181.1	470.6	—	651.7
Off-system	60.4	—	—	60.4
Miscellaneous	39.4	16.7	0.6	56.7
Total Customer Revenues	$ 2,462.7	$ 1,231.4	$ 0.6	$ 3,694.7
Other Revenues[(2)]	43.5	73.5	—	117.0
Total Operating Revenues	$ 2,506.2	$ 1,304.9	$ 0.6	$ 3,811.7

(1) Customer revenue amounts exclude intersegment revenues. See Note 21, "Business Segment Information," for discussion of intersegment revenues.
(2) Other revenues represent revenue earned under alternative revenue programs.

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, 2020 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.

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

(in millions)	Customer Accounts Receivable, Billed (less reserve)	Customer Accounts Receivable, Unbilled (less reserve)
Balance as of December 31, 2019	$ 466.6	$ 346.6
Balance as of September 30, 2020	291.0	178.8
Decrease	$ (175.6)	$ (167.8)

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. Our regulated operations also utilize certain regulatory mechanisms that facilitate recovery of bad debt costs within tariff-based rates, which provides further evidence of collectibility. In connection with COVID-19, certain state regulatory commissions instituted regulatory moratoriums that impacted our ability to pursue our standard credit risk mitigation practices. Following the issuance of these moratoriums, certain of our regulated operations have been authorized to recognize a regulatory asset for bad debt costs above levels currently in rates. While several of these moratoriums remain in place, we have reinstated our common credit mitigation practices where moratoriums have expired (see Note 9, "Regulatory Matters," for additional information on regulatory moratoriums and regulatory assets). It is probable that substantially all of the consideration to which we are entitled from customers will be collected upon satisfaction of performance obligations.

Allowance for Credit Losses. We adopted ASC 326 effective January 1, 2020. See "Recently Adopted Accounting Pronouncements" in Note 2, "Recent Accounting Pronouncements," for more information about ASC 326.

Each of our business segments pool their customer accounts receivables based on similar risk characteristics, such as customer type, geography, payment terms, and related macro-economic risks. Expected credit loss exposure is evaluated separately for each of our accounts receivable pools. Expected credit losses are established using a model that considers historical collections experience, current information, and reasonable and supportable forecasts. Relevant and reliable internal and external inputs used in the model include, but are not limited to, energy consumption trends, revenue projections, actual charge-offs data, recoveries data, shut-off orders executed data, and final bill data. We continuously evaluate available reasonable and supportable information relevant to assessing collectability of current and future receivables. We evaluate creditworthiness of specific customers periodically or when required by changes in facts and circumstances. When we become aware of a specific commercial or industrial customer's inability to pay, an allowance for expected credit losses is recorded for the relevant amount. We also monitor other circumstances that could affect our overall expected credit losses; these include, but are not limited to, creditworthiness of overall population in service territories, adverse conditions impacting an industry sector, and current economic conditions.

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

At each reporting period, we record expected credit losses using an allowance for credit losses account. When deemed to be uncollectible, customer accounts are written-off. A rollforward of our allowance for credit losses for the three and nine months ended September 30, 2020 are presented in the tables below:

Three Months Ended September 30, 2020 (*in millions*)	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Beginning balance	$ 25.4	$ 5.2	$ 0.8	$ 31.4
Current period provisions	8.2	2.3	—	10.5
Write-offs charged against allowance	(4.3)	(0.5)	—	(4.8)
Recoveries of amounts previously written off	2.2	—	—	2.2
Ending balance of the allowance for credit losses	$ 31.5	$ 7.0	$ 0.8	$ 39.3

Nine Months Ended September 30, 2020 (*in millions*)	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Beginning balance[(1)]	9.1	3.1	0.8	13.0
Current period provisions	30.6	6.7	—	37.3
Write-offs charged against allowance	(18.1)	(3.0)	—	(21.1)
Recoveries of amounts previously written off	9.9	0.2	—	10.1
Ending balance of the allowance for credit losses	31.5	7.0	0.8	39.3

[(1)]Total beginning balance differs from that presented in the Condensed Statements of Consolidated Balance Sheet (unaudited) as it excludes Columbia of Massachusetts. Columbia of Massachusetts' customer receivables and related allowance for credit losses are classified as held for sale at September 30, 2020.

As of September 30, 2020, we have also evaluated the adequacy of our allowance for credit losses in light of the suspension of shut-offs for nonpayment due to COVID-19 that remain in effect for certain jurisdictions, as well as the economic downturn. Our evaluation included an analysis of customer payment trends in 2020, economic conditions, receivables aging, and considerations of past economic downturns and corresponding allowance for credit losses and customer account write-offs. In addition, we considered benefits available under governmental COVID-19 relief programs, the impact of unemployment benefits initiatives, and flexible payment plans being offered to customers affected by or experiencing hardship as a result of COVID-19, which could help to mitigate the potential for increasing customer account delinquencies. Based upon this evaluation, we have concluded that the allowance for credit losses as of September 30, 2020 adequately reflected the collection risk and net realizable value for our receivables. We will continue to monitor changing circumstances and will adjust our allowance for credit losses as additional information becomes available.

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4. Earnings Per Share

Basic EPS is computed by dividing net income (loss) 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 and forward agreements when the impact would be dilutive. The dilutive effects of forward agreements for the nine months ended September 30, 2019 relate to forward agreements settled in the fourth quarter of 2019. The computation of diluted average common shares for the three and nine months ended September 30, 2020 and the three months ended September 30, 2019 is not presented as we had a net loss on the Condensed Statements of Consolidated Income (Loss) (unaudited) during those periods, and any incremental shares would have had an anti-dilutive impact on EPS. The computation of diluted average common shares is as follows:

(in thousands)	**Nine Months Ended September 30,** 2019
Denominator	
Basic average common shares outstanding	373,796
Dilutive potential common shares:	
Shares contingently issuable under employee stock plans	919
Shares restricted under employee stock plans	141
Forward Agreements	339
Diluted Average Common Shares	375,195

5. Equity

Common Stock. As of September 30, 2020, we had 600,000,000 shares of common stock authorized for issuance, of which 383,114,130 shares were outstanding.

ATM Program and Forward Sale Agreements. On November 1, 2018, we entered into five separate equity distribution agreements pursuant to which we were able to sell up to an aggregate of $500.0 million of our common stock. Four of these agreements were then amended on August 1, 2019, and one was terminated. Pursuant to the four agreements, as amended, we may sell, from time to time, up to an aggregate of $434.4 million of our common stock.

On August 6, 2020, 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 August 7, 2020 to September 3, 2020, 2,809,029 shares were borrowed from third parties and sold by the dealer at a weighted average price of $23.25 per share. We may settle this agreement in shares, cash, or net shares by December 15, 2020. Had we settled all the shares under the forward agreement at September 30, 2020, we would have received approximately $64.6 million, based on a net price of $23.01 per share.

On September 4, 2020, under the ATM program, we executed a separate forward agreement similar to that discussed above. From September 4, 2020 to September 16, 2020, 1,452,102 shares were borrowed from third parties and sold by the dealer at a weighted average price of $22.28 per share. We may settle this agreement in shares, cash, or net shares by December 15, 2020. Had we settled all the shares under the forward agreement at September 30, 2020, we would have received approximately $32.0 million, based on a net price of $22.05 per share.

As of September 30, 2020, the ATM program (including the impacts of the forward sale agreements discussed above) had approximately $103.0 million of equity available for issuance. The program expires on December 31, 2020.

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Preferred Stock. As of September 30, 2020, we had 20,000,000 shares of preferred stock authorized for issuance, of which 440,000 shares of preferred stock in the aggregate for all series were outstanding. The following table displays preferred dividends declared for the period by outstanding series of shares:

			Three Months Ended September 30,		Nine Months Ended September 30,		September 30,	December 31,
			2020	2019	2020	2019	2020	2019
(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	28.25	56.50	56.50	$ 393.9	$ 393.9
6.500% Series B	$ 25,000.00	20,000	406.25	406.25	1,625.00	1,674.65	$ 486.1	$ 486.1

In addition, 20,000 shares of Series B–1 Preferred Stock, par value $0.01 per share, were outstanding as of September 30, 2020. 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.

As of September 30, 2020, Series A Preferred Stock had $6.7 million of cumulative preferred dividends in arrears, or $16.63 per share, and Series B Preferred Stock had $1.4 million of cumulative preferred dividends in arrears, or $72.23 per share.

6. Assets and Liabilities Held For Sale

On February 26, 2020, NiSource and Columbia of Massachusetts entered into an Asset Purchase Agreement with Eversource (the "Asset Purchase Agreement"). Upon the terms and subject to the conditions set forth in the Asset Purchase Agreement, NiSource and Columbia of Massachusetts agreed to sell to Eversource, with certain additions and exceptions: (1) substantially all of the assets of Columbia of Massachusetts and (2) all of the assets held by any of Columbia of Massachusetts' affiliates that primarily relate to the Massachusetts Business, and Eversource agreed to assume certain liabilities of Columbia of Massachusetts and its affiliates. The liabilities assumed by Eversource under the Asset Purchase Agreement did not include, among others, any liabilities arising out of the Greater Lawrence Incident or liabilities of Columbia of Massachusetts or its affiliates pursuant to civil claims for injury of persons or damage to property to the extent such injury or damage occurs prior to the closing in connection with the Massachusetts Business.

On July 2, 2020, NiSource, Columbia of Massachusetts, Eversource and Eversource Gas Company of Massachusetts, a wholly-owned subsidiary of Eversource ("EGMA"), filed with the Massachusetts DPU a joint petition for the approval of the purchase and sale of the Massachusetts Business ("the Transaction") and a proposed multi-year rate plan. Additionally, the petition sought approval of a settlement agreement executed on July 2, 2020 (the "Settlement Agreement") among, NiSource, Columbia of Massachusetts, Eversource, EGMA, the Massachusetts Attorney General's Office ("Massachusetts AGO"), the Massachusetts Department of Energy Resources ("DOER"), and the Low-Income Weatherization and Fuel Assistance Program Network. Under the terms of the Settlement Agreement, NiSource agreed to make a payment in lieu of penalties in full settlement of all of the pending and potential claims, lawsuits, investigations or proceedings settled by and released by the Settlement Agreement in the amount of $56.0 million. This payment, which was withheld from the proceeds received from Eversource, will be used to create an Energy Relief Fund that will benefit customers of the Massachusetts Business.

The Settlement Agreement was conditioned on its approval in full by the Massachusetts DPU no later than September 30, 2020; however, this deadline was extended to October 7, 2020. The Settlement Agreement was approved by the Massachusetts DPU on October 7, 2020, and the closing of the Transaction occurred on October 9, 2020. On October 9, 2020, NiSource and Columbia of Massachusetts received net proceeds from the sale of $1,112.6 million, which includes the $1,100.0 million purchase price and an estimate of Columbia of Massachusetts' net working capital, net of closing costs and the $56.0 million payment in lieu of penalties. Under the Asset Purchase Agreement, the final net working capital amount will be determined within 120 days from the closing date. In connection with the sale of the Massachusetts Business, NiSource and Eversource entered into a Transition Services Agreement (TSA). See Note 18-B, "Legal Proceedings," and Note 18-D, "Other Matters," for additional information regarding the sale and TSA, respectively.

As of September 30, 2020, the Massachusetts Business continues to meet the requirements under GAAP to be classified as held for sale, and the assets and liabilities of the Massachusetts Business are measured at fair value, less costs to sell. Our estimated

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total pre-tax loss on classification as held for sale recorded in the the three and nine months ended September 30, 2020 is $35.6 million and $400.2 million, respectively, based on September 30, 2020 asset and liability balances, estimated net working capital and estimated transaction costs, including the $56.0 million payment in lieu of penalties described above. This estimated pre-tax loss is presented as Loss on Classification as Held for Sale on the Condensed Statements of Consolidated Income (Loss) (unaudited) and is subject to change based on actual transaction costs, net working capital, and asset and liability balances as of the close of the transaction on October 9, 2020.

The Massachusetts Business had the following pretax income (loss) for the three and nine months ended September 30, 2020 and 2019:

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
(in millions)	**2020**	2019	**2020**	2019
Pretax Income (Loss)	($74.1)	($55.2)	($402.9)	$183.5

The pretax income (loss) amounts exclude allocated executive compensation expense and interest expense for intercompany and external debt that was not assumed by Eversource or required to be repaid at closing. The pretax income (loss) amounts for the three and nine months ended September 30, 2020 and 2019 include costs directly related to the Greater Lawrence Incident. In addition, the pretax loss amounts for the three and nine months ended September 30, 2020 include the Loss on Classification as Held for Sale. The major classes of assets and liabilities classified as held for sale on the Condensed Consolidated Balance Sheets (unaudited) at September 30, 2020 were:

(in millions)

Assets Held for Sale	Net Property, Plant and Equipment	Total Current Assets	Total Other Assets	Loss on Classification as Held for Sale[1]	Total Assets Held for Sale
Gas Distribution Operations	1,705.0	161.5	91.8	(392.6)	1,565.7

Liabilities Held for Sale	Long-term Debt, Excluding Amounts Due Within One Year	Total Current Liabilities	Total Other Liabilities	Total Liabilities Held for Sale
Gas Distribution Operations	41.6	60.1	350.1	451.8

[1] Amount differs from that presented in the Condensed Statements of Consolidated Income (Loss) (unaudited) due to cash already paid for certain transaction costs.

7. Property, Plant and Equipment

In the second quarter of 2020, we received approval from MISO to retire the R.M. Schahfer Generating Station in 2023. As a result of this approval, we have reclassified $903.8 million in net book value of certain plant and equipment for the R.M. Schahfer Generating Station from “Net utility plant” to “Other Property, at cost, less accumulated depreciation” on the Condensed Consolidated Balance Sheets (unaudited). The amount of plant and equipment reclassified to other property is based on current estimates of the plant and equipment that will not be utilized at retirement. As more information about plant and equipment that can be utilized beyond 2023 becomes available, additional amounts may be reclassified to other property. Depreciation expense will continue to be recorded at the composite depreciation rate approved by the IURC. See Note 18-D, "Other Matters," for additional information.

8. Asset Retirement Obligations

During 2020, 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 $70.3 million that was recorded in 2020. See Note 18-C, "Environmental Matters," for additional information on CCRs.

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9. 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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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 - 2020	32.9	234.4	1/19-12/19	February 28, 2020	Approved April 22, 2020	May 2020
Columbia of Ohio	CEP - 2020	18.0	185.1	1/19-12/19	February 28, 2020	Approved August 12, 2020	September 2020
NIPSCO - Gas	TDSIC 11[2]	(1.7)	38.7	5/19-12/19	February 25, 2020	Approved June 24, 2020	July 2020
NIPSCO - Gas	TDSIC 1	1.3	26.0	1/20-6/20	August 25, 2020	Order Expected December 2020	January 2021
NIPSCO - Gas	FMCA 3[3]	0.3	43.0	4/19-9/19	November 26, 2019	Approved March 31, 2020	April 2020
NIPSCO - Gas	FMCA 4[3]	1.6	43.2	10/19-3/20	May 26, 2020	Approved September 23, 2020	October 2020
Columbia of Virginia	SAVE - 2020	3.8	50.0	1/20-12/20	August 15, 2019	Approved December 6, 2019	January 2020
Columbia of Virginia	SAVE - 2021	5.2	46.4	1/21-12/21	July 24, 2020	Order Expected November 2020	January 2021
Columbia of Kentucky	SMRP - 2020	4.2	40.4	1/20-12/20	October 15, 2019	Approved December 20, 2019	January 2020
Columbia of Kentucky	SMRP - 2021	5.8	50.0	1/21-12/21	October 15, 2020	Order Expected Q1 2021	Q1 2021
Columbia of Maryland	STRIDE - 2020	1.3	15.0	1/20-12/20	January 29, 2020	Approved February 19, 2020	February 2020
Columbia of Maryland	STRIDE - 2021	1.3	16.9	1/21-12/21	October 29, 2020	Order Expected December 2020	January 2021
NIPSCO - Electric	TDSIC - 6	28.1	131.1	12/18-6/19	August 21, 2019	Approved December 18, 2019	January 2020
NIPSCO - Electric	TDSIC - 7[1]	13.0	122.3	7/19-7/20	September 29, 2020	Order Expected January 2021	February 2021
NIPSCO - Electric	FMCA - 12[3]	1.6	4.7	3/19-8/19	October 18, 2019	Approved January 29, 2020	February 2020
NIPSCO - Electric	FMCA - 13[3][4]	(1.2)	—	9/19-2/20	April 15, 2020	Approved July 29, 2020	August 2020
Columbia of Pennsylvania	DSIC - Q1 2020	0.9	28.2	12/19-2/20	April 27, 2020	Approved May 4, 2020	May 2020
Columbia of Pennsylvania	DSIC - Q2 2020	0.8	28.6	3/20-5/20	June 19, 2020	Approved June 29, 2020	July 2020
Columbia of Pennsylvania	DSIC - Q3 2020	2.6	85.0	6/20-8/20	September 18, 2020	Approved September 30, 2020	October 2020

[1]Incremental capital and revenue are net of amounts included in the step 2 rates.
[2]Incremental revenue is net of amounts included in the step 2 rates and reflects a more typical 6-month filing period.
[3]Incremental revenue is inclusive of tracker eligible operations and maintenance expense.
[4]No eligible capital investments were made during the investment period.

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 - Electric[(1)]	$ 21.4	$ (53.5)	October 31, 2018	Approved December 4, 2019	January 2020
Columbia of Pennsylvania	$ 100.4	in process	April 24, 2020	Order Expected Q1 2021	January 2021
Columbia of Maryland[(2)]	$ 5.0	$ 2.0	May 15, 2020	Order Expected November 2020	December 2020

[(1)]Rates were implemented in two steps, with implementation of step 1 rates effective on January 2, 2020 and step 2 rates effective on March 2, 2020.
[(2)]On October 7, 2020, the Public Utility Law Judge issued a proposed order approving a settlement under which the parties to the case agreed upon the $2.0 million incremental revenue. The proposed order will become a final order on November 7, 2020, unless it is modified or reversed by the Maryland PSC.

COVID-19 Regulatory Filings

In response to COVID-19, we have engaged, or have received directives from, the regulatory commissions in the states in which we operate, as described below.

Columbia of Ohio filed a Deferral Application and a Transition Plan with the PUCO on May 29, 2020. The Deferral Application requested approval to record a regulatory asset for COVID-19 incremental costs, foregone revenue from late payment fees, and bad debt expense from certain classes of customers. An order approving the Deferral Application was received on July 15, 2020. The Transition Plan requested the resumption of activities that were suspended in March 2020, including resumption of disconnects due to non-payment and billing of late payment fees beginning with the August 2020 billing cycle. The PUCO approved the Transition Plan on June 17, 2020. As of September 30, 2020, $1.9 million of incremental COVID-19 related costs were deferred to a regulatory asset. Recovery of the regulatory asset will be addressed in a future regulatory proceeding.

NIPSCO received a COVID-19 order from the IURC on June 29, 2020. This order extended the disconnection moratorium and the suspension of collection of late payment fees, deposits and reconnection fees through August 14, 2020. The order requires utilities to offer payment arrangements of at least six months and requires NIPSCO to provide the IURC with information about NIPSCO’s communications with delinquent customers. On August 12, 2020, the IURC issued an order affirming the expiration of the disconnect moratorium after August 14, 2020, while requiring that six month payment plans be offered to all customers and extending the suspension for collection of late payment fees, deposits, and reconnection fees through October 12, 2020 for residential customers only. On October 7, 2020 the Office of Utility Consumer Counselor ("OUCC") filed a motion for the IURC to extend these temporary consumer protections for an additional 60 days. On October 27, the IURC issued a docket entry denying the OUCC's motion. The June 29, 2020 order also authorized NIPSCO to create a regulatory asset for COVID-19 related incremental bad debt expense as well as the costs to implement the requirements of the order. As of September 30, 2020, $4.8 million of incremental bad debt expense and costs to implement the requirements of the order were deferred to a regulatory asset. Recovery of the regulatory asset will be addressed in future base rate proceedings.

Columbia of Pennsylvania received a secretarial letter issued by the Pennsylvania PUC on May 13, 2020 authorizing Pennsylvania utilities to create a regulatory asset for incremental bad debt expense incurred since March 13, 2020, above levels currently in rates. While Columbia of Pennsylvania is not authorized to defer any other incremental costs, it is required to track extraordinary non-recurring costs, and any offsetting benefits received, in connection with COVID-19. On October 13, 2020, the Pennsylvania PUC entered an order modifying its March 13, 2020 emergency order, which established a moratorium on utility service terminations. As modified, the moratorium still applies to residential customers with incomes at or below 300% of the federal poverty income guidelines (“protected customers”). For all other customers, the moratorium will be lifted on November 9, 2020, but utilities must comply with several notice requirements beyond those already in place in Pennsylvania in order to proceed with service terminations. For residential customers who are subject to termination under the revised moratorium, as of November 1, 2020, the standard winter service moratorium will be in effect until April 1, 2021, which will render service termination for delinquent accounts impractical during that period. The Pennsylvania PUC’s October 13, 2020 order also includes the following requirements: a utility shall offer a payment arrangement for a period of no less than 18 months to small business customers, as defined by a utility’s tariff, with past due amounts; utilities shall waive all connection,

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reconnection, late payment fees and deposit fees otherwise required for service for protected customers. Additionally, the October 13, 2020 order authorizes utilities to create a regulatory asset for any incremental expenses incurred above those embedded in rates resulting from the directives contained in the Order. As of September 30, 2020, $1.3 million of incremental bad debt expense was deferred to a regulatory asset. Recovery of any regulatory asset will be addressed in future base rate proceedings.

On March 16, 2020, the VSCC ordered a moratorium on service disconnections for unpaid bills due to the effects of COVID-19, which was subsequently extended through October 5, 2020 to allow the Virginia General Assembly to address the issue. The order also suspended late payment fees, required utilities to offer payment plans of up to 12 months, and required utilities to provide certain information about customer accounts receivables to the VSCC. The VSCC moratorium expired on October 6, 2020; however, the directives requiring utilities to offer payment plans of up to 12 months and suspending service disconnections or charging of late payment fees to customers that are current on such payment plans remain in effect. On October 16, 2020, the Virginia General Assembly passed legislation that would extend the moratorium on service disconnections and late payment fees; action from the Governor on the legislation is pending. Columbia of Virginia continues its suspension of service disconnections and late payment fees until the result of the pending legislation is known. Columbia of Virginia received an order from the VSCC on April 29, 2020 authorizing Columbia of Virginia to create a regulatory asset for incremental bad debt expense, suspended late payment fees, reconnection costs, carrying costs and other incremental prudently incurred costs related to COVID-19. We are evaluating the impact of the order. Recovery of any regulatory asset, when recorded, will be addressed in future base rate proceedings.

On August 31, 2020, with the Maryland governor's executive order prohibiting residential utility service terminations set to expire on September 1, 2020, the Maryland PSC issued an emergency order that prohibited residential service terminations until October 1, 2020. The Maryland PSC's August 31, 2020 emergency order also includes the following requirements: effective October 1, 2020, Maryland utilities may proceed with residential service terminations; utilities must give notice at least 45 days before terminating service on a residential account; structured payment plans offered to applicable residential customers must allow a minimum of 12 months to repay, or 24 months for certified low income customers; utilities are prohibited from collecting or requiring down payments or deposits as a condition of beginning a payment plan by any residential customer; and utilities are prohibited from refusing to negotiate or denying a payment plan to a residential customer due to such customer's failure to meet the terms and conditions of an alternate payment plan during the past 18 months. Columbia of Maryland received an order issued by the Maryland PSC on April 9, 2020, authorizing Maryland utilities to create a regulatory asset for incremental COVID-19 related costs, including incremental bad debt expense, incurred to ensure that customers have essential utility service during the state of emergency in Maryland. Such incremental costs must be offset by any benefit received in connection with COVID-19. As of September 30, 2020, Columbia of Maryland has deferred $0.5 million of incremental bad debt expense and COVID-19 related costs to a regulatory asset. Recovery of the regulatory asset will be addressed in future base rate proceedings.

Columbia of Kentucky received an order from the Kentucky PSC on September 21, 2020 lifting the disconnection moratorium for all customers, effective October 20, 2020. The September 21, 2020 order also lifted the suspension of late payment and reconnection fees for non-residential customers as of October 20, 2020. For residential customers, the moratorium on late payment and reconnection fees is extended to December 31, 2020 and tracking of lost revenue is required. Residential customers with accumulated arrearages for service provided on or after March 16, 2020 through October 1, 2020 will be notified and placed on a default payment plan of equal installments for nine months beginning with the November 2020 billing cycle. Residential customers on a payment plan that default shall be offered another payment plan. Carrying charges may be applied to all arrearages arising during the default payment plan period at a rate no greater than the utility’s long-term debt rate. The Kentucky PSC order allows Columbia of Kentucky to create a regulatory asset for carrying charges on all arrearages arising during the default payment plan period. Recovery of the regulatory asset, when recorded, will be addressed in future base rate proceedings. Columbia of Kentucky is engaged with peer utilities and is working closely with the Kentucky PSC on the implementation of the September 21, 2020 order, including exploring flexible payment plans for customers who need financial assistance in order to mitigate the amount of uncollectible customer receivables and tracking of COVID-19 related costs.

10. 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, 2020**	December 31, 2019
Risk Management Assets - Current[1]		
Interest rate risk programs	**$ —**	$ —
Commodity price risk programs	**13.7**	0.6
Total	**$ 13.7**	$ 0.6
Risk Management Assets - Noncurrent[2]		
Interest rate risk programs	**$ —**	$ —
Commodity price risk programs	**6.7**	3.8
Total	**$ 6.7**	$ 3.8
Risk Management Liabilities - Current		
Interest rate risk programs	**$ 92.1**	$ —
Commodity price risk programs	**4.8**	12.6
Total	**$ 96.9**	$ 12.6
Risk Management Liabilities - Noncurrent		
Interest rate risk programs	**$ 123.3**	$ 76.2
Commodity price risk programs	**46.2**	57.8
Total	**$ 169.5**	$ 134.0

[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 to certain customers 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 10 years and is limited to 20% 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, 2020, we have two 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 will be 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 (Loss) (unaudited).

There were no amounts excluded from effectiveness testing for derivatives in cash flow hedging relationships at September 30, 2020 and December 31, 2019.

Our derivative instruments measured at fair value as of September 30, 2020 and December 31, 2019 do not contain any credit-risk-related contingent features.

11. 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, 2020 and December 31, 2019:

Recurring Fair Value Measurements September 30, 2020 *(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, 2020
Assets				
Risk management assets	$ —	$ 20.4	$ —	$ 20.4
Available-for-sale debt securities	—	161.8	—	161.8
Total	**$ —**	**$ 182.2**	**$ —**	**$ 182.2**
Liabilities				
Risk management liabilities	$ —	$ 266.4	$ —	$ 266.4
Total	**$ —**	**$ 266.4**	**$ —**	**$ 266.4**

Recurring Fair Value Measurements December 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 December 31, 2019
Assets				
Risk management assets	$ —	$ 4.4	$ —	$ 4.4
Available-for-sale debt securities	—	154.2	—	154.2
Total	**$ —**	**$ 158.6**	**$ —**	**$ 158.6**
Liabilities				
Risk management liabilities	$ —	$ 146.6	$ —	$ 146.6
Total	**$ —**	**$ 146.6**	**$ —**	**$ 146.6**

Risk Management Assets and Liabilities. 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 September 30, 2020 and December 31, 2019, 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.

Credit risk is considered in the fair value calculation of each of our forward-starting interest rate swaps, as described in Note 10, "Risk Management Activities." 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.

NIPSCO has entered into long-term forward natural gas purchase instruments 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 10, “Risk Management Activities.”

Available-for-Sale Debt Securities. Available-for-sale debt securities are investments pledged as collateral for trust accounts related to our wholly-owned insurance company. 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.

We adopted ASC 326 effective January 1, 2020. See "Recently Adopted Accounting Pronouncements" in Note 2, "Recent Accounting Pronouncements," for more information about ASC 326. Upon adoption of ASC 326, our available-for-sale debt securities impairments are recognized periodically using an allowance approach instead of an 'other than temporary' impairment model. At each reporting date, we utilize a quantitative and qualitative review process to assess the impairment of available-for-sale debt securities at the individual security level. For securities in a loss position, we evaluate our intent to sell or whether it is more-likely-than-not that we will be required to sell the security prior to the recovery of its amortized cost. If either criteria is met, the loss is recognized in earnings immediately, with the offsetting entry to the carrying value of the security. If both criteria are not met, we perform an analysis to determine whether the unrealized loss is related to credit factors. The analysis focuses on a variety of factors that include, but are not limited to, downgrade on ratings of the security, defaults in the current reporting period or projected defaults in the future, the security's yield spread over treasuries, and other relevant market data. If the unrealized loss is not related to credit factors, it is included in other comprehensive income. If the unrealized loss is related to credit factors, the loss is recognized as credit loss expense in earnings during the period, with an offsetting entry to the allowance for credit losses. The amount of the credit loss recorded to the allowance account is limited by the amount at which security's fair value is less than its amortized cost basis. If the credit losses in the allowance for credit losses are deemed uncollectible, the allowance on the uncollectible portion will be charged off, with an offsetting entry to the carrying value of the security. Subsequent improvements to the estimated credit losses of available-for-sale debt securities will be recognized immediately in earnings instead of over-time as they would under historic guidance. During the nine months ended September 30, 2020, we recorded $0.7 million as an allowance for credit losses on available-for-sale debt securities as a result of the analysis described above. Continuous credit monitoring and portfolio credit balancing mitigates our risk of credit losses on our available-for-sale debt securities.

The amortized cost, gross unrealized gains and losses, allowance for credit losses, and fair value of available-for-sale securities at September 30, 2020 and December 31, 2019 were:

September 30, 2020 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses[1]	Allowance for Credit Losses	Fair Value
Available-for-sale debt securities					
U.S. Treasury debt securities	$ 31.5	$ 0.4	$ —	$ —	$ 31.9
Corporate/Other debt securities	124.6	7.0	(1.0)	(0.7)	129.9
Total	**$ 156.1**	**$ 7.4**	**$ (1.0)**	**$ (0.7)**	**$ 161.8**

December 31, 2019 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses[2]	Allowance for Credit Losses	Fair Value
Available-for-sale debt securities					
U.S. Treasury debt securities	$ 31.4	$ 0.1	$ (0.1)	$ —	$ 31.4
Corporate/Other debt securities	118.7	4.2	(0.1)	—	122.8
Total	**$ 150.1**	**$ 4.3**	**$ (0.2)**	**$ —**	**$ 154.2**

[1]Fair value of U.S. Treasury debt securities and Corporate/Other debt securities in an unrealized loss position without an allowance for credit losses is $0 and $20.4 million, respectively, at September 30, 2020.
[2]Fair value of U.S. Treasury debt securities and Corporate/Other debt securities in an unrealized loss position without an allowance for credit losses is $17.2 million and $12.2 million, respectively, at December 31, 2019.

Realized gains and losses on available-for-sale securities were immaterial for the three and nine months ended September 30, 2020 and 2019.

The cost of maturities sold is based upon specific identification. At September 30, 2020, approximately $7.0 million of U.S. Treasury debt securities and approximately $5.8 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 as of September 30, 2020 and December 31, 2019.

Non-recurring Fair Value Measurements

We measure the fair value of certain assets on a non-recurring basis, typically annually or when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. These assets include goodwill.

As of September 30, 2020, the Massachusetts Business met the requirements under GAAP to be classified as held for sale, and the assets and liabilities of the Massachusetts Business are measured at fair value, less costs to sell. Our estimated total pre-tax loss for the three and nine months ended September 30, 2020 is $35.6 million and $400.2 million, respectively. For additional information, see Note 6, "Assets and Liabilities Held for Sale."

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. As of September 30, 2020, there was no change in the method or significant assumptions used to estimate the fair value of long-term debt.

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

(in millions)	Carrying Amount as of September 30, 2020	Estimated Fair Value as of September 30, 2020	Carrying Amount as of Dec. 31, 2019	Estimated Fair Value as of Dec. 31, 2019
Long-term debt (including current portion)	**$ 9,230.3**	**$ 10,723.5**	$ 7,869.6	$ 8,764.4

12. 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 2021 and October 2021 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, 2020, the maximum amount of debt that could be recognized related to our accounts receivable programs is $275.0 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, 2020 and December 31, 2019:

(in millions)	September 30, 2020	December 31, 2019
Gross receivables	**$ 421.7**	$ 569.1
Less: Receivables not transferred	**190.5**	215.9
Net receivables transferred	**$ 231.2**	$ 353.2
Short-term debt due to asset securitization	**$ 231.2**	$ 353.2

For the nine months ended September 30, 2020 and 2019, $122.0 million and $139.1 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 $0.6 million for the three months ended September 30, 2020 and 2019, respectively and $2.1 million and $2.0 million for the nine months ended September 30, 2020 and 2019, respectively. Columbia of Ohio, NIPSCO and Columbia of Pennsylvania remain responsible for collecting on the receivables securitized, and the receivables cannot be transferred to another party.

13. Goodwill

The following presents our goodwill balance allocated by segment as of September 30, 2020:

(in millions)	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Goodwill	$ 1,485.9	$ —	$ —	**$ 1,485.9**

For our annual goodwill impairment analysis performed as of May 1, 2020, we completed a quantitative "step 1" fair value measurement of our reporting units with a goodwill balance. This analysis incorporated the latest available income statement and cash flow projections, including significant, identifiable impacts of COVID-19 on the operations of each of our goodwill reporting units. We also incorporated other significant inputs to our fair value calculations, including discount rate and market multiples, to reflect current market conditions. The step 1 analysis performed indicated that the fair value of each reporting unit that is allocated goodwill significantly exceeded its carrying value. As a result, no impairment charge was recorded as of the May 1, 2020 test date.

During the fourth quarter of 2019, in connection with the preparation of the year-end financial statements, we assessed the matters related to Columbia of Massachusetts (see Note 18-B, "Legal Proceedings") and determined a quantitative "step 1" impairment analysis was required for our Columbia of Massachusetts reporting unit. The December 31, 2019 impairment analysis indicated that the fair value of the Columbia of Massachusetts reporting unit was below its carrying value. As a result, we reduced the Columbia of Massachusetts reporting unit goodwill balance to zero and recognized a goodwill impairment charge totaling $204.8 million in 2019.

14. Income Taxes

Our interim effective tax rates reflect the estimated annual effective tax rates for 2020 and 2019, adjusted for tax expense associated with certain discrete items. The effective tax rates for the three months ended September 30, 2020 and 2019 were 27.3% and 283.3%, respectively. The effective tax rates for the nine months ended September 30, 2020 and 2019 were 42.0% and 18.8%, respectively. These effective tax rates differ from the federal statutory tax rate of 21% primarily due to increased amortization of excess deferred federal income tax liabilities, as specified in the TCJA, tax credits, state income taxes and other permanent book-to-tax differences. These adjustments have a relative impact on the effective tax rate proportionally to pretax income or loss.

The decrease in the three month effective tax rate of 256.0% in 2020 compared to 2019 is primarily attributable to the relative impact of permanent differences on lower pre-tax loss in 2019, offset by increased amortization of excess deferred federal income tax liabilities, as specified in the TCJA, in 2020.

The increase in the nine month effective tax rate of 23.2% in 2020 compared to 2019 is primarily attributed to increased amortization of excess deferred federal income tax liabilities and lower state income taxes, offset by the non-deductible payment in lieu of penalties (see Note 6, "Assets and Liabilities Held for Sale," for additional information on the payment in lieu of penalties).

There were no material changes recorded in 2020 to our uncertain tax positions recorded as of December 31, 2019.

CARES Act Tax Matters. The CARES Act was enacted on March 27, 2020 in response to the COVID-19 pandemic. The CARES Act contains numerous income tax provisions, such as relaxing limitations on the deductibility of interest and the use of net operating losses arising in taxable years beginning after December 31, 2017. Under the provisions of the CARES Act, we have deferred payroll tax payments of approximately $21.7 million through September 30, 2020. We continue to monitor additional guidance to clarify provisions in the CARES Act (as well as under the TCJA) to determine if such guidance could ultimately increase or lessen their impact on our business and financial condition. There are no material income tax impacts on our consolidated financial position, results of operations, and cash flows during the three and nine months ended September 30, 2020.

15. 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. We determined that, for certain rate-regulated subsidiaries, the future recovery of postretirement benefit costs is probable, and we record regulatory assets and liabilities for amounts that would otherwise have been recorded to expense or accumulated other comprehensive loss. Current rates of rate-regulated companies include postretirement benefit costs, including amortization of the regulatory assets and liabilities that arose prior to inclusion of these costs in rates. For most plans, cash contributions are remitted to grantor trusts.

For the nine months ended September 30, 2020, we contributed $2.1 million to our pension plans and $16.7 million to our other postretirement benefit plans.

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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 nine months ended September 30, 2020 and 2019:

	Pension Benefits		Other Postretirement Benefits	
Three Months Ended September 30, *(in millions)*	**2020**	2019	**2020**	2019
Components of Net Periodic Benefit Cost[(1)]				
Service cost	**$ 8.1**	$ 7.3	**$ 1.7**	$ 1.3
Interest cost	**13.1**	18.1	**3.8**	4.8
Expected return on assets	**(28.3)**	(27.2)	**(3.6)**	(3.3)
Amortization of prior service credit	**0.2**	—	**(0.4)**	(0.8)
Recognized actuarial loss	**8.6**	11.3	**1.2**	0.5
Settlement loss	**8.0**	1.9	**—**	—
Total Net Periodic Benefit Cost	**$ 9.7**	$ 11.4	**$ 2.7**	$ 2.5

[(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).

	Pension Benefits		Other Postretirement Benefits	
Nine Months Ended September 30, *(in millions)*	**2020**	2019	**2020**	2019
Components of Net Periodic Benefit Cost[(1)]				
Service cost	**$ 24.1**	$ 21.9	**$ 4.9**	$ 3.9
Interest cost	**40.1**	54.5	**11.6**	14.4
Expected return on assets	**(85.1)**	(81.6)	**(10.8)**	(9.9)
Amortization of prior service credit	**0.6**	—	**(1.4)**	(2.4)
Recognized actuarial loss	**26.0**	34.1	**3.8**	1.5
Settlement loss	**8.0**	1.9	**—**	—
Total Net Periodic Benefit Cost	**$ 13.7**	$ 30.8	**$ 8.1**	$ 7.5

[(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).

During the third quarter of 2020, three of our qualified pension plans met the requirement for settlement accounting. A settlement charge of $8.0 million was recorded during the third quarter of 2020. These pension plans were remeasured as a result of the settlements of all three plans, as well as the transfer of employees into and out of two qualified pension plans transferred to Eversource at the closing of the sale of the Massachusetts Business. The remeasurements led to a decrease to the net pension asset of $6.1 million, an increase to the pension benefit obligation, net of plan assets, of $0.2 million, a net decrease to regulatory assets of $1.4 million, and a net credit to accumulated other comprehensive loss of $0.2 million. Net periodic pension benefit cost for 2020 decreased by $1.4 million as a result of the interim 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:

	September 30, 2020
Weighted-average Assumption to Determine Benefit Obligation	
Discount rate	2.28 %
Weighted-average Assumptions to Determine Net Periodic Benefit Costs for the period ended	
Discount rate - service cost	3.39 %
Discount rate - interest cost	2.65 %
Expected return on assets	5.20 %

16. Long-Term Debt

On April 13, 2020, we completed the issuance and sale of $1.0 billion of 3.60% senior unsecured notes maturing in 2030, which resulted in approximately $987.8 million of net proceeds after deducting commissions and expenses.

On August 18, 2020, we completed the issuance and sale of $1.25 billion of 0.95% senior unsecured notes maturing in 2025 and $750.0 million of 1.70% senior unsecured notes maturing in 2031, which resulted in approximately $1,980.4 million of net proceeds after deducting commissions and expenses.

In August 2020, we executed tender offers for $969.3 million of outstanding notes consisting of a combination of our 4.45% notes due 2021, 2.65% notes due 2022, 3.85% notes due 2023, 3.65% notes due 2023, 6.25% notes due 2040, and 5.95% notes due 2041. In August and September 2020, we redeemed $609.3 million of outstanding notes representing the remainder of our 4.45% notes due 2021, 2.65% notes due 2022, 3.85% notes due 2023, and 3.65% notes due 2023 and all of our 5.89% notes due 2025. In conjunction with the debt retired, we recorded a $231.7 million loss on early extinguishment of long-term debt, primarily attributable to early redemption premiums.

In September 2020, Columbia of Massachusetts redeemed $25.0 million of its outstanding 6.26% notes due 2028. In conjunction with the debt retired, Columbia of Massachusetts recorded an $11.7 million loss on early extinguishment of long-term debt, primarily attributable to early redemption premiums. Under the terms of the Asset Purchase Agreement, Columbia of Massachusetts' net working capital at the closing of the sale of the Massachusetts Business was increased by 50% of the debt extinguishment costs, which was approximately $5.3 million.

17. Short-Term Borrowings

We generate short-term borrowings from our revolving credit facility, commercial paper program, accounts receivable transfer programs and term loan agreement. 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. We had no outstanding borrowings under this facility as of September 30, 2020 and December 31, 2019.

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 $307.0 million of commercial paper outstanding as of September 30, 2020 and $570.0 million of commercial paper outstanding as of December 31, 2019.

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 $231.2 million in transfers as of September 30, 2020 and $353.2 million in transfers as of December 31, 2019. Refer to Note 12, "Transfers of Financial Assets," for additional information.

On April 1, 2020, we terminated and repaid in full our existing $850.0 million term loan agreement with a syndicate of banks led by MUFG Bank, Ltd. and entered into a new $850.0 million term loan agreement with a syndicate of banks led by KeyBank National Association. Any and all outstanding borrowings under the term loan agreement are due by March 31, 2021. 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 1, 2020 with an interest rate of LIBOR plus 75 basis points. On October 14, 2020, we terminated and repaid in full our $850.0 million term loan agreement with proceeds from the sale of the Massachusetts Business.

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Short-term borrowings were as follows:

(in millions)	September 30, 2020	December 31, 2019
Commercial paper weighted-average interest rate of 0.23% and 2.03% at September 30, 2020 and December 31, 2019, respectively	**307.0**	570.0
Accounts receivable securitization facility	**231.2**	353.2
Term loan interest rate of 0.90% and 2.40% at September 30, 2020 and December 31, 2019, respectively	**850.0**	850.0
Total Short-Term Borrowings	**$ 1,388.2**	$ 1,773.2

Other than for the term loan, revolving credit facility 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.

18. 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, 2020 and December 31, 2019, we had issued stand-by letters of credit of $10.2 million.

We have provided guarantees related to our future performance under BTAs for our renewable generation projects. At September 30, 2020, our guarantees for the Rosewater and Indiana Crossroads BTAs totaled $195.6 million. The amount of each guaranty will decrease upon the substantial completion of the construction of the facilities. See "- D. Other Matters - NIPSCO 2018 Integrated Resource Plan," below for more information.

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 for approximately 7,500 gas meters, the majority of which served residences and approximately 700 of which served 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. On September 1, 2020, the Massachusetts Governor terminated the state of emergency declared following the Greater Lawrence Incident.

We have been subject to inquiries and investigations by government authorities and regulatory agencies regarding the Greater Lawrence Incident, including the Massachusetts DPU and the Massachusetts Attorney General's Office, as described below. On February 26, 2020, the Company and Columbia of Massachusetts entered into agreements with the U.S. Attorney's Office for the District of Massachusetts to resolve the U.S. Attorney's Office's investigation relating to the Greater Lawrence Incident, and on July 2, 2020, the Company and Columbia of Massachusetts entered into an agreement with the Massachusetts Attorney General's Office (among other parties) to resolve the Massachusetts investigations, as described below.

NTSB Investigation. As previously disclosed, the NTSB concluded its investigation into the Greater Lawrence Incident. We have requested closure of one remaining safety recommendation and are awaiting response from the NTSB.

Massachusetts Investigations. Under Massachusetts law, the Massachusetts DPU is authorized to investigate potential violations of pipeline safety regulations and to assess a civil penalty of up to $218,647 for a violation of federal pipeline safety regulations. A separate violation occurs for each day of violation up to $2.2 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 $20.0 million per related series of violations. Further, as a result of the declaration of emergency by the Governor, the Massachusetts DPU is authorized to investigate potential violations of the Massachusetts DPU's operational directives during the restoration efforts and assess penalties of up to $1.0 million per violation. The Massachusetts DPU conducted investigations of Columbia of Massachusetts pursuant to these authorities and approved a Settlement Agreement resolving its investigations on October 7, 2020 (defined and further described below).

On October 25, 2019, the Massachusetts DPU issued two orders opening public investigations into Columbia of Massachusetts with respect to the Greater Lawrence Incident. The Massachusetts DPU opened the first investigation under its authority to determine compliance with federal and state pipeline safety laws and regulations, and to investigate Columbia of Massachusetts' responsibility for and response to the Greater Lawrence Incident and its restoration efforts following the incident. The Massachusetts DPU opened the second investigation under its authority to determine whether a gas distribution company has violated established standards regarding acceptable performance for emergency preparedness and restoration of service to investigate efforts by Columbia of Massachusetts to prepare for and restore service following the Greater Lawrence Incident. These investigations were resolved by the Massachusetts DPU order dated October 7, 2020 approving the Settlement Agreement (defined and further described below).

In connection with its investigation related to the Greater Lawrence Incident, on February 4, 2020, the Massachusetts Attorney General's Office issued a request for documents primarily focused on the restoration work following the incident. This investigation was resolved by the Massachusetts DPU order dated October 7, 2020 approving the Settlement Agreement (defined and further described below).

On July 2, 2020, NiSource, Columbia of Massachusetts, Eversource and Eversource Gas Company of Massachusetts, a wholly-owned subsidiary of Eversource ("EGMA"), filed with the Massachusetts DPU a joint petition for the approval of the purchase and sale of the Massachusetts Business (the "Transaction") as contemplated by the Asset Purchase Agreement and a proposed multi-year rate plan. The Asset Purchase Agreement provides for various closing conditions, including the receipt of the approval of the Massachusetts DPU and the final resolution or termination of all pending actions, claims and investigations, lawsuits or other legal or administrative proceedings against Columbia of Massachusetts and its affiliates under the jurisdiction of the Massachusetts DPU and all future actions, claims and investigations, lawsuits or other legal or administrative proceedings against NiSource, Columbia of Massachusetts and their affiliates relating to the Greater Lawrence Incident under the jurisdiction of the Massachusetts DPU, each as determined by NiSource in its reasonable discretion (the "DPU Required Resolution").

The petition included and sought approval of a settlement agreement executed on July 2, 2020 (the "Settlement Agreement") among, NiSource, Columbia of Massachusetts, Eversource, EGMA, the Massachusetts Attorney General's Office ("Massachusetts AGO"), the Massachusetts Department of Energy Resources ("DOER"), and the Low-Income Weatherization and Fuel Assistance Program Network (together with NiSource, Columbia of Massachusetts, Eversource, EGMA, the Massachusetts AGO and the DOER, the "Settling Parties"). The Settlement Agreement was conditioned on its approval by the Massachusetts DPU no later than September 30, 2020; however, this deadline was extended to October 7, 2020. The Settlement Agreement was approved by the Massachusetts DPU on October 7, 2020, and the closing of the Transaction occurred on October 9, 2020.

Set forth below are certain of the descriptions of the provisions of the Settlement Agreement related to the DPU Required Resolution. The Settlement Agreement includes other provisions, including generally provisions related to ratemaking and activities of Eversource and EGMA to occur after the closing of the Transaction and other conditions, as further described in the Settlement Agreement.

Termination of Massachusetts DPU Regulatory Matters. Under the Settlement Agreement, the Settling Parties agreed that the terms of the Settlement Agreement achieve the DPU Required Resolution under the Asset Purchase Agreement. Further, under the Settlement Agreement, Columbia of Massachusetts took responsibility for the Greater Lawrence Incident and agreed not to contest facts in the record sufficient to support the Massachusetts DPU's investigations into pipeline safety and emergency response in the two public investigations that the Massachusetts DPU opened pursuant to the October 25, 2019 orders referenced above (DPU 19-140 and 19-141, respectively). If adjudicated, Columbia of Massachusetts could have been subject to the payment of penalties potentially up to the maximum allowed by law.

The Settling Parties also agreed that, upon the closing of the Transaction, (1) all pending actions, claims, investigations, lawsuits and proceedings against NiSource, Columbia of Massachusetts and their affiliates, and all of the respective directors, officers, employees, agents and representatives of NiSource and Columbia of Massachusetts and their affiliates (such entities and individuals, collectively referred to as the "Discharged Persons"), under the Massachusetts DPU's jurisdiction, shall be considered settled, resolved, and terminated; and (2) all future actions, claims, investigations, lawsuits and proceedings, whether known or unknown, against the Discharged Persons, in each case, relating to, arising out of, or in connection with the Greater Lawrence Incident (as defined in the Asset Purchase Agreement), under the jurisdiction of the Massachusetts DPU shall be considered settled, resolved, and terminated. This includes the Massachusetts DPU's investigations into pipeline safety and emergency response in DPU 19-140 and 19-141, respectively, as well as any other regulatory matters that could have been raised by the Massachusetts DPU relating to, arising out of, or in connection with the Greater Lawrence Incident.

The Settling Parties also agreed that, upon the closing of the Transaction, all pending actions, claims, investigations, lawsuits, and proceedings against the Discharged Persons, which are the subject of the Consent Order, shall be settled, resolved, and terminated. The "Consent Order" is a consent order the Massachusetts DPU issued on August 14, 2020 in DPU 19-140, which included Compliance Actions (as defined in the Consent Order) that corresponded to the entirety of cases pending before the Massachusetts DPU as of July 2, 2020. The Settling Parties further agreed, upon the closing of the Transaction, that the Consent Order (and the Massachusetts DPU's associated Compliance Actions) addresses all outstanding pipeline safety compliance investigations, inquiries, or ongoing matters, regardless of whether subject to notices of probable violations (NOPVs) or related to the Greater Lawrence Incident, existing as of the execution date of the Settlement Agreement.

Termination of Massachusetts AGO Matters. Under the Settlement Agreement, the Settling Parties agreed that, upon the closing of the Transaction, the Settlement Agreement shall constitute receipt from the Massachusetts AGO of an agreement, settlement, compromise, and consent: (1) to terminate with prejudice all pending actions, claims, lawsuits, investigations, or proceedings under the jurisdiction of the Massachusetts AGO against the Discharged Persons relating, arising out of, or in connection with, the Greater Lawrence Incident; and (2) not to commence on its own behalf any new action, claim, lawsuit, investigation or proceeding against any of the Discharged Persons relating, arising out of, or in connection with, the Greater Lawrence Incident.

Payment in Lieu of Penalties. Under the Settlement Agreement, the Settling Parties agreed that, at the closing of the Transaction, NiSource will make a payment in lieu of penalties in full settlement of all of the pending and potential claims, lawsuits, investigations or proceedings settled by and released by the Settlement Agreement in the amount of $56.0 million. This payment was withheld from the proceeds received from Eversource at the closing of the Transaction on October 9, 2020. See Note 6, "Assets and Liabilities Held for Sale," for additional information.

Energy Relief Fund. Under the Settlement Agreement, the Settling Parties agreed that the funds derived from the NiSource payment described above will be used to create an "Energy Relief Fund," comprised of two components, designated as the "Merrimack Valley Renewal Fund" and the "Arrearage Forgiveness Fund," in each case as further described in the Settlement Agreement. The Merrimack Valley Renewal Fund is jointly administered by the Massachusetts AGO and DOER. The Arrearage Forgiveness Fund is jointly administered by the Massachusetts AGO and Eversource.

U.S. Department of Justice Investigation. On February 26, 2020, the Company and Columbia of Massachusetts entered into agreements with the U.S. Attorney's Office to resolve the U.S. Attorney's Office's investigation relating to the Greater Lawrence Incident. Columbia of Massachusetts agreed to plead guilty in the United States District Court for the District of Massachusetts (the "Court") to violating the Natural Gas Pipeline Safety Act (the "Plea Agreement"), and the Company entered into a Deferred Prosecution Agreement (the "DPA").

On March 9, 2020, Columbia of Massachusetts entered its guilty plea pursuant to the Plea Agreement, which the Court accepted. Subsequently, Columbia of Massachusetts and the U.S. Attorney's Office modified the Plea Agreement. On June 23, 2020, the Court sentenced Columbia of Massachusetts in accordance with the terms of the modified Plea Agreement. Under the modified Plea Agreement, Columbia of Massachusetts is subject to the following terms, among others: (i) a criminal fine in the amount of $53,030,116, which has been paid; (ii) a three year probationary period that will terminate early upon a sale of Columbia of Massachusetts or a sale of its gas distribution business to a qualified third-party buyer consistent with certain requirements, but in no event before the end of the one-year mandatory period of probation; (iii) compliance with each of the NTSB recommendations stemming from the Greater Lawrence Incident; and (iv) employment of an in-house monitor until the end of the term of probation or until the sale of Columbia of Massachusetts or its gas distribution business, whichever is earlier. On October 13, 2020, the Court, upon agreement of the U.S. Attorney's Office and Columbia Gas of Massachusetts, modified the terms of probation by ending the term of the in-house monitor.

Under the DPA, the U.S. Attorney's Office agreed to defer prosecution of the Company in connection with the Greater Lawrence Incident for a three-year period (which three-year period may be extended for twelve (12) months upon the U.S. Attorney's Office's determination of a breach of the DPA) subject to certain obligations of the Company, including, but not limited to, the following: (i) the Company will use reasonable best efforts to sell Columbia of Massachusetts or Columbia of Massachusetts' gas distribution business to a qualified third-party buyer consistent with certain requirements, and, upon the completion of any such sale, the Company will cease and desist any and all gas pipeline and distribution activities in the District of Massachusetts; (ii) the Company will forfeit and pay, within 30 days of the later of the sale becoming final or the date on which post-closing adjustments to the purchase price are finally determined in accordance with the agreement to sell Columbia of Massachusetts or its gas distribution business, a fine equal to the total amount of the profit or gain, if any, from any sale of Columbia of Massachusetts or its gas distribution business, with the amount of profit or gain determined as provided in the DPA; and (iii) the Company agrees as to each of the Company's subsidiaries involved in the distribution of gas through pipeline facilities in Massachusetts, Indiana, Ohio, Pennsylvania, Maryland, Kentucky and Virginia to implement and adhere to each of the recommendations from the NTSB stemming from the Greater Lawrence Incident. Pursuant to the DPA, if the Company complies with all of its obligations under the DPA, including, but not limited to those identified above, the U.S. Attorney's Office will not file any criminal charges against the Company related to the Greater Lawrence Incident. If Columbia of Massachusetts withdraws its plea for any reason, if the Court rejects any aspect of the Plea Agreement, or if Columbia of Massachusetts should fail to perform an obligation under the Plea Agreement prior to the sale of Columbia of Massachusetts or its gas distribution business, the U.S. Attorney's Office may, at its sole option, render the DPA null and void. The sale of the Massachusetts Business was completed on October 9, 2020. The Company is not required to forfeit or pay any funds within 30 days of the sale of the Massachusetts Business because the Company did not realize a profit or gain from the sale as provided in the DPA.

U.S. Congressional Activity. On September 30, 2019, the U.S. Protecting Our Infrastructure of Pipelines and Enhancing Safety (PIPES) Act authorizing PHMSA expired. There is no effect on PHMSA's authority. Action on past re-authorization bills has extended past the expiration date and action on this re-authorization is expected to continue into 2021. Pipeline safety jurisdiction resides with the U.S. Senate Commerce Committee and is divided between two committees in the U.S. House of Representatives (Energy and Commerce, and Transportation and Infrastructure). The Senate passed its bill on August 7, 2020. The House of Representatives has yet to reconcile its legislation and act. Certain legislative proposals, if enacted into law, may increase costs for natural gas industry companies, including the Company.

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 have been 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 motion for preliminary approval and the settlement documents were filed on September 25, 2019. The preliminary approval court hearing was held on October 7, 2019 and the court issued an order granting preliminary approval of the settlement on October 11, 2019. The Court granted final approval of the settlement on March 12, 2020.

With respect to claims not included in the consolidated class action, many of the asserted wrongful death and bodily injury claims have settled, and we continue to discuss potential settlements with remaining claimants. 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.

Shareholder Derivative Lawsuit. On April 28, 2020, a shareholder derivative lawsuit was filed by the City of Detroit Police and Fire Retirement System in the United States District Court for the District of Delaware against certain of the Company's current and former directors, alleging breaches of fiduciary duty with respect to the pipeline safety management systems relating to the distribution of natural gas prior to the Greater Lawrence Incident and also including claims related to the Company's proxy statement disclosures regarding its safety systems. The remedies sought include damages for the alleged breaches of fiduciary duty, corporate governance reforms, and restitution of any unjust enrichment. The defendants have filed a motion to dismiss the lawsuit. The motion to dismiss is fully briefed. Because of the preliminary nature of this lawsuit, the Company is not able to estimate a loss or range of loss, if any, that may be incurred in connection with this matter at this time.

Financial Impact. Since the Greater Lawrence Incident, we have recorded expenses of approximately $1,036 million for third-party claims and fines, penalties and settlements associated with government investigations. We estimate that total costs related to third-party claims and fines, penalties and settlements associated with government investigations resulting from the incident will range from $1,036 million to $1,050 million, depending on the number, nature, final outcome and value of third-party claims. With regard to third-party claims, these costs include, but are not limited to, personal injury and property damage claims, damage to infrastructure, business interruption claims, and mutual aid payments to other utilities assisting with the restoration effort. These costs do not include costs of certain third-party claims and fines, penalties or settlements associated with government investigations that we are not able to estimate. These costs also do not include non-claims related and government investigation-related legal expenses resulting from the incident, the capital cost of the pipeline replacement and the payment in lieu of penalties, which are set forth in " - D. Other Matters - Greater Lawrence Incident Restoration," "- Greater Lawrence Incident Pipeline Replacement," and Note 6, "Assets and Liabilities Held for Sale," respectively.

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, management's estimates and assumptions regarding the financial impact of the Greater Lawrence Incident may change.

The aggregate amount of third-party liability insurance coverage available for losses arising from the Greater Lawrence Incident is $800 million. We have collected the entire $800 million. Total expenses related to the incident have exceeded the total amount of insurance coverage available under our 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.

We are also party to certain other claims, regulatory and legal proceedings arising in the ordinary course of business in each state in which we have operations, none of which we believe to be individually material at this time.

Due to the inherent uncertainty of litigation, there can be no assurance that the outcome or resolution of any particular claim, proceeding or investigation related to the Greater Lawrence Incident or otherwise would not have a material adverse effect on our results of operations, financial position or liquidity. Certain matters in connection with the Greater Lawrence Incident have had or may have a material impact as described above. If one or more of such additional or other 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 September 30, 2020 and December 31, 2019, we had recorded a liability of $93.4 million and $104.4 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." 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. Refer to " - 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 require further GHG reductions or impose additional requirements for natural gas facilities could impose additional costs. NiSource will carefully monitor all GHG reduction proposals and regulations.

ACE Rule. On July 8, 2019, the EPA published the final ACE rule, which 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 the end of 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 as of September 30, 2020. After the sale of the Massachusetts Business, the retained number of identified sites is 54. 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, 2020. Our total estimated liability related to the facilities subject to remediation was $88.3 million and $102.2 million at September 30, 2020 and December 31, 2019, 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.

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To comply with the rule, NIPSCO completed capital expenditures to modify its infrastructure and manage CCRs during 2019. 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 obligation due to the uncertainty about the requirements that will be established by environmental authorities, compliance strategies that will be used, and the preliminary nature of available data used to estimate costs. As allowed by the rule, 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. Based upon a study performed in 2016 of the final rule, capital compliance costs were expected to be approximately $170 million. On October 13, 2020, the EPA published a final rule that revises the ELG for certain water streams and considers coal unit retirement dates. 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 Plans 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 the R.M. Schahfer Generating Station by the end of 2023 and the Michigan City Generating Station by the end of 2028. These stations 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.

In the second quarter of 2020, the MISO approved NIPSCO's plan to retire the R.M. Schahfer Generating Station in 2023. In accordance with ASC 980-360, the net book value of certain plant and equipment for the R.M. Schahfer Generating Station was reclassified from "Net utility plant" to "Other property, at cost, less accumulated depreciation" on the Condensed Consolidated Balance Sheets (unaudited). The December 2019 NIPSCO electric rate case order included approval to create a regulatory asset upon the retirement of the R.M. Schahfer Generating Station. The order allows for the recovery of and on the net book value of the station by the end of 2032. Refer to Note 7, "Property, Plant and Equipment" for further information.

In connection with the MISO's approval of NIPSCO's planned retirement of the R.M. Schahfer Generating Station, we recorded $4.6 million of plant retirement-related charges in the second quarter of 2020. These charges were comprised of write downs of certain capital projects that have been cancelled and materials and supplies inventory balances deemed obsolete due to the planned retirement. These charges are presented within "Operation and maintenance" on the Condensed Statements of Consolidated Income (Loss). As more information becomes available, the retirement date of the R.M. Schahfer Generating Station will be finalized, and additional plant retirement-related charges may be incurred.

In connection with the planned retirement of the Schahfer Generating Station and the Michigan City Generating Station, the current capacity replacement plan includes lower-cost, reliable, cleaner energy resources to be obtained through a combination of NIPSCO ownership and PPAs. To this effect, NIPSCO has entered into a number of agreements with counterparties, as described below.

In January 2019, NIPSCO executed a 20 year PPA, referred to as the Jordan Creek PPA, to purchase 100% of the output from renewable generation facilities at a fixed price per MWh. The facility supplying the energy will have a nameplate wind capacity of approximately 400 MW. NIPSCO submitted the Jordan Creek PPA to the IURC for approval in February 2019 and the IURC approved the Jordan Creek PPA on June 5, 2019. Payments under the Jordan Creek PPA will not begin until the associated generation facility is constructed by the owner / seller, which is currently scheduled to be complete by the end of 2020. While NIPSCO is monitoring any possible impact the COVID-19 pandemic may have on the expected completion date of this project, we do not expect delays.

Also in January 2019, NIPSCO executed a BTA, referred to as the Rosewater BTA, with a developer to construct a renewable generation facility with a nameplate wind capacity of approximately 100 MW. Ownership of the facility will be transferred to a joint venture whose members include NIPSCO, the developer and an unrelated tax equity partner. NIPSCO and the tax equity partner are obligated to make cash contributions to the partnership at the date construction is substantially complete. The aforementioned joint venture is expected to be fully owned by NIPSCO after the wind PTCs are monetized from the project. NIPSCO's purchase requirement under the Rosewater BTA is dependent on satisfactory approval of the Rosewater BTA by the IURC, successful execution of an agreement with a tax equity partner and timely completion of construction. NIPSCO submitted the Rosewater BTA to the IURC for approval in February 2019, and the IURC approved the Rosewater BTA on August 7, 2019. The required FERC approvals for the project were received in December 2019. NIPSCO executed an equity capital contribution agreement with a tax equity partner in July 2020. Construction of the facility is scheduled to be completed by the end of 2020; however, this project could experience a construction delay due to the COVID-19 pandemic. While NIPSCO is continuing to monitor the impact the COVID-19 pandemic may have on the expected completion date of this project, we do not expect delays.

On October 1, 2019, NIPSCO announced the opening of its next round of RFP to consider potential resources to meet the future electric needs of its customers. The RFP closed on November 20, 2019, and NIPSCO continues to evaluate the results. NIPSCO is considering all sources in the RFP process and is expecting to obtain adequate resources to facilitate the retirement of the R.M. Schahfer Generation Station by the end of 2023. The planned replacement by the end of 2023 of approximately 1,400 MW from this coal-fired generation station could provide incremental capital investment opportunities for 2022 and 2023. Currently, half of the capacity in the replacement plan is targeted to be owned by joint ventures that will include NIPSCO and unrelated financial investors as the members. The remaining new capacity is expected to be primarily in the form of PPAs. NIPSCO has initiated the appropriate regulatory compliance filings related to the new capacity, starting with two solar PPAs filed with the IURC in July 2020. We expect to continue finalizing agreements with counterparties and initiating regulatory compliance filings into 2021.

In October 2019, NIPSCO executed a BTA, referred to as the Indiana Crossroads BTA, with a developer to construct an additional renewable generation facility with a nameplate wind capacity of approximately 300 MW. Ownership of the facility will be transferred to a joint venture whose members include NIPSCO, the developer and an unrelated tax equity partner. NIPSCO and the tax equity partner are obligated to make cash contributions to the partnership at the date construction is substantially complete. The aforementioned joint venture is expected to be fully owned by NIPSCO after the wind PTCs are monetized from the project. NIPSCO's purchase requirement under the Indiana Crossroads BTA is dependent on satisfactory approval of the Indiana Crossroads BTA by the IURC, successful execution of an agreement with a tax equity partner, and timely completion of construction. NIPSCO submitted the Indiana Crossroads BTA to the IURC for approval on October 22, 2019, and the IURC approved the Indiana Crossroads BTA on February 19, 2020. Required FERC filings are expected to be filed in the fourth quarter of 2020. Construction of the facility is expected to be completed by the end of 2021.

In June 2020, NIPSCO executed three additional 20 year PPAs to purchase 100% of the output from renewable generation facilities at a fixed price per MWh. The facilities supplying the energy will have a combined nameplate solar capacity of approximately 500 MW and 30 MW storage capacity. NIPSCO's purchase requirement under the PPAs is dependent on satisfactory approval of the PPAs by the IURC. NIPSCO submitted two of the PPAs to the IURC for approval in July 2020. An IURC order is anticipated by the end of the fourth quarter of 2020. NIPSCO plans to submit the third PPA to the IURC for approval in the fourth quarter of 2020. 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 second quarter of 2023.

In October 2020, NIPSCO executed three solar BTAs with a developer to construct additional renewable generation facilities with a nameplate solar capacity of approximately 900 MW and 135 MW of storage capacity. Ownership of the facilities will be transferred to joint ventures whose members include NIPSCO and an unrelated tax equity partner. NIPSCO and the tax equity partner are obligated to make cash contributions to the partnerships at the date construction is substantially complete. The aforementioned joint ventures are expected to be fully owned by NIPSCO after the solar ITCs are monetized from the project. NIPSCO's purchase requirement under the BTAs is dependent on satisfactory approval of the BTAs by the IURC, successful execution of an agreement with a tax equity partner, and timely completion of construction. NIPSCO plans to submit the BTAs to the IURC for approval in the fourth quarter of 2020. Construction of the facility with a nameplate capacity of 265 MW is expected to be completed by the end of 2022. Construction of the facilities with a nameplate capacity of 635 MW and 135 of storage capacity are expected to be completed by the end of 2023.

On May 1, 2020, President Donald Trump issued an executive order (the “EO”) prohibiting any transaction initiated after that day that (i) involves bulk-power system equipment designed, developed, manufactured or supplied by persons owned by, controlled by or subject to the jurisdiction or direction of a foreign adversary and (ii) poses an unacceptable risk to national security. Implementing regulations from the U.S. Secretary of Energy are still pending. The EO also requires the U.S. Secretary of Energy to review the risk of existing bulk-power system equipment sourced from foreign adversaries and to establish a task force to review and recommend federal procurement policies and procedures consistent with the considerations identified in the EO. On July 8, 2020, the U.S. Department of Energy issued a Request for Information ("RFI"), seeking input from industry stakeholders to "understand the energy industry's current practices to identify and mitigate vulnerabilities in the supply chain" for components of bulk-power system equipment. The RFI identifies the following governments as "foreign adversaries": China, Cuba, Iran, North Korea, Russia and Venezuela. The RFI notes that the U.S. Secretary of Energy retains authority to amend this list at any time and such countries have been identified only for the purposes of the EO. In the future, certain bulk-power system equipment owned or operated by NiSource could possibly be considered to be sourced from a foreign adversary within the meaning of the EO.

Greater Lawrence Incident Restoration. In addition to the amounts estimated for third-party claims and fines, penalties and settlements associated with government investigations described above, since the Greater Lawrence Incident, we have recorded expenses of approximately $441 million for other incident-related costs. We estimate that total other incident-related costs will range from $445 million and $455 million, depending on the incurrence of costs associated with resolving outstanding third-party claims discussed above in " - B. Legal Proceedings." Such costs include certain consulting costs, legal costs, vendor 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 capital cost of the pipeline replacement, which is set forth below.

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. We have collected the entire $800 million. Expenses related to the incident have exceeded the total amount of insurance coverage available under our policies.

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

(in millions)	Total Costs Incurred through December 31, 2019	**Costs Incurred during the Three Months Ended September 30, 2020**	**Costs Incurred during the Nine Months Ended September 30, 2020**	Incident to Date
Third-party claims	$ 1,041	**$ (3)**	**$ (5)**	$ 1,036
Other incident-related costs	420	**5**	**21**	441
Total	1,461	**2**	**16**	1,477
Insurance recoveries recorded	(800)	**—**	**—**	(800)
Total costs incurred	$ 661	**$ 2**	**$ 16**	$ 677

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.

We have invested approximately $258 million of capital spend for the pipeline replacement; this work was completed in 2019. We maintain property insurance for gas pipelines and other applicable property. Columbia of Massachusetts has filed a proof of loss with its property insurer for the pipeline replacement. In January 2020, we filed a lawsuit against the property insurer, seeking payment of our property claim. We are currently unable to predict the timing or amount of any insurance recovery under the property policy. This pipeline replacement cost is part of the Massachusetts Business that was classified as held for sale at September 30, 2020. The assets and liabilities of the Massachusetts Business have been recorded at fair value, less costs to sell, which has resulted in a loss being recorded as of September 30, 2020. The sale of the Massachusetts Business was completed on October 9, 2020. See Note 6, "Assets and Liabilities Held for Sale," for additional information.

State Income Taxes Related to Greater Lawrence Incident Expenses. As of December 31, 2018, expenses related to the Greater Lawrence Incident were $1,023 million. In the fourth quarter of 2019, we filed an application for Alternative Apportionment with the MA DOR to request an allocable approach to these expenses for purposes of Massachusetts state

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income taxes, which, if approved, would result in a state deferred tax asset of approximately $50 million, net. The MA DOR issued a denial during the first quarter of 2020. We filed an application for abatement in the second quarter of 2020 and believe it is reasonably possible that the application will be accepted or an alternative method will be proposed by the MA DOR within the next three to six months.

Voluntary Separation Program. On August 5, 2020, we commenced a voluntary separation program for certain employees. Expense for the voluntary separation program will be recognized in the period when the employee accepts the offer, absent a retention period. For employees that have a retention period, expense will be recognized over the remaining service period. Employee acceptance under the voluntary separation program is determined by management based on facts and circumstances of the benefits being offered. The total severance expense for employees who were accepted under the voluntary separation program offered in August 2020 is approximately $38 million, which will be recognized over the remaining service period of the applicable employees. For the three and nine months ended September 30, 2020, we recognized $23.4 million in severance expense related to the program, all of which was outstanding at September 30, 2020. This activity is presented within "Operation and maintenance" in our Condensed Statements of Consolidated Income (Loss) (unaudited) and within "Accrued compensation and employee benefits" in our Condensed Consolidated Balance Sheets (unaudited).

Transition Services Agreement. In connection with the sale of the Massachusetts Business, NiSource and Eversource entered into a Transition Services Agreement (TSA). Under the TSA, NiSource will provide Eversource certain finance and accounting, gas operations, customer, human resources, information technology and other specific services, The duration of the TSA varies by service, generally lasting 12 to 24 months from the date of the sale. As the TSA commenced on October 9, 2020, we did not record any revenue for the TSA for the three and nine months ended September 30, 2020.

19. Accumulated Other Comprehensive Loss

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

Three Months Ended September 30, 2020 *(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, 2020	$ 3.6	$ (207.8)	$ (17.7)	$ (221.9)
Other comprehensive income before reclassifications	1.2	26.0	1.0	28.2
Amounts reclassified from accumulated other comprehensive income (loss)	0.2	—	(0.1)	0.1
Net current-period other comprehensive income	1.4	26.0	0.9	28.3
Balance as of September 30, 2020	**$ 5.0**	**$ (181.8)**	**$ (16.8)**	**$ (193.6)**

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

Nine Months Ended September 30, 2020 *(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, 2020	$ 3.3	$ (77.2)	$ (18.7)	$ (92.6)
Other comprehensive income (loss) before reclassifications	2.0	(104.6)	1.4	(101.2)
Amounts reclassified from accumulated other comprehensive income (loss)	(0.3)	—	0.5	0.2
Net current-period other comprehensive income (loss)	1.7	(104.6)	1.9	(101.0)
Balance as of September 30, 2020	**$ 5.0**	**$ (181.8)**	**$ (16.8)**	**$ (193.6)**

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

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

Three Months Ended September 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 July 1, 2019	$ 2.5	$ (62.8)	$ (20.5)	$ (80.8)
Other comprehensive income (loss) before reclassifications	0.9	(50.7)	0.2	(49.6)
Amounts reclassified from accumulated other comprehensive income (loss)	(0.2)	0.1	0.2	0.1
Net current-period other comprehensive income (loss)	0.7	(50.6)	0.4	(49.5)
Balance as of September 30, 2019	$ 3.2	$ (113.4)	$ (20.1)	$ (130.3)

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

Nine Months Ended September 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	5.9	(100.5)	0.7	(93.9)
Amounts reclassified from accumulated other comprehensive income (loss)	(0.3)	0.1	1.0	0.8
Net current-period other comprehensive income (loss)	5.6	(100.4)	1.7	(93.1)
Balance as of September 30, 2019	$ 3.2	$ (113.4)	$ (20.1)	$ (130.3)

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

20. Other, Net

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2020**	2019	**2020**	2019
Interest income	**$ 1.3**	$ 2.1	**$ 4.4**	$ 5.4
AFUDC equity	**1.8**	2.9	**4.9**	7.1
Charitable contributions	**(0.3)**	(1.1)	**(0.9)**	(4.0)
Pension and other postretirement non-service cost	**0.6**	(2.8)	**6.4**	(8.7)
Sale of emission reduction credits	**4.6**	—	**4.6**	—
Miscellaneous	**—**	0.2	**0.5**	0.5
Total Other, net	**$ 8.0**	$ 1.3	**$ 19.9**	$ 0.3

21. Business Segment Information

At September 30, 2020, 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 sale of the Massachusetts Business was completed on October 9, 2020. Refer to Note 6, "Assets and Liabilities Held for Sale," for further details. The Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

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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 September 30,		Nine Months Ended September 30,	
(in millions)	**2020**	2019	**2020**	2019
Operating Revenues				
Gas Distribution Operations				
Unaffiliated	**$ 470.1**	$ 463.6	**$ 2,304.4**	$ 2,506.2
Intersegment	**3.0**	3.3	**9.0**	9.9
Total	**473.1**	466.9	**2,313.4**	2,516.1
Electric Operations				
Unaffiliated	**432.2**	467.7	**1,165.7**	1,304.9
Intersegment	**0.1**	0.2	**0.5**	0.6
Total	**432.3**	467.9	**1,166.2**	1,305.5
Corporate and Other				
Unaffiliated	**0.2**	0.2	**0.6**	0.6
Intersegment	**120.5**	116.9	**327.9**	342.2
Total	**120.7**	117.1	**328.5**	342.8
Eliminations	**(123.6)**	(120.4)	**(337.4)**	(352.7)
Consolidated Operating Revenues	**$ 902.5**	$ 931.5	**$ 3,470.7**	$ 3,811.7
Operating Income (Loss)				
Gas Distribution Operations	**$ (42.2)**	$ (48.6)	**$ 38.0**	$ 605.8
Electric Operations	**130.0**	140.7	**295.4**	321.4
Corporate and Other	**5.0**	(1.1)	**(0.7)**	1.5
Consolidated Operating Income	**$ 92.8**	$ 91.0	**$ 332.7**	$ 928.7

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, 2019.

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 six states, following the sale of our Massachusetts Business, which closed on October 9, 2020. See "Columbia of Massachusetts Asset Sale" below for additional information. 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, 2019 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.

Columbia of Massachusetts Asset Sale: On February 26, 2020, NiSource and Columbia of Massachusetts entered into an Asset Purchase Agreement with Eversource (the "Asset Purchase Agreement"). Upon the terms and subject to the conditions set forth in the Asset Purchase Agreement, we sold the Massachusetts Business to Eversource for net proceeds of $1,112.6 million in cash, subject to adjustment for the final working capital amount. The sale was approved by the Massachusetts DPU on October 7, 2020, and closed on October 9, 2020. As a result of the sale, we have transitioned to executing the TSA with Eversource. For additional information, see Note 6, "Assets and Liabilities Held for Sale," and Note 18-D, "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited).

Your Energy, Your Future: Our plan to replace 80% of our coal generation capacity by the end of 2023 and all of our coal generation by the end of 2028 with primarily renewable resources is well underway. In October 2020, we executed three BTAs for 900 MW solar nameplate capacity and 135 MW of storage capacity. The three projects were selected following a comprehensive review of bids submitted through the RFP process that NIPSCO underwent in late 2019. The projects complement previously executed BTAs and PPAs with a combined nameplate capacity of 400 MW and 1,300 MW, respectively. For additional information, see Note 18-D, "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited).

NiSource Next: We have launched a comprehensive, multi-year program designed to deliver long-term safety, sustainable capability enhancements and cost optimization improvements. This program will advance the high priority we place on safety and risk mitigation, further enable our safety management system ("SMS"), and enhance the customer experience. NiSource Next is designed to leverage our current scale, utilize technology, define clear roles and accountability with our leaders and employees, and standardize our processes to focus on operational rigor, quality management and continuous improvement. An initial step in this program is the voluntary separation program that was announced in August 2020. Total severance expense for employees who were accepted under the voluntary separation program offered in August 2020 is approximately $38.0 million. The majority of these separation costs will be expensed in 2020. For additional information, see Note 18-D, "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited). One of the expected benefits of the NiSource Next initiative, along with the sale of the Massachusetts Business, is a projected reduction in ongoing operation and maintenance costs by approximately 8% in 2021 compared to 2020.

COVID-19: The safety of our employees and customers, while providing essential services during the COVID-19 pandemic, is paramount. Since March 2020, we have taken a proactive, coordinated approach intended to prevent, mitigate and respond to

COVID-19 by utilizing our Incident Command System (ICS). The ICS includes members of our executive council, a medical review professional, and members of functional teams from across our company. The ICS monitors state-by-state conditions and determines steps to conduct our operations safely for employees and customers.

We have implemented procedures designed to protect our employees who work in the field and who continue to work in operational and corporate facilities, including social distancing, wearing face coverings, temperature checks and more frequent cleaning of equipment and facilities. We have also implemented work-from-home policies. We have minimized non-essential work that requires an employee to enter a customer premise and limited company vehicle occupancy to one person, where possible. We continue to employ physical and cyber-security measures to ensure that our operational and support systems remain functional. Our actions to date have mitigated the impact of COVID-19 on our employees. We have had a limited amount of known COVID-19 cases within our company. We will continue to follow CDC guidance and implement safety measures intended to ensure employee and customer safety during this pandemic.

Since the beginning of the COVID-19 pandemic, we have been helping our customers navigate this challenging time. We suspended disconnections soon after this outbreak began. While the suspension of disconnections has been lifted in some states, suspensions are likely to continue in other states through the end of the year. In all states, we plan to continue our payment assistance programs to help customers deal with the impact of COVID-19. Additionally, we continue to have dialogue with the state regulatory commissions for each of our operating companies regarding COVID-19. Regulatory deferrals have been allowed by the state regulatory commissions in all states in which we operate. For information on the state specific suspension of disconnections and COVID-19 regulatory filings, see Note 9, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited). The CARES Act was enacted on March 27, 2020 and provides monetary-relief and financial aid to individuals, business, nonprofits, states and municipalities. We are continuing to promote multiple resources available to customers including benefits from the CARES Act, such as additional funding for both the Low-Income Home Energy Assistance Program and the Community Services Block Grant to help support income-qualified customers. We are sharing energy efficiency tips to help customers save energy at home and promoting our budget plan program, which allows customers to pay about the same amount each month.

While we have experienced lower revenue, higher expenses for personal protective equipment and supplies, and higher bad debt expense, COVID-19 has not materially impacted our results of operation as of September 30, 2020. Refer to "Results and Discussion of Segment Operation" in this Management's Discussion for additional segment specific information. We did experience lower cash flows from operations for the nine months ended September 30, 2020 in comparison to the same period in 2019 due, in part, to slower collections of customer accounts receivable; however, we believe we have sufficient liquidity as a result of the issuance of $1.0 billion notes in April 2020, the remaining cash proceeds received from the sale of the Massachusetts Business in October 2020, the available capacity under our short-term revolving credit facility and accounts receivable securitization facilities, and our anticipated ability to access capital markets. Additionally, we have reduced our expected 2020 capital investments by $145 million. We do not anticipate any other material changes to our capital construction programs or our renewable generation projects. While we have not experienced any significant issues in our supply chain, we are actively managing the materials, supplies, and contract services for our generation, transmission, distribution, and customer services functions.

Our future operating results and liquidity may be impacted by COVID-19, but the extent of the impact is uncertain as we approach the winter months and experience fluctuations in the number of confirmed COVID-19 cases. Such ongoing impact of COVID-19 includes, but is not limited to:

- Lower revenue and cash flow during the fourth quarter of 2020, in comparison to the fourth quarter of 2019, resulting from the decrease in commercial and industrial gas and electric demand as businesses comply with re-opening plans in each state and as businesses experience negative economic impact from COVID-19, potentially offset by higher residential demand.
- Lower revenue and cash flow during the fourth quarter of 2020, in comparison to the fourth quarter of 2019, due to the continuing suspension of late payment and reconnection fees in some jurisdictions.
- A decline in revenue in 2021 due to an increase in customer attrition rates, as well as lower revenue growth if customer additions slow due to a prolonged economic downturn.
- A continued increase in bad debt and decrease in cash flows in the fourth quarter of 2020 and into 2021 resulting from the suspension of shut-offs and the inability of our customers to pay for their gas and electric service due to job loss or other factors, partially offset by regulatory deferral.
- A continued delay in cash flows in 2020 as customers utilized the more flexible payment plans.

- An increase in internal labor costs from higher overtime in the fourth quarter of 2020.
- The impact of the employer payroll tax credit and payroll tax payment deferral under the CARES Act. We believe the deferral of payroll tax payments could provide a cash flow benefit in 2020 by delaying about $30.0 million of payroll tax payments. The IRS continues to provide additional guidance related to the employer tax credit. We do not expect the impact of employer payroll tax credits to be material.

Greater Lawrence Incident: For the three and nine months ended September 30, 2020, we have incurred $2.0 million and $16.0 million of third-party claims and other incident-related costs associated with the Greater Lawrence Incident, respectively. For additional information, see Note 18-B and D, "Legal Proceedings" and "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited).

We have invested approximately $258 million of capital spend for the pipeline replacement; this work was completed in 2019. We maintain property insurance for gas pipelines and other applicable property. Columbia of Massachusetts has filed a proof of loss with its property insurer for the pipeline replacement. In January 2020, we filed a lawsuit against the property insurer, seeking payment of our property claim. We are currently unable to predict the timing or amount of any insurance recovery under the property policy. This pipeline replacement cost is part of the Massachusetts Business that is classified as held for sale at September 30, 2020. The assets and liabilities of the Massachusetts Business have been recorded at fair value, less costs to sell, which has resulted in a loss being recorded as of September 30, 2020. The sale of the Massachusetts Business was completed on October 9, 2020. See Note 6, "Assets and Liabilities Held for Sale," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information.

Refer to Note 18-B and D, "Legal Proceedings" and "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited), "Summary of Consolidated Financial Results," and "Results and Discussion of Segment Operation - Gas Distribution Operations," in this Management's Discussion for additional information related to the Greater Lawrence Incident.

Summary of Consolidated Financial Results

A summary of our consolidated financial results for the three and nine months ended September 30, 2020 and 2019 are presented below:

	Three Months Ended September 30,			**Nine Months Ended September 30,**		
(in millions, except per share amounts)	**2020**	2019	2020 vs. 2019	**2020**	2019	2020 vs. 2019
Operating Revenues	**$ 902.5**	$ 931.5	$ (29.0)	**$ 3,470.7**	$ 3,811.7	$ (341.0)
Operating Expenses						
Cost of sales (excluding depreciation and amortization)	**143.1**	196.7	(53.6)	**793.9**	1,130.5	(336.6)
Other Operating Expenses	**666.6**	643.8	22.8	**2,344.1**	1,752.5	591.6
Total Operating Expenses	**809.7**	840.5	(30.8)	**3,138.0**	2,883.0	255.0
Operating Income	**92.8**	91.0	1.8	**332.7**	928.7	(596.0)
Total Other Deductions, net	**(330.6)**	(94.6)	(236.0)	**(508.6)**	(285.3)	(223.3)
Income Taxes	**(64.9)**	(10.2)	(54.7)	**(73.9)**	121.0	(194.9)
Net Income (Loss)	**(172.9)**	6.6	(179.5)	**(102.0)**	522.4	(624.4)
Preferred dividends	**(13.8)**	(13.8)	—	**(41.4)**	(41.4)	—
Net Income (Loss) Available to Common Shareholders	**(186.7)**	(7.2)	(179.5)	**(143.4)**	481.0	(624.4)
Basic Earnings (Loss) Per Share	**$ (0.49)**	$ (0.02)	$ (0.47)	**$ (0.37)**	$ 1.29	$ (1.66)
Basic Average Common Shares Outstanding	**383.8**	374.1	9.7	**383.5**	373.8	9.7

Our operations are affected by the cost of sales. Cost of sales (excluding depreciation and amortization) 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 (excluding depreciation and amortization) 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 (excluding depreciation and amortization) are tracked costs that are passed through directly to the customer, resulting in an equal and offsetting amount reflected in operating revenues.

NiSource Inc.

On a consolidated basis, we reported a net loss available to common shareholders of $186.7 million, or $0.49 per basic share for the three months ended September 30, 2020, compared to a net loss available to common shareholders of $7.2 million, or $0.02 per basic share for the same period in 2019. The increase in loss was primarily due to a loss on early extinguishment of debt in 2020. This was partially offset by higher income tax benefit in the third quarter of 2020 (see "Income Taxes" below).

For the nine months ended September 30, 2020, we reported a net loss available to common shareholders of $143.4 million, or $0.37 per basic share compared to net income available to common shareholders of $481.0 million, or $1.29 per basic share for the same period in 2019. The drivers for this decrease were consistent with that of the quarter-to-date period, with the addition of higher operating expenses due to insurance recoveries recorded in 2019, net of third-party claims and other costs, related to the Greater Lawrence Incident and a loss recorded for the classification as held for sale of the Massachusetts Business during 2020 (see Note 6, "Assets and Liabilities Held for Sale," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for additional information).

Operating Income

For the three months ended September 30, 2020, we reported operating income of $92.8 million compared to operating income of $91.0 million for the same period in 2019.

For the nine months ended September 30, 2020, we reported operating income of $332.7 million compared to operating income of $928.7 million for the same period in 2019. The decrease in operating income was primarily due to the loss recorded for the classification as held for sale of the Massachusetts Business (see Note 6, "Assets and Liabilities Held for Sale," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for additional information) and higher operating expenses due to insurance recoveries recorded in 2019, net of third-party claims and other costs, related to the Greater Lawrence Incident. In addition, COVID-19 impacted our results of operation as we have experienced a decrease in the commercial and industrial demand for gas and electric and incremental COVID-19 related expenses. We also experienced an increase in severance and outside services expenses related to the NiSource Next initiative. These expense increases were partially offset by new rates from regulatory proceedings, as well as an increase in the residential demand for electric primarily due to COVID-19.

Other Deductions, net

Other deductions, net reduced income by $330.6 million in the third quarter of 2020 compared to a reduction in income of $94.6 million in the prior year. This increase was primarily driven by a loss on early extinguishment of debt in 2020, partially offset by income from the sale of emission reduction credits in 2020. See Note 16, "Long-Term Debt," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for additional information on the loss on early extinguishment of debt.

Other deductions, net reduced income by $508.6 million during the nine months ended September 30, 2020 compared to a reduction in income of $285.3 million in the prior year. The drivers for this change were consistent with that of the quarter-to-date period, partially offset by lower non-service pension costs driven by a decrease in the pension benefit obligations.

Income Taxes

For the three months ended September 30, 2020, the increase in income tax benefit from 2019 to 2020 is primarily attributable to the increased loss before income taxes in the third quarter of 2020, as well as a lower effective tax rate in 2020 due to the relative impact of permanent differences on lower pre-tax loss in 2019 compared to 2020.

For the nine months ended September 30, 2020, the change from an income tax expense to an income tax benefit from 2019 to 2020 is primarily attributable to the change from income before income taxes in 2019 to loss before income taxes in 2020, offset by a higher effective tax rate in 2020 due to increased amortization of excess deferred federal income tax liabilities, as specified in the TCJA in 2020 compared to 2019.

Refer to Note 14, "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, 2020, we invested $1,292.2 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, system modernization projects and maintaining our existing electric generation fleet.

We continue to execute on an estimated $40 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 2020 as we continue to focus on growth, safety and modernization projects across our operating area.

Liquidity

A primary focus of ours is to ensure the availability of adequate financing to fund our ongoing safety and infrastructure investment programs, which typically involves the issuance of debt and/or equity. During 2020, we took certain actions to enhance our liquidity. In April 2020, we terminated and repaid in full our existing $850.0 million term loan agreement and entered into a new $850.0 million term loan agreement. On October 14, 2020, this term loan was repaid in full with proceeds from the sale of the Massachusetts Business. Also, in April 2020, we completed the issuance and sale of $1.0 billion of senior unsecured notes resulting in approximately $987.8 million of net proceeds.

Through income generated from operating activities, amounts available under our short-term revolving credit facility, commercial paper program, accounts receivable securitization facilities, long-term debt agreements, remaining cash proceeds received from the sale of the Massachusetts Business in October 2020, and our ability to access the capital markets, we expect to have adequate capital available to fund our operating activities, capital expenditures, and the effects of COVID-19 through 2020 and beyond. As of September 30, 2020 and December 31, 2019, we had $1,591.4 million and $1,409.1 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."

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

Financial and operational data for the Gas Distribution Operations segment for the three and nine months ended September 30, 2020 and 2019 are presented below:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions)	**2020**	2019	2020 vs. 2019	**2020**	2019	2020 vs. 2019
Operating Revenues	**$ 473.1**	$ 466.9	$ 6.2	**$ 2,313.3**	$ 2,516.1	$ (202.8)
Operating Expenses						
Cost of sales (excluding depreciation and amortization)	**63.0**	73.0	(10.0)	**559.6**	759.8	(200.2)
Operation and maintenance	**275.2**	289.9	(14.7)	**868.4**	680.9	187.5
Depreciation and amortization	**88.4**	102.6	(14.2)	**271.7**	299.4	(27.7)
Loss on classification as held for sale	**35.6**	—	35.6	**400.2**	—	400.2
Gain on sale of assets	**—**	—	—	**—**	(0.1)	0.1
Other taxes	**53.1**	50.0	3.1	**175.4**	170.3	5.1
Total Operating Expenses	**515.3**	515.5	(0.2)	**2,275.3**	1,910.3	365.0
Operating Income (Loss)	**$ (42.2)**	$ (48.6)	$ 6.4	**$ 38.0**	$ 605.8	$ (567.8)
Revenues						
Residential	**$ 310.1**	$ 289.7	$ 20.4	**$ 1,544.0**	$ 1,645.3	$ (101.3)
Commercial	**93.2**	91.6	1.6	**491.3**	545.9	(54.6)
Industrial	**42.9**	45.5	(2.6)	**166.2**	181.5	(15.3)
Off-System	**6.0**	16.9	(10.9)	**32.7**	60.4	(27.7)
Other	**20.9**	23.2	(2.3)	**79.1**	83.0	(3.9)
Total	**$ 473.1**	$ 466.9	$ 6.2	**$ 2,313.3**	$ 2,516.1	$ (202.8)
Sales and Transportation (MMDth)						
Residential	**15.5**	13.6	1.9	**173.8**	186.5	(12.7)
Commercial	**17.7**	17.4	0.3	**119.8**	131.8	(12.0)
Industrial	**131.9**	133.0	(1.1)	**402.9**	406.5	(3.6)
Off-System	**3.7**	8.5	(4.8)	**19.0**	24.6	(5.6)
Other	**0.1**	—	0.1	**0.3**	0.3	—
Total	**168.9**	172.5	(3.6)	**715.8**	749.7	(33.9)
Heating Degree Days	**91**	13	78	**3,259**	3,409	(150)
Normal Heating Degree Days	**71**	71	—	**3,531**	3,498	33
% Colder (Warmer) than Normal	**28 %**	(82)%		**(8)%**	(3)%	
Gas Distribution Customers						
Residential				**3,232,785**	3,167,742	65,043
Commercial				**281,316**	277,701	3,615
Industrial				**5,967**	5,974	(7)
Other				**3**	3	—
Total				**3,520,071**	3,451,420	68,651

Cost of sales (excluding depreciation and amortization) for the Gas Distribution Operations segment is principally comprised of the cost of natural gas used while providing transportation and distribution services to customers. The cost of sales (excluding depreciation and amortization) are tracked costs that are passed through directly to the customer resulting in an equal and offsetting amount reflected in operating revenue. In addition, comparability of operation and maintenance expenses, depreciation and amortization, and other taxes may be impacted by regulatory, depreciation and tax trackers that allow for the recovery in rates of certain costs. Therefore, increases in these tracked operating expenses are offset by increases in operating revenues and have essentially no impact on net income.

NiSource Inc.
Gas Distribution Operations

Three Months Ended September 30, 2020 vs. September 30, 2019 Operating Income
For the three months ended September 30, 2020, Gas Distribution Operations reported an operating loss of $42.2 million, a decrease of $6.4 million from the comparable 2019 period.

Operating revenues for the three months ended September 30, 2020 were $473.1 million, an increase of $6.2 million from the same period in 2019. The change in operating revenues was primarily driven by:

- New rates from infrastructure replacement programs and Columbia of Ohio's CEP of $16.7 million.
- The effects of customer growth of $5.3 million.

Partially offset by:

- Lower cost of sales (excluding depreciation and amortization) billed to customers, which is offset in operating expense, of $10.0 million.
- The effects of decreased commercial and industrial usage primarily related to COVID-19 of $2.6 million.
- The effects of decreased late payment and reconnection fees primarily related to COVID-19 of $1.2 million.

Operating expenses were $0.2 million lower for the three months ended September 30, 2020 compared to the same period in 2019. This change was primarily driven by:

- Lower third-party claims and other costs related to the Greater Lawrence Incident of $18.9 million.
- Lower employee and administrative expenses of $16.1 million.
- Lower depreciation and amortization of $14.1 million due to a $15.0 million decrease in depreciation and amortization as a result of classifying the Massachusetts Business as held for sale, offset by a $0.9 million increase in depreciation and amortization primarily due to higher capital expenditures placed in service.
- Lower cost of sales (excluding depreciation and amortization) billed to customers, which is offset in operating revenue, of $10.0 million.
- Lower outside service costs of $5.1 million primarily related to decreased consulting costs in 2020.

Partially offset by:

- Loss on classification as held for sale related to the Massachusetts Business of $35.6 million.
- Severance and outside services expenses related to the NiSource Next initiative of $18.8 million.
- Third-party consulting costs incurred for the separation and transition of the Massachusetts Business to Eversource of $11.0 million.

Nine Months Ended September 30, 2020 vs. September 30, 2019 Operating Income
For the nine months ended September 30, 2020, Gas Distribution Operations reported operating income of $38.0 million, a decrease of $567.8 million from the comparable 2019 period.

Operating revenues for the nine months ended September 30, 2020 were $2,313.3 million, a decrease of $202.8 million from the same period in 2019. The change in operating revenues was primarily driven by:

- Lower cost of sales (excluding depreciation and amortization) billed to customers, which is offset in operating expense, of $200.2 million.
- Lower revenues from the effects of warmer weather in 2020 of $29.4 million.
- Lower regulatory, tax and depreciation trackers, which are offset in operating expense, of $10.9 million.
- The effects of decreased commercial and industrial usage primarily related to COVID-19 of $7.0 million.
- The effects of decreased late payment and reconnection fees primarily related to COVID-19 of $4.3 million.

Partially Offset by:

- New rates from base rate proceedings, infrastructure replacement programs and Columbia of Ohio's CEP of $42.5 million.
- The effects of customer growth of $14.7 million.

NiSource Inc.
Gas Distribution Operations

Operating expenses were $365.0 million higher for the nine months ended September 30, 2020 compared to the same period in 2019. This change was primarily driven by:

- Loss on classification as held for sale related to the Massachusetts Business of $400.2 million.
- Insurance recoveries recorded in 2019, net of third-party claims and other costs, related to the Greater Lawrence Incident of $190.8 million.
- Severance and outside services expenses related to the NiSource Next initiative of $18.8 million.
- Third-party consulting costs incurred for the separation and transition of the Massachusetts Business to Eversource of $16.2 million.
- Increased property taxes of $7.8 million due to higher capital expenditures placed in service.
- Increased bad debt expense primarily related to COVID-19 of $6.7 million.
- Increased expenses primarily due to the impact of COVID-19 related materials & supplies, outside services, and sequestration expenses of $5.6 million.

Partially offset by:

- Lower cost of sales (excluding depreciation and amortization) billed to customers, which is offset in operating revenue, of $200.2 million.
- Lower depreciation and amortization of $27.4 million due to a $35.0 million decrease in depreciation and amortization as a result of classifying the Massachusetts Business as held for sale, offset by a $7.6 million increase in depreciation and amortization primarily due to higher capital expenditures placed in service.
- Lower employee and administrative expenses of $26.0 million.
- Lower regulatory, tax and depreciation trackers, which are offset in operating revenue, of $10.9 million.
- Lower outside service costs of $10.9 million primarily related to decreased consulting costs in 2020.

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 2020 was about 28% colder than normal and about 600% colder than 2019, leading to increased operating revenues of $2.3 million for the quarter ended September 30, 2020 compared to the same period in 2019.

Weather in the Gas Distribution Operations service territories for the nine months ended September 30, 2020 was about 8% warmer than normal and about 4% warmer than 2019, leading to decreased operating revenues of $29.4 million for the nine months ended September 30, 2020 compared to the same period in 2019.

Throughput

Total volumes sold and transported for the three months ended September 30, 2020 were 168.9 MMDth, compared to 172.5 MMDth for the same period in 2019. This decrease is due to decreased usage by industrial customers primarily due to COVID-19.

Total volumes sold and transported for the nine months ended September 30, 2020 were 715.8 MMDth, compared to 749.7 MMDth for the same period in 2019. This decrease is primarily attributable to warmer weather in 2020 compared to 2019 and decreased usage by commercial and industrial customers primarily due to COVID-19.

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 operating income 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.

Greater Lawrence Incident
Refer to Note 18-B, "Legal Proceedings," and D. "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) and "Executive Summary."

Columbia of Massachusetts Asset Sale
On February 26, 2020, we entered into an Asset Purchase Agreement with Eversource that provided for the sale of the Massachusetts Business to Eversource subject to terms and conditions set forth in the agreement. The sale of the Massachusetts Business was completed on October 9, 2020. For additional information, see Note 6, "Assets and Liabilities Held for Sale," in the Notes to Condensed Consolidated Financial Statements (unaudited).

NiSource Inc.
Electric Operations

Financial and operational data for the Electric Operations segment for the three and nine months ended September 30, 2020 and 2019 are presented below:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions)	**2020**	2019	2020 vs. 2019	**2020**	2019	2020 vs. 2019
Operating Revenues	**432.3**	$ 467.9	(35.6)	**1,166.2**	$ 1,305.5	$ (139.3)
Operating Expenses						
Cost of sales (excluding depreciation and amortization)	**80.1**	123.7	(43.6)	**234.3**	370.7	(136.4)
Operation and maintenance	**126.9**	118.4	8.5	**355.8**	363.9	(8.1)
Depreciation and amortization	**80.8**	70.4	10.4	**240.3**	207.8	32.5
Other taxes	**14.5**	14.7	(0.2)	**40.4**	41.7	(1.3)
Total Operating Expenses	**302.3**	327.2	(24.9)	**870.8**	984.1	(113.3)
Operating Income	**$ 130.0**	$ 140.7	$ (10.7)	**$ 295.4**	$ 321.4	$ (26.0)
Revenues						
Residential	**$ 168.3**	$ 148.7	$ 19.6	**$ 411.5**	$ 373.4	$ 38.1
Commercial	**135.4**	136.3	(0.9)	**365.4**	370.8	(5.4)
Industrial	**105.8**	151.8	(46.0)	**301.7**	471.2	(169.5)
Wholesale	**3.9**	3.5	0.4	**9.9**	9.0	0.9
Other	**18.9**	27.6	(8.7)	**77.7**	81.1	(3.4)
Total	**$ 432.3**	$ 467.9	$ (35.6)	**$ 1,166.2**	$ 1,305.5	$ (139.3)
Sales (Gigawatt Hours)						
Residential	**1,145.3**	1,103.2	42.1	**2,734.8**	2,628.7	106.1
Commercial	**996.0**	1,077.3	(81.3)	**2,706.5**	2,862.7	(156.2)
Industrial	**1,909.1**	2,145.5	(236.4)	**5,447.7**	6,525.7	(1,078.0)
Wholesale	**5.3**	0.3	5.0	**81.6**	7.9	73.7
Other	**24.4**	29.6	(5.2)	**74.1**	86.4	(12.3)
Total	**4,080.1**	4,355.9	(275.8)	**11,044.7**	12,111.4	(1,066.7)
Cooling Degree Days	**599**	720	(121)	**891**	940	(49)
Normal Cooling Degree Days	**556**	556	—	**795**	795	—
% Warmer (Colder) than Normal	**8 %**	29 %		**12 %**	18 %	
Electric Customers						
Residential				**417,703**	413,363	4,340
Commercial				**57,241**	56,906	335
Industrial				**2,160**	2,264	(104)
Wholesale				**723**	729	(6)
Other				**2**	2	—
Total				**477,829**	473,264	4,565

Cost of sales (excluding depreciation and amortization) for the Electric Operations segment is principally comprised of the cost of coal, related handling costs, natural gas purchased for 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 (excluding depreciation and amortization) are tracked costs that are passed through directly to the customer resulting in an equal and offsetting amount reflected in operating revenue. In addition, comparability of operation and maintenance expenses and depreciation and amortization may be impacted by regulatory and depreciation trackers that allow for the recovery in rates of certain costs. Therefore, increases in these tracked operating expenses are offset by increases in operating revenues and have essentially no impact on net income.

NiSource Inc.
Electric Operations

Three Months Ended September 30, 2020 vs. September 30, 2019 Operating Income

For the three months ended September 30, 2020, Electric Operations reported operating income of $130.0 million, a decrease of $10.7 million from the comparable 2019 period.

Operating revenues for the three months ended September 30, 2020 were $432.3 million, a decrease of $35.6 million from the same period in 2019. The change in operating revenues was primarily driven by:

- Lower cost of sales (excluding depreciation and amortization) billed to customers, which is offset in operating expense, of $43.6 million.
- Lower regulatory and depreciation trackers, which are offset in operating expense, of $5.0 million.
- The effects of decreased commercial and industrial usage primarily related to COVID-19 of $4.4 million.

Partially offset by:

- New rates from the recent base rate proceeding and electric transmission projects of $12.4 million.
- The effects of increased residential usage primarily related to COVID-19 of $5.8 million.

Operating expenses were $24.9 million lower for the three months ended September 30, 2020 compared to the same period in 2019. This change was primarily driven by:

- Lower cost of sales (excluding depreciation and amortization) billed to customers, which is offset in operating revenue, of $43.6 million.
- Lower regulatory and depreciation trackers, which are offset in operating revenues, of $5.0 million.
- Lower employee and administrative costs of $4.0 million.

Partially offset by:

- Increased depreciation of $15.5 million primarily attributable to higher depreciation rates from the recent rate case proceeding.
- Severance and outside services expenses related to the NiSource Next initiative of $7.4 million.
- Higher outside service costs of $3.3 million primarily related to higher generation-related maintenance.
- Increased materials and supplies costs of $1.7 million primarily related to higher generation-related maintenance.

Nine Months Ended September 30, 2020 vs. September 30, 2019 Operating Income

For the nine months ended September 30, 2020, Electric Operations reported operating income of $295.4 million, a decrease of $26.0 million from the comparable 2019 period.

Operating revenues for the nine months ended September 30, 2020 were $1,166.2 million, a decrease of $139.3 million from the same period in 2019. The change in operating revenues was primarily driven by:

- Lower cost of sales (excluding depreciation and amortization) billed to customers, which is offset in operating expense, of $136.4 million.
- Lower regulatory and depreciation trackers, which are offset in operating expense, of $20.1 million.
- The effects of decreased commercial and industrial usage primarily related to COVID-19 of $17.5 million.

Partially offset by:

- New rates from the recent base rate proceeding and electric transmission projects of $20.7 million.
- The effects of increased residential usage primarily related to COVID-19 of $12.0 million.
- The effects of customer growth of $3.1 million.

Operating expenses were $113.3 million lower for the nine months ended September 30, 2020 compared to the same period in 2019. This change was primarily driven by:

NiSource Inc.
Electric Operations

- Lower cost of sales (excluding depreciation and amortization) billed to customers, which is offset in operating revenue, of $136.4 million.
- Lower regulatory and depreciation trackers, which are offset in operating revenues, of $20.1 million.
- Lower outside services costs of $18.3 million primarily related to lower generation-related maintenance.
- Lower employee and administrative costs of $8.5 million.

Partially offset by:

- Increased depreciation of $46.0 million primarily attributable to higher depreciation rates from the recent rate case proceeding.
- Severance and outside services expenses related to the NiSource Next initiative of $7.4 million.
- Increased expenses primarily due to the impact of COVID-19 related materials and supplies, outside services, and sequestration expenses of $5.2 million.
- Increased materials and supplies costs of $3.8 million
- Higher insurance expense of $2.4 million primarily driven by increased premiums.
- Increased environmental costs of $1.3 million.

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 2020 was about 8% warmer than normal and about 17% cooler than in 2019, which had an immaterial impact on operating revenues for the quarter ended September 30, 2020 compared to the same period in 2019.

Weather in the Electric Operations' territories for the nine months ended September 30, 2020 was about 12% warmer than normal and about 5% cooler than in 2019, which had an immaterial impact on operating revenues for the nine months ended September 30, 2020 compared to the same period in 2019.

Sales
Electric Operations sales for the third quarter of 2020 were 4,080.1 GWh, a decrease of 275.8 GWh compared to the same period in 2019. This decrease was primarily attributable to decreased usage by industrial and commercial customers due to COVID-19 and higher self-generation by industrial customers, partially offset by increased usage by residential customers primarily due to COVID-19.

Electric Operations sales for the nine months ended September 30, 2020 were 11,044.7 GWh, a decrease of 1,066.7 GWh compared to the same period in 2019. This decrease was primarily attributable to decreased usage by industrial and commercial customers due to COVID-19 and higher self-generation by industrial customers, partially offset by increased usage by residential customers primarily due to COVID-19.

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 operating income 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,

NiSource Inc.
Electric Operations

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 the R.M. Schahfer Generating Station by the end of 2023 and the Michigan City Generating Station by the end of 2028. These stations represent 2,080 MW of generating capacity, equal to 72% of NIPSCO's remaining capacity and 100% of NIPSCO's remaining coal-fired generating capacity. In the second quarter of 2020, the MISO approved NIPSCO's plan to retire the R.M. Schahfer Generating Station in 2023. The planned replacement by the end of 2023 of approximately 1,400 MW of retiring coal-fired generation station could provide incremental capital investment opportunities of approximately $1.8 to $2.0 billion, primarily in 2022 and 2023. Refer to Note 7, "Property, Plant and Equipment" and Note 18-D, "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further information.

The current replacement plan includes lower-cost, reliable, cleaner energy resources to be obtained through a combination of NIPSCO ownership and PPAs. We expect to secure additional agreements with counterparties and initiate regulatory compliance filings into 2021. Refer to Note 18-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 the "Executive Summary" and Note 18, "Other Commitments and Contingencies," in the Notes to the Condensed Consolidated Financial Statements (unaudited), due to the inherent uncertainty of litigation, there can be no assurance that the outcome or resolution of any particular claim related to the Greater Lawrence Incident will not continue to have an adverse impact on our cash flows. Through income generated from operating activities, amounts available under the short-term revolving credit facility, and our ability to access capital markets, we believe we have adequate capital available to fund the estimated future incremental costs associated with the Greater Lawrence Incident. Previous costs in excess of insurance recoveries were primarily funded through short-term borrowings. The sale of the Massachusetts Business was completed on October 9, 2020. On October 14, 2020, we used a portion of the proceeds from the Massachusetts Business sale to pay down these short-term borrowings. For more information, see Note 6, "Assets and Liabilities Held for Sale," in the Notes to the Condensed Consolidated Financial Statements (unaudited).

Operating Activities

Net cash from operating activities for the nine months ended September 30, 2020 was $858.6 million, a decrease of $373.2 million compared to the nine months ended September 30, 2019. This decrease was primarily driven by year over year increase in net payments related to the Greater Lawrence Incident. During 2020, we paid approximately $222 million compared to insurance recoveries of $242 million, net of payments, during 2019. Additionally, we had lower accounts receivable collections in 2020 compared to 2019 due to the impact of COVID-19. Offsetting these cash outflows are lower spend on gas inventory due to warmer weather and lower usage in 2020, and an increase in cash from the recent NIPSCO Electric base rate proceeding.

Investing Activities

Net cash used for investing activities for the nine months ended September 30, 2020 was $1,399.9 million, an increase of $6.1 million compared to the nine months ended September 30, 2019. This increase was driven by increased net available-for-sale debt security purchases in 2020.

Our capital expenditures for the nine months ended September 30, 2020 were $1,292.2 million compared to $1,310.0 million for the comparable period in 2019. The decrease was driven primarily by 2019 spend related to the Greater Lawrence Pipeline Replacement and a year-over-year reduction in Electric TDSIC investments, partially offset by an increase in customer growth, NIPSCO Gas tracked investments and IT modernization projects. We project total 2020 capital expenditures to be approximately $1.7 to $1.8 billion.

Our cost of removal expenditures for the nine months ended September 30, 2020 were $102.1 million compared to $84.5 million for the comparable period in 2019. The increase was driven by additional cost of removal projects completed by NIPSCO and Columbia of Ohio.

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 16, "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 17, "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, 2020, an aggregate of $1,591.4 million of net liquidity was available, including cash and credit available under the revolving credit facility.

The following table displays our liquidity position as of September 30, 2020 and December 31, 2019:

(in millions)	**September 30, 2020**	December 31, 2019
Current Liquidity		
Revolving Credit Facility	**$ 1,850.0**	$ 1,850.0
Accounts Receivable Program[(1)]	**231.2**	353.2
Less:		
Commercial Paper	**307.0**	570.0
Accounts Receivable Program Utilized	**231.2**	353.2
Letters of Credit Outstanding Under Credit Facility	**10.2**	10.2
Add:		
Cash and Cash Equivalents	**58.6**	139.3
Net Available Liquidity	**$ 1,591.4**	$ 1,409.1

[(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%. As of September 30, 2020, the ratio was 66.2%.

Sale of Trade Accounts Receivables. Refer to Note 12, "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, 2020. In February 2020, S&P changed the outlook of us and certain of our subsidiaries from Negative to Stable. There were no other changes to the below credit ratings or outlooks since December 31, 2019.

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+	Stable	Baa2	Stable	BBB	Stable
NIPSCO	BBB+	Stable	Baa1	Stable	BBB	Stable
Columbia of Massachusetts	BBB+	Stable	Baa2	Stable	Not rated	Not rated
Commercial Paper	A-2	Stable	P-2	Stable	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, 2020, the collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately $74.6 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 September 30, 2020, 383,114,130 shares of common stock and 440,000 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 during the nine months ended September 30, 2020 to our contractual obligations as of December 31, 2019.

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. Refer to Note 18, "Other

Commitments and Contingencies," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for information on guarantees.

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 18, "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. We manage risk through 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 10, "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, 2020 or December 31, 2019.

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 $3.2 million and $10.9 million for the three and nine months ended September 30, 2020, and $4.7 million and $14.7 million for the three and nine months ended September 30, 2019, 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 10, "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, 2020 and December 31, 2019.

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.

Although certain individual state regulatory commissions have instituted regulatory moratoriums in connection with COVID-19 that continue to impact our ability to pursue our credit risk mitigation practices for customer accounts receivable, we believe this to be temporary, and we expect to reinstate our common credit mitigation practices upon expiration of the state specific moratoriums. See the COVID-19 discussion in the introduction to the "Executive Summary" for risks that have been identified related to COVID-19 and refer to Note 9, "Regulatory Matters" in the Notes to Condensed Consolidated Financial Statements (unaudited) for state specific regulatory moratoriums.

Other Information

Critical Accounting Estimates
Refer to Note 3, "Revenue Recognition," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about management judgment used in determining allowance for credit losses related to COVID-19.

Refer to Note 13, "Goodwill," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about management judgment used in the annual goodwill impairment analysis performed as of May 1, 2020.

Refer to Note 18, "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.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

For a description of our legal proceedings, see Note 18-B, "Legal Proceedings," in the Notes to Condensed Consolidated Financial Statements (unaudited).

ITEM 1A. RISK FACTORS

Please refer to the risk factors set forth in Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2019, as supplemented by the Part II, Item 1A of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020.

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.

(4.1)	Form of 0.950% Notes due 2025 (incorporated by reference to Exhibit 4.1 of the NiSource Inc. Form 8-K filed on August 18, 2020).
(4.2)	Form of 1.700% Notes due 2031 (incorporated by reference to Exhibit 4.2 of the NiSource Inc. Form 8-K filed on August 18, 2020).
(10.1)	Settlement Agreement, dated July 2, 2020, by and among Bay State Gas Company d/b/a Columbia Gas of Massachusetts, NiSource Inc., Eversource Gas Company of Massachusetts, Eversource Energy, the Massachusetts Attorney General's Office, the Massachusetts Department of Energy Resources and the Low-Income Weatherization and Fuel Assistance Program Network (incorporated by reference to Exhibit 10.1 of the NiSource Inc. Form 8-K filed on July 6, 2020).
(10.2)	Amendment to Settlement Agreement by and among Bay State Gas Company d/b/a Columbia Gas of Massachusetts, NiSource Inc., Eversource Gas Company of Massachusetts, Eversource Energy, the Massachusetts Attorney General's Office, the Massachusetts Department of Energy Resources and the Low-Income Weatherization and Fuel Assistance Program Network, dated September 29, 2020.*
(10.3)	Letter Agreement by and among NiSource Inc., Bay State Gas Company d/b/a Columbia Gas of Massachusetts and Eversource Energy Relating to Asset Purchase Agreement, dated October 9, 2020.* **
(10.4)	NiSource Inc. Supplemental Executive Retirement Plan, as amended and restated effective November 1, 2020.*
(10.5)	Pension Restoration Plan for NiSource Inc. and Affiliates, as amended and restated effective November 1, 2020.*
(10.6)	Savings Restoration Plan for NiSource Inc. and Affiliates, as amended and restated effective November 1, 2020.*
(10.7)	NiSource Inc. Executive Severance Policy, as amended and restated effective October 19, 2020.*
(10.8)	NiSource Next Voluntary Separation Program, effective as of August 5, 2020.*
(10.9)	Letter Agreement dated October 19, 2020 by and between NiSource Inc. and Carrie Hightman.*
(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)	Inline 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)	Inline XBRL Schema Document
(101.CAL)	Inline XBRL Calculation Linkbase Document
(101.LAB)	Inline XBRL Labels Linkbase Document
(101.PRE)	Inline XBRL Presentation Linkbase Document
(101.DEF)	Inline XBRL Definition Linkbase Document
(104)	Cover page Interactive Data File (formatted as inline XBRL, and contained in Exhibit 101.)
*	Exhibit filed herewith.
**	Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. NiSource agrees to furnish supplementally a copy of any omitted schedules or exhibits to the SEC upon request.

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 2, 2020	By:	/s/ Gunnar J. Gode
			Gunnar J. Gode Vice President, Chief Accounting Officer and Controller (Principal Accounting Officer)

Exhibit 10.2

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF PUBLIC UTILITIES

Petition of Eversource Energy, NiSource Inc., Eversource Gas Company of Massachusetts and Bay State Gas Company for Approval of Purchase and Sale of Assets Pursuant to General Laws Chapter 164, § 94 and § 96	D.P.U. 20-59

AMENDMENT TO SETTLEMENT AGREEMENT

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF PUBLIC UTILITIES

Petition of Eversource Energy, NiSource Inc., Eversource Gas Company of Massachusetts and Bay State Gas Company for Approval of Purchase and Sale of Assets Pursuant to General Laws Chapter 164, § 94 and § 96	) D.P.U. 20-59

Amendment to settlement agreement

The Settling Parties hereby agree that Section 3.8 of the Settlement Agreement, under the subsection "Article III: Additional Conditions," is amended by striking the section in its entirety and replacing it with the following:

h. The provisions of this Settlement Agreement are not severable. This Settlement Agreement is conditioned on its approval in full by the Department no later than October 7, 2020 ("Requested Approval Date"), and any supporting information or evidence provided to the Department during any proceeding to investigate this settlement shall not interpreted to vary the express terms of this Settlement Agreement. Notwithstanding any of the foregoing provisions, the Attorney General may, in her sole discretion, or DOER may, in its sole discretion, rescind the Settlement Agreement in its entirety prior to the Department's issuance of an order approving the Settlement Agreement; provided that notice of such rescission must be filed, or submitted electronically, in writing with the Department. The Settling Parties agree that the Requested Approval Date of this Settlement Agreement may be extended upon the mutual consent of the Settling Parties and notification of such extension to the Department.

The signatories listed below represent that they are authorized on behalf of their principals to enter into this Amendment to the Settlement Agreement.

Maura Healey, **Commonwealth of Massachusetts**
Commonwealth of Massachusetts **department of Energy Resources**
Attorney General

/s/ Rebecca L. Tepper /s/ Robert H. Hoagland III

By: Rebecca L. Tepper By: Robert H. Hoaglund II
Chief, Office of Ratepayer Advocacy General Counsel
Office of the Attorney General Department of Energy Resources
One Ashburton Place 100 Cambridge Street, Suite 1020
Boston, MA 02108-1598 Boston, MA 02114
Tel: 617-727-2200 Tel: 617-626-7318

NiSource Inc. **Eversource Energy**

/s/ Donald E. Brown /s/ John M. Moreira

By: Donald E. Brown By: John M. Moreira
Executive Vice President, Senior Vice President & Treasurer
Chief Financial Officer Eversource Energy
801 E. 86th Avenue 800 Boylston Street
Merrillville, IN 46410 Boston, MA 02109

Bay State Gas Company d/b/a **Eversource Gas Company**
Columbia Gas of Massachusetts **of Massachusetts**

/s/ Carrie J. Hightman /s/ William J. Akley

By: Carrie J. Hightman By: William J. Akley
Chief Executive Officer President
4 Technology Drive 800 Boylston Street
Westborough, MA 01581 Boston, MA 02109

Low-Income Weatherization and
Fuel Assistance Program Network
By its Attorney,

/s/ Jerrold Oppenheim

Jerrold Oppenheim
57 Middle Street
Gloucester, MA 01930

Tel: 978-283-0897

Dated: September 29, 2020

EXHIBIT 10.3

LETTER AGREEMENT RELATING TO
ASSET PURCHASE AGREEMENT

This Letter Agreement, dated as of October 9, 2020 (this "**Letter Agreement**"), is by and among NiSource Inc., a Delaware corporation ("**Seller Parent**"), Bay State Gas Company, a Massachusetts corporation and indirect wholly-owned subsidiary of Seller Parent (the "**Company**" and, together with Seller Parent, "**Seller**"), and Eversource Energy, a Massachusetts voluntary association ("**Buyer**"). Capitalized terms used and not otherwise defined herein have the meanings set forth in the Purchase Agreement (as defined below).

WHEREAS, Seller Parent, the Company and Buyer are parties to that certain Asset Purchase Agreement, dated as of February 26, 2020 (the "**Purchase Agreement**"); and

WHEREAS, the parties hereto desire to make certain modifications to the Purchase Agreement as set forth in this Letter Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, it is hereby agreed by and among Seller Parent, the Company and Buyer as follows:

Section 1. Amendments. The Purchase Agreement is hereby amended as follows:

(a) Section 1.1 of the Purchase Agreement is amended to add the following defined terms:
"**June 30 Forgiveness Credits**" has the meaning given to it in the Settlement Agreement.
"**Settlement Agreement**" means the Settlement Agreement, executed on July 2, 2020, by and among Buyer, Seller, Eversource Gas Company of Massachusetts, the Massachusetts Attorney General's Office, the Massachusetts Department of Energy Resources and the Low-Income Weatherization and Fuel Assistance Program Network.

(b) Section 4.4 of the Purchase Agreement is amended to add the following after clause (j) thereof:

Notwithstanding anything to the contrary in Section 4.4(j) of this Agreement, but without in any manner qualifying or limiting Seller's representations, covenants and obligations under this Agreement (including Section 2.1(a) hereof), in the event that the Company does not have a valid legal description for any parcel of Owned Real Property set forth on Exhibit B attached hereto (collectively, the "**Exhibit B Owned Real Property**") as of the Closing Date, in lieu of delivering a Deed for any such parcel of Exhibit B Owned Real Property at the Closing, Seller shall (1) deliver a release deed in form and substance substantially similar to the form of release deed on Exhibit C attached hereto (the "**Release Deed**") for such parcel of Exhibit B Owned Real Property at the Closing, and (2) as applicable:

(i) with respect to any parcel of the Exhibit B Owned Real Property set forth on Exhibit B – Schedule I attached hereto, within sixty (60) days after the Closing Date, subject to extension as mutually agreed to by Seller Parent and Buyer acting reasonably and in good faith, Seller shall deliver to Buyer a Deed with a valid legal description for each such parcel of Exhibit B Owned Real Property;

(ii) with respect to any parcel of the Exhibit B Owned Real Property set forth on Exhibit B – Schedule II attached hereto, within one hundred twenty (120) days after the Closing Date, subject to extension as mutually agreed to by Seller Parent and Buyer acting reasonably and in good faith, Seller shall (A) use its reasonable best efforts to deliver to Buyer a Deed with a valid legal description for each such parcel of Exhibit B Owned Real Property and (B) in the event Seller has not delivered such a Deed for any such parcel of Exhibit B Owned Real Property within such one hundred twenty (120) day period, Seller shall, at its sole cost and expense, commence and use its reasonable best efforts to promptly prosecute to completion a quiet title action for such parcel of Exhibit B Owned Real Property, and promptly following the successful completion of such action for any such parcel of Exhibit B Owned Real Property, Seller shall deliver a Deed with a valid legal description for such parcel of Exhibit B Owned Real Property; and

(iii) with respect to any parcel of the Exhibit B Owned Real Property set forth on Exhibit B – Schedule III attached hereto, within one hundred twenty (120) days after the Closing Date, subject to extension as mutually agreed to by Seller Parent and Buyer acting reasonably and in good faith, Seller shall (A) use its reasonable best efforts to deliver to Buyer a Deed with a valid legal description for each such parcel of Exhibit B Owned Real Property (and concurrently with Seller's delivery of any such Deed to Buyer, Buyer shall return the corresponding Release Deed to Seller, along with written confirmation (which may be by e-mail) that such Release Deed has not been recorded) and (B) in the event Seller has not delivered such a Deed for any such parcel of Exhibit B Owned Real Property within such one hundred twenty (120) day period, Seller shall, at its sole cost and expense, commence and use its reasonable best efforts to promptly prosecute to completion a quiet title action for such parcel of Exhibit B Owned Real Property, and promptly following the successful completion of such action for any such parcel of Exhibit B Owned Real Property, Seller shall deliver a Deed with a valid legal description for such parcel of Exhibit B Owned Real Property (and concurrently with Seller's delivery of any such Deed to Buyer, Buyer shall return the corresponding Release Deed to Seller, along with written confirmation (which may be by e-mail) that such Release Deed has not been recorded).

Seller acknowledges and agrees that nothing herein shall in any manner modify the obligation of Seller to transfer, assign, convey and deliver to Buyer all Owned Real Property free and clear of all Encumbrances (except for Permitted Encumbrances).

(c) A new Section 4.5(f) is added to the Purchase Agreement, immediately following Section 4.5(e) as follows:

(f) Promptly (and in any event within ten (10) Business Days) after the completion of November 2020 billing cycles and the issuance of the June 30 Forgiveness Credits as contemplated by the Settlement Agreement, Buyer shall notify Seller Parent of the final amount of June 30 Forgiveness Credits. If the final amount of June 30 Forgiveness Credits is greater than fifteen million eight-hundred thousand dollars ($15,800,000) (representing the amount of Purchase Price withheld at the Closing in respect of such credits), then Seller Parent shall promptly (and in any event within five (5) Business Days following Buyer's delivery of notice of the final amount of June 30 Forgiveness Credits) pay to Buyer the amount of such surplus. If the final amount of June 30 Forgiveness Credits is less than fifteen million eight-hundred thousand dollars ($15,800,000), then Buyer shall promptly (and in any event within five (5) Business Days following Buyer's delivery of notice of the final amount of June 30 Forgiveness Credits) pay to Seller Parent the amount of such deficit, provided that the amount of such payment to Seller Parent shall in no event exceed eight hundred thousand dollars ($800,000).

(d) A new Section 7.7 is added to the Purchase Agreement, immediately following Section 7.6 of the Purchase Agreement, as follows:

Section 7.7. Surety Bonds. Prior to the Closing, each of Seller and Buyer will, in cooperation with the other, use its and cause its Affiliates to use their reasonable best efforts to obtain all Consents from any Third Parties who are not Governmental Bodies necessary or advisable to transfer the Surety Bond Rights and the Surety Bond Obligations to Buyer as of the Closing. With respect to any Surety Bond for which Consent is obtained prior to Closing in accordance with the immediately preceding sentence, (a) the definition of "Business Indebtedness" in this Agreement shall not include Surety Bond Obligations with respect to such Surety Bond, (b) the definition of "Purchased Assets" in this Agreement shall include Surety Bond Rights with respect to such Surety Bond and (c) the definition of "Assumed Liabilities" in this Agreement shall include Surety Bond Obligations with respect to such Surety Bond. All other surety bonds for which the Company is the principal shall remain "Business Indebtedness" and accordingly, "Excluded Liabilities." For purposes of this Agreement:

"**Surety Bond Obligations**" means all obligations and liabilities of the Company under the Surety Bonds to the extent that such obligations and liabilities arise from a performance failure of the obligor under the Surety Bonds that occurs after the Closing.

"**Surety Bond Rights**" means all rights of the Company under the Surety Bonds to the extent that such rights arise, or relate or are attributable to the period, from and after the Closing.

"**Surety Bonds**" means all surety bonds relating to the Business for which the Company is the principal that are (i) listed on Exhibit D hereto or (ii) entered into on or after the date hereof and prior to the Closing with Buyer's prior written consent.

(e) The references to "Section 8.3(f)" in Section 2.1(d)(xiii)(ii) of the Agreement and Section 2.1(d)(xvii) of the Agreement shall be deleted in their entirety and replaced with "Section 8.3(f) and Section 8.3(h)."

(f) Section 8.3 of the Agreement shall be amended by replacing clause (f) thereof with the following:

(f) Defined Benefit Pension Plan Transfers. In advance of Closing, Seller Parent and the Company (i) shall take all actions necessary to, with respect to all active employees with an accrued pension benefit in the Company Pension Plans who will not be Transferring Employees but whose employment will remain with Seller Parent or an Affiliate of Seller Parent after Closing, with respect to all employees with an accrued pension benefit in the Company Pension Plans who are on a Company-approved leave of absence or disability as of Closing, and with respect to all former employees who are not Former Business Employees, transfer all liabilities for all such accrued pension benefits in the Company Pension Plans to one or more of the Other Seller Pension Plans and (ii) shall take all actions necessary to, with respect to all Transferring Employees with an accrued pension benefit in one or more of the Other Seller Pension Plans, transfer all liabilities for all such accrued pension benefits in the Other Seller Pension Plans to the Company Pension Plans. Following the foregoing and as soon as practicable thereafter to effectuate the dual pension transfers in the previous sentence, Seller Parent and the Company shall take all actions necessary to transfer assets from the subtrust for the Company Pension Plans to the subtrust for the Other Seller Pension Plans and transfer assets from the subtrust for the Other Seller Pension Plans to the subtrust for the Company Pension Plans in accordance with Section 414(l) of the Code and Section 4044 of ERISA; provided, however, that (x) the amount of such transfers shall be adjusted as necessary to (A) reflect any administrative or investment expenses paid from one of the applicable trusts with respect to transferred pension obligations and (B) include interest accruing from

September 30, 2020 until the actual asset transfer date at an interest rate per annum equal to the 30-day LIBOR in effect on September 30, 2020 as reported in *The Wall Street Journal* and (y) the effective date of such transfers shall be September 30, 2020, regardless of the Closing Date. If a Non-Active Employee with an accrued pension benefit in the Company Pension Plans that is transferred to an Other Seller Pension Plan effective as of September 30, 2020 (as described in this clause (f)) returns to become a Transferring Employee, Seller Parent and the Company shall take all actions necessary to, with respect to such Transferring Employee, transfer all liabilities for such accrued pension benefit in the Other Seller Pension Plans to the Company Pension Plans effective as of the first day of the calendar month coincident with or following the date such Transferring Employee returns to active employment (each such transfer, a "**Non-Active Employee Pension Transfer**"). To effectuate each Non-Active Employee Pension Transfer, Seller Parent and the Company shall take all actions necessary to transfer assets from the trust for the Other Seller Pension Plans to the trust for the Company Pension Plans in accordance with Section 414(l) of the Code and Section 4044 of ERISA; provided, however, that the amount of such transfers shall be adjusted as necessary to (x) reflect any administrative or investment expenses paid from one of the applicable trusts with respect to transferred pension obligations and (y) to include interest accruing from the effective date of the pension transfer until the actual asset transfer date at an interest rate per annum equal to the 30-day LIBOR in effect on September 30, 2020 as reported in *The Wall Street Journal*. As of the Closing, Buyer shall assume sponsorship and all responsibility for the Company Pension Plans (except as specifically provided in the Transition Services Agreement). Buyer, the Company and Seller Parent shall take such actions as are necessary and reasonable to cause the transfer of sponsorship of the Company Pension Plans to Buyer as of the Closing and to effect the transfer of the related assets and benefit liabilities of the Company Pension Plans and their trust, including (I) transferring all assets attributable to the Company Pension Plans in the master trust for the Seller Pension Plans to a newly-created trust or an existing trust established by Buyer for the Company Pension Plans (provided that Seller Parent may retain such assets as it determines appropriate to pay administrative and investment expenses of the Company Pension Plans), (II) making all filings related to such action with respect to the Company Pension Plans required under the Code or ERISA, (III) implementing all appropriate communications with participants in the applicable Pension Plans, (IV) transferring appropriate records, (V) providing any notices required under any collective bargaining agreement or the governing documents relating to the applicable Pension Plans, and (VI) taking all such other actions as may be necessary and appropriate to implement the provisions of this Section 8.3(f) in a timely manner. Transferring Employees shall be eligible to continue to participate in the Company Pension Plans following the Closing in accordance with the terms of such Company Pension Plans. After the Closing, neither Seller Parent nor any of its Affiliates shall retain any liabilities related to the Company Pension Plans other than liabilities associated with the administration of the Company Pension Plans prior to the Closing Date.

(g) Section 8.3 of the Agreement shall be amended by re-lettering clause (h) thereof as clause (j) and inserting the following as clauses (h) and (i):

(h) Spin-off of NiSource Flexible Benefits Plan. Seller shall spin off to Buyer or to its Affiliates, and Buyer shall (or shall cause its Affiliates to) assume, that portion (such portion, the "**Eversource Gas Company/CMA Flexible Benefits Plan**") of the NiSource Flexible Benefits Plan that pertains solely to the Transferring Employees, including all assets and liabilities; provided, however, a Transferring Employee shall not participate in the Eversource Gas Company/CMA Flexible Benefits Plan as of the Closing Date with respect to elections for group health plan coverage sponsored by Buyer or its Affiliates to the extent he or she has elected COBRA continuation coverage for corresponding group health plan coverage under a plan sponsored by Seller or its Affiliates. In connection therewith, and without limiting the generality of the foregoing, Buyer shall, or shall cause its Affiliates to, maintain the Eversource Gas Company/CMA Flexible Benefits Plan as a cafeteria plan that includes, among other things, a healthcare flexible spending account program and a dependent care flexible spending account program as of the Closing (the "**Buyer FSA**") for the benefit of each Business Employee who becomes a Transferring Employee on or before December 31, 2020, and who, in the portion of the calendar year on or prior to the Closing Date, contributed to the corresponding flexible spending account of the NiSource Flexible Benefits Plan (the "**Seller FSA**," and such Transferring Employees who contributed to the Seller FSA, the "**FSA Participants**"). If the aggregate amount withheld from FSA Participants' compensation under the Seller FSA for the plan year in which the Closing occurs exceeds the aggregate amount of reimbursements paid to FSA Participants prior to the Closing Date under the Seller FSA for such plan year, Seller shall transfer (or cause to be transferred) to Buyer within thirty (30) days after the Closing Date a cash payment equal to such excess, if any. If the aggregate amount of reimbursements paid to FSA Participants under the Seller FSA prior to the Closing Date for the plan year in which the Closing occurs exceeds the aggregate amount withheld prior to the Closing Date from the FSA Participants' compensation under the Seller FSA for such plan year, Buyer shall transfer to Seller within thirty (30) days after the Closing Date a cash payment equal to such excess, if any. For the avoidance of doubt, Buyer shall (or shall cause its Affiliates to) assume and be solely responsible for all eligible claims for reimbursement by FSA Participants, whether incurred prior to, on or after the Closing Date, that have not been paid in full as of the Closing Date, which claims shall be paid pursuant to and under the terms of the Buyer FSA. The provisions of this Section 8.3(h) shall also apply to each Non-Active Employee who becomes a Transferring Employee on or before

December 31, 2020, provided that, with respect to each such Transferring Employee, the term "**Transferred Employee Employment Termination Date**" shall be substituted for the term "Closing Date" in each place in which it appears and shall mean the date as of which the Transferred Employee terminates employment with Seller or any of its Affiliates.

(i) Defined Contribution Plan Rollovers. Buyer shall, or shall cause its Affiliates to, maintain or establish, a defined contribution plan that is intended to be tax-qualified (the "**Buyer 401(k) Plan**") and in which the Continuing Employees shall be eligible to participate following the Closing Date, subject to satisfaction of eligibility provisions. Buyer shall, or shall cause its Affiliates to, cause the Buyer 401(k) Plan to accept rollover contributions (including promissory notes related to plan loans) on or around January 1, 2021, to the extent elected by Transferring Employees from any defined contribution plan maintained by Seller or any of its Affiliates that is intended to be tax-qualified.

(h) The following is added to the Purchase Agreement, immediately following Section 8.8 of the Purchase Agreement:

Section 8.9 Methane Emissions. Notwithstanding anything to the contrary contained herein, Seller shall bear 75%, and Buyer shall bear 25%, of any fines or other monetary penalties to the extent arising out of or related to the noncompliance with methane emission limits by the Business during calendar year 2020, as determined by the Massachusetts Department of Environmental Protection. Following the Closing, Buyer shall use commercially reasonable efforts to request and obtain an adjustment to methane emission limits and set asides applicable to the Business for 2020, and Seller shall use commercially reasonable efforts to cooperate with Buyer with respect to the foregoing; provided that nothing in this Section 8.9 shall require either Buyer or Seller to pay any consideration (monetary or otherwise) to, or to concede or provide any right to, any Third Party.

(i) A new Section 13.13(e) is added to the Purchase Agreement, immediately following Section 13.13(d) as follows:

(e) Without limiting the other covenants and obligations of the parties herein, including those contained in Sections 13.13(a)-(d) above, in the event that any Deed, Release Deed or assignment of Easement is rejected by the applicable filing or recording authority, then (i) Seller shall use its reasonable best efforts to correct and revise such instrument as necessary and appropriate to effectuate the transactions contemplated by this Agreement, (ii) Seller shall submit any such revised Deed, Release Deed or assignment of Easement to Buyer for its approval, not to be unreasonably withheld, conditioned or delayed, and (iii) Seller shall be responsible to pay any and all costs or expenses to the extent such costs or expenses are incurred as a result of such rejected filing or recording.

(j) Section 5.8(a) of the Seller Disclosure Letter is deleted in its entirety and replaced with Exhibit A to this Letter Agreement.

(k) Section 2.1(d) is amended to add the following new Section 2.1(d)(xix):

(xix) any Losses arising from any Encumbrance on the Purchased Assets resulting from the failure of Seller to comply with Massachusetts General Law, Chapter 62C, Section 51.

Section 2. Pre-TSA Costs. The Parties acknowledge that Seller has incurred and anticipates incurring costs and expenses in preparation to comply with its obligations under the Transition Services Agreement, including Section 2.3(d) of the Transition Services Agreement, and information technology system preparation costs to "ring fence" applications supporting the transition services (collectively, "**Pre-TSA Costs**"). Buyer hereby agrees to pay Seller $9,000,000 (nine million dollars) for Pre-TSA Costs, such amount to be paid to NiSource Corporate Services Company at the Closing in full and final satisfaction of Buyer's and its Affiliates' payment obligations with respect to Pre-TSA Costs, including any such obligations arising under Section 2.3(d) of the Transition Services Agreement. Seller shall bear any Pre-TSA Costs in excess of such amount.

Section 3. Assignment. Seller hereby consents to (i) Buyer's assignment, at or prior to the Closing, of Buyer's rights and interest to acquire the Purchased Assets and assume the Assumed Liabilities under the Purchase Agreement to Yankee Energy System, Inc., a Connecticut corporation ("**YES**"), and (ii) YES's assignment, in turn, of its rights and interest (a) to acquire the FCC License Assets to Eversource Energy Service Company, a Connecticut corporation and a direct wholly-owned subsidiary of Buyer, (b) to acquire the LNG Assets and assume the LNG Liabilities to Hopkinton LNG Corp., a Massachusetts corporation and an indirect wholly-owned subsidiary of Buyer, and (z) to acquire the Purchased Assets and assume the Assumed Liabilities (other than the Purchased Assets described in clause (y) of Section 2.1(a) of the Purchase Agreement, the FCC License Assets, the LNG Assets and the LNG Liabilities) to Eversource Gas Company of Massachusetts, a Massachusetts corporation; provided that, in each case, Buyer shall cause any such assignee to remain a wholly-owned direct or indirect subsidiary of Buyer through Closing; and provided further that no such assignment shall relieve Buyer of any of its obligations or liabilities under the Purchase Agreement. As used herein:

"**FCC License Assets**" means the Purchased Assets constituting Federal Communications Commission radio licenses, including those set forth in Section 5.3(b)(ii) of the Seller Disclosure Letter.

"**LNG Assets**" means the Owned Real Property on which the Company's liquefied natural gas and liquefied propane gas facilities, known as the Easton, Lawrence, Ludlow, Marshfield, Meadowlane, Northampton and West Springfield facilities, are situated and the following, to the extent included in the Purchased Assets, all structures, facilities, fixtures, systems, improvements and items of tangible personal property (including liquefied natural gas and liquefied propane gas) located on such Owned Real Property, or attached or appurtenant to such Owned Real Property.

"**LNG Liabilities**" means the Assumed Liabilities to the extent related to the LNG Assets.

Section 4. Miscellaneous.

(a) Except as expressly provided in this Letter Agreement, all of the terms and provisions of the Purchase Agreement are and will remain in full force and effect and are hereby ratified and confirmed by the parties hereto. Without limiting the generality of the foregoing, the amendments contained herein will not be construed as an amendment to or waiver of any other provision of the Purchase Agreement or as a waiver of or consent to any further or future action on the part of any party hereto. On and after the date hereof, each reference in the Purchase Agreement to "this Agreement," "hereunder," "hereof," "herein," or words of like import, will be deemed a reference to the Purchase Agreement (including the Seller Disclosure Letter) as amended by this Letter Agreement.

(b) All issues and questions concerning the construction, validity, interpretation and enforceability of this Letter Agreement and any claim or legal proceeding relating to or arising out of the transactions contemplated by this Letter Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

(c) This Letter Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

(d) Headings to sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Letter Agreement.

(e) This Letter Agreement may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement, and shall become binding when one or more counterparts have been signed by each of the parties hereto and delivered to the other parties hereto.

(f) The amendments set forth in this Letter Agreement shall be effective as of the date set forth in the preamble to this Letter Agreement.

* * * * *

IN WITNESS WHEREOF, the parties have caused this Letter Agreement to be executed as of the date first written above.

NISOURCE INC.

By: /s/ Donald E. Brown
Name: Donald E. Brown
Title: Executive Vice President and
Chief Financial Officer

BAY STATE GAS COMPANY

By: /s/ Donald E. Brown
Name: Donald E. Brown
Title: Executive Vice President and
Chief Financial Officer

IN WITNESS WHEREOF, the parties have caused this Letter Agreement to be executed as of the date first written above.

EVERSOURCE ENERGY

By: /s/ Philip J. Lembo
Name: Philip J. Lembo
Title: Executive Vice President and
Chief Financial Officer

Exhibit 10.4

NISOURCE INC.

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

As Amended and Restated Effective November 1, 2020

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NISOURCE INC.

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

As Amended and Restated Effective November 1, 2020

Article I.

Background and Purpose

i. Background. The NiSource Inc. Supplemental Executive Retirement Plan is maintained to provide deferred compensation for a select group of management or highly compensated employees of NiSource Inc. and participating affiliates. The history of the Plan's amendments and restatements is attached as Exhibit A.

ii. 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.

i. 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.

ii. Benefits Committee. The NiSource Benefits Committee.

iii. Board. The Board of Directors of NiSource Inc.

iv. Code. The Internal Revenue of Code of 1986, as amended.

v. Company. NiSource Inc. and its subsidiaries and affiliates that adopt the Plan for the benefit of key employees, or its successor or successors.

vi. 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.

vii. Compensation Committee. The Compensation Committee of the Board, which has certain specific duties with respect to the Plan.

viii. 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.

ix. 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.

x. Effective Date. November 1, 2020, 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.

xi. 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.

xii. NiSource Pension Plan. The NiSource Salaried Pension Plan, as amended from time to time.

xiii.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.

xiv.Participant. An employee or retiree participating in the Plan in accordance with the provisions of Article III.

xv.Pension Restoration Plan. Pension Restoration Plan for NiSource Inc. and Affiliates, as amended from time to time.

xvi.Plan. NiSource Inc. Supplemental Executive Retirement Plan.

xvii.Plan Administrator. The Benefits Committee, or such delegate of the Benefits Committee delegated to carry out the administrative functions of the Plan.

xviii.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.

xix.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.

xx.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:

(1) The Participant attained age 65 in the year of Retirement, and

(2) 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.

xxi.Qualified Pension Plan. The NiSource Pension Plan and any other tax-qualified defined benefit pension plan maintained by the Company or any Affiliate.

xxii.Retirement. A Participant's Normal or Early Retirement.

xxiii.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 Compensation 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 Compensation 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 IV.

Supplemental Retirement Pension

i.Applicability. This Article IV shall apply to each Participant or former Participant who first participated in the Plan prior to January 23, 2004.

ii.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.

(1) The sum of:

(a) 1.7% of the Participant's Final Average Compensation multiplied by the Participant's Service to a maximum of 30 years; plus

(b) 0.6% of the Participant's Final Average Compensation multiplied by the Participant's Service in excess of 30 years.

(2) The sum of:

(a) 3% of the Participant's Final Average Compensation multiplied by the Participant's Service to a maximum of 20 years; plus

(b) 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;

(c) 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).

iii. Reduction for Early Retirement. 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.

iv. 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.

v. 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.

(1) The sum of:

(a) 1.7% of the Participant's Final Average Compensation multiplied by the Participant's Service to a maximum of 30 years, plus

(b) 0.6% of the Participant's Final Average Compensation multiplied by the Participant's Service in excess of 30 years.

(2) The sum of:

(a) 3% of the Participant's Final Average Compensation multiplied by the Participant's Service to a maximum of 20 years; plus

(b) 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

(c) 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.

vi. 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:

(1) 25% of the Participant's Final Average Compensation; or

(2) 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.

vii. 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. The benefit shall be paid in the month next following the month of the Participant's death.

viii. 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.

ix. 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

i. Applicability. This Article V shall apply to each Participant who first participates in the Plan on and after January 23, 2004.

ii. 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.

iii. Supplemental Credits. The Compensation 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 Compensation Committee.

iv. 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.

v. 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. Such payment shall be made or commence within 45 days after such death.

Article VI.

Distributions

i. Pre-2005 Benefit. This Section 6.1 applies only to a Pre-2005 Benefit.

(1) 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.

(2) 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.

ii. Post-2004 Benefit. This Section 6.2 applies only to a Post-2004 Benefit.

(1) 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 timely 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.

(2) 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.

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

i.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:

(1) 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.

(2) Change in Effective Control. A Change in Effective Control of the Company occurs on the date that either —

(a) 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

(b) 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).

(3) 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 —

(a) A shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to its stock;

(b) An entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company;

(c) 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

(d) 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.

(4) 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.

ii. Potential Change in Control. A "Potential Change in Control" shall include any of the following:

(1) 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.

(2) 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.

(3) 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.

(4) The Board adopts a resolution to the effect that for purposes of the Plan a Potential Change in Control has occurred.

iii. 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.

iv. 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.

v. 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.

vi. 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 Compensation 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 Compensation 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.

vii. 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.

viii. 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, the balance of the Participant's Supplemental Retirement Account, or the Participant's Supplemental Disability Pension that constitutes the Participant's Pre-2005 Benefit, in a lump sum if:

(1) a Change in Control occurs in the calendar year subsequent to the calendar year in which the election is made; and

(2) (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

(a) 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.

ix. Definitions.

(1) "Good Cause" shall be deemed to exist if, and only if:

(a) 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

(b) the Participant is convicted of a criminal violation involving fraud or dishonesty.

(2) "Good Reason" shall be deemed to exist if, and only if:

(a) there is a significant change in the nature or the scope of the Participant's authorities or duties;

(b) 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

(c) the Company changes by 100 miles or more the principal location in which the Participant is required to perform services.

Article VIII.

Beneficiary Designation

i. 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.

ii. 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.

iii. 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:

(1) The Participant's spouse;

(2) 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;

(3) The Participant's estate.

Article IX.

Plan Administration

i. Allocation of Duties to Committees. The Plan shall be administered by the Benefits Committee, as delegated by the Compensation 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 Compensation 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.

ii. 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.

iii. 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.

iv. 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 Compensation 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

i. 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.

ii. 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.

iii. 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:

(1) the specific reason or reasons for denial of the claim;

(2) a specific reference to the pertinent Plan provisions upon which the denial is based;

(3) 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

(4) an explanation of the Plan’s review procedure.

iv. 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 documents relevant to the benefit claim 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

i. Plan Amendment. The Compensation Committee or the Board shall have the authority to amend the Plan. The Compensation 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 Compensation 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 Compensation Committee, the Benefits Committee shall have the authority to amend the Plan in all respects that are not exclusively reserved to the Compensation 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.

ii. Plan Termination. The Compensation 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

i. 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.

ii. Non-Compete and Related Provisions. Benefits under the Plan may be forfeited if:

(1) 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

(2) 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.

iii. 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.

iv. 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.

v. <u>Indemnification.</u>

(1) <u>Limitation of Liability</u>. Notwithstanding any other provision of the Plan or the Trust, none of the Company, any member of the Benefits Committee or Compensation 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.

(2) <u>Indemnity</u>. The Company shall indemnify and hold harmless each member of the Benefits Committee and the Compensation 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.

vi. 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.

vii. 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.

viii. 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.

ix. 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.

x. 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.

xi. 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.

xii. 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.

xiii. Tax Savings.

(1) 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.

(2) 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 November 1, 2020.

NISOURCE INC.

By:

Its:

Date:

i.

History of the Plan

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 Compensation Committee to the Benefits Committee. The Plan was amended and restated again, effective August 10, 2017, to revise the procedures for determining Disability under the Plan.

The Plan is amended and restated again, effective November 1, 2020 to clarify matters relating to the Compensation Committee and certain other matters.

Exhibit 10.5

PENSION RESTORATION PLAN

FOR NISOURCE INC. AND AFFILIATES

As Amended and Restated Effective November 1, 2020

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PENSION RESTORATION PLAN

FOR NISOURCE INC. AND AFFILIATES

As Amended and Restated Effective November 1, 2020

Article I.

BACKGROUND AND PURPOSE

i. **Background**. The Pension Restoration Plan for NiSource Inc. and Affiliates is maintained to provide deferred compensation for a select group of management or highly compensated employees of NiSource Inc. and participating affiliates. The history of the Plan's amendments and restatements is attached as Exhibit A.

ii. **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.

i. **AB Account**. The hypothetical account created for a Participant under the Plan who has an AB Benefit under a Basic Plan.

ii. **<u>AB Benefit</u>**. A Participant's AB I Benefit or AB II Benefit that is accrued for the benefit of the Participant under a Basic Plan.

iii. **<u>Affiliate</u>**. 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.

iv. **<u>Basic Plans</u>**. The tax-qualified defined benefit retirement plan(s) maintained by the Company and Affiliates listed on Exhibit B, attached hereto.

v. **<u>Beneficiary</u>**. The person, persons or entity entitled to receive any plan benefits payable after a Participant's death.

vi. **<u>Benefits Committee</u>**. The NiSource Benefits Committee.

vii. **<u>Code</u>**. The Internal Revenue Code of 1986, as amended.

viii. **<u>Company</u>**. NiSource Inc., a Delaware corporation.

ix. **<u>Compensation Committee</u>**. The Compensation Committee of the Board of Directors of the Company.

x. **<u>DCP</u>**. The Columbia Energy Group Deferred Compensation Plan, on or prior to December 31, 2003, and, thereafter, the NiSource Inc. Executive Deferred Compensation Plan.

xi. **<u>Disability</u>**. 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.

xii. **<u>Effective Date</u>**. November 1, 2020, the date on which this amendment and restatement of the Plan is effective.

xiii. **<u>Employee</u>**. Any individual who is employed by an Employer on a basis that involves payment of salary, wages or commissions.

xiv. **<u>Employer</u>**. The Company or any Affiliate who maintains or adopts for its Eligible Employees a Basic Plan.

xv.**ERISA**. The Employee Retirement Income Security Act of 1974, as amended.

xvi.**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.

xvii.**Participant**. Any Employee who is participating in the Plan in accordance with its provisions.

xviii.**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.

xix.**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

i.**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 Compensation 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.

ii.**Special Provisions for Participants with Basic Plan Benefits Accrued Prior to 2004.**

(1) Eligibility. As set forth in Exhibit A, 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 Exhibit A, 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.

(2) 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).

iii.**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

i.**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:

(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 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 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.

ii.**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:

(1) 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:

(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, 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.

(b) 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.

(2) 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:

(a) 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.

(b) 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.

iii. **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.

iv. **Conversion of Benefits.**

(1) 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.

(2) 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.

v.**Opening Balance**. For purposes of determining the Opening Balance for Participants in the Plan, the following provisions shall apply:

(1) 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:

(a) 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.

(b) The Participant's Opening Balance under the Basic Plan determined after applying the Limits and considering deferrals into the DCP, if any.

(2) 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.

vi.**Pay-Based Credits and Interest Credits**. For purposes of determining Pay-Based Credits and Interest Credits under the Plan, the following provisions shall apply:

(1) 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:

(a) 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.

(b) The Participant's Pay-Based Credits under the Basic Plan determined after applying the Limits and considering deferrals into the DCP, if any.

(2) 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.

(3) Interest Credits. Interest Credits under the Plan shall be calculated using the same methodology and factors as provided in the relevant Basic Plan.

vii. **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:

(1) 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:

(a) 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.

(b) 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.

(2) 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_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

i.**Method of Payment.**

(1) 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.

(2) 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.

(3) If the Participant fails to timely elect a form of payment as required under subsections (a) and (b) above, the Participant's benefit shall be payable in a lump sum.

ii.**Timing of Payment**.

(1) Subject to Section 5.4 hereof, 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.

(2) Automatic Cash-Out. Subject to Section 5.4 of the Plan and notwithstanding any other provision in the Plan, if the benefit payable to a Participant under the Plan at the time distribution begins, when combined with the benefits payable to the Participant under all other arrangements that are required to be considered a single nonqualified deferred compensation plan under Code Section 409A and applicable guidance thereunder, does not exceed the applicable dollar limit under Code Section 402(g)(1)(B), the Employer shall distribute the Participant's Plan benefit (and the Participant's entire interest under any other arrangement that is required to be aggregated with this Plan under Code Section 409A). The form of payment shall be a single lump sum.

iii.**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.

iv.**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.

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.

v.**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

i.**Allocation of Duties to Committees**. The Plan shall be administered by the Benefits Committee, as delegated by the Compensation 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 Compensation 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.

ii.**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.

iii.**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.

iv.**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 Compensation 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

i.**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.

ii.**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.

iii.**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:

(1) the specific reason or reasons for denial of the claim;

(2) a specific reference to the pertinent Plan provisions upon which the denial is based;

(3) 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

(4) an explanation of the Plan's review procedure.

iv.**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 documents relevant to the benefit claim 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

i.**Plan Amendment**. While the Company intends to maintain the Plan in conjunction with the Basic Plans, the Company or the Compensation 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 Compensation Committee or the Board shall have the authority to amend the Plan. The Compensation 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 Compensation 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 Compensation Committee, the

Benefits Committee shall have the authority to amend the Plan in all respects that are not exclusively reserved to the Compensation 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.

ii.**Plan Termination**. The Compensation 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

i.**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.

ii.**Income Tax Payout**. In the event that the Internal Revenue Service prevails in its claim 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.

iii. **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.

iv. **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.

v. **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.

vi. **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.

vii. **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.

viii. **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.

ix.**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.

x.**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 Compensation 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 Compensation 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 November 1, 2020.

NISOURCE INC.

By:

Its:

Date:

i.

History of the Plan

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 Compensation Committee to the Benefits Committee. The Plan was amended and restated again, effective August 10, 2017, to revise the procedures for determining Disability under the Plan.

The Plan is amended and restated again, effective November 1, 2020 to clarify matters relating to the Compensation Committee and certain other matters.

ii.

Basic Plans

NiSource Salaried Pension Plan

NiSource Subsidiary Pension Plan

Columbia Energy Group Pension Plan

Bay State Gas Company Pension Plan

Exhibit 10.6

SAVINGS RESTORATION PLAN

FOR NISOURCE INC. AND AFFILIATES

As Amended and Restated Effective November 1, 2020

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SAVINGS RESTORATION PLAN

FOR NISOURCE INC. AND AFFILIATES
ARTICLE I.

BACKGROUND AND PURPOSE

i..**Background.** The Savings Restoration Plan for NiSource, Inc. and Affiliates is maintained to provide deferred compensation for a select group of management or highly compensated employees of NiSource, Inc. and participating affiliates. The history of the Plan's amendments and restatements is attached as Exhibit A.

ii..**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.

i..**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.

ii..**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.

iii..**Basic Plan**. The NiSource Inc. Retirement Savings Plan, as amended and restated effective January 1, 2018, 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).

iv..**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.

v..**Benefits Committee**. The NiSource Benefits Committee.

vi..**Board**. The Board of Directors of NiSource Inc.

vii..**Code**. The Internal Revenue Code of 1986, as amended from time to time.

viii..**Company**. NiSource Inc.

ix..**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.

x..**Compensation Committee**. The Compensation Committee of the Board of Directors of the Company.

xi..**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.

xii..**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.

xiii..**Effective Date**. November 1, 2020, the date on which the provisions of this amended and restated Plan become effective, except as otherwise provided herein.

xiv..**Eligible Employee**. An employee who is one of a select group of management or highly compensated employees of the Employer who satisfy the criteria established by the Compensation Committee in accordance with this Plan.

xv..**Employer**. The Company or any Affiliate that maintains or adopts the Basic Plan for the benefit of its eligible Employees.

xvi..**ERISA**. The Employee Retirement Income Security Act of 1974, as amended.

xvii..**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.

xviii..**Limits**. The limits imposed on tax qualified retirement plans by Code Sections 415 and 401(a)(17) and any other Code Sections.

xix..**Participant**. Any Eligible Employee who is participating in the Plan in accordance with its provisions.

xx..**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.

xxi..**Plan Administrator**. The Benefits Committee or such delegate of the Benefits Committee delegated to carry out the administrative functions of the Plan.

xxii..**Plan Year**. The 12-month period commencing each January 1 and ending the following December 31.

xxiii..**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.

xxiv..**Pre-2005 Account**. The portion of a Participant's Account determined as of December 31, 2004, adjusted to reflect earnings (or losses) credited to such balance from and after such date.

xxv..**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.

xxvi..**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.

xvii.. **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.

xviii.. **Valuation Date**. The close of business of each business day.

ARTICLE III.

ELIGIBILITY AND PARTICIPATION

i.. **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.

ii.. **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.

iii.. **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.

iv.. **Amendment of Eligibility Criteria.** The Compensation 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 Compensation Committee or (b) approved by the Compensation Committee.

Eligibility for participation in one year does not guarantee eligibility to participate in any future year.

ARTICLE IV.

ACCOUNTS

i..**Account.** 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.

ii..**Employer Credits.**

(1) Matching Contribution Credits. The amount of Employer credits related to Matching Contributions for a Participant eligible to receive such contributions under Section 3.1 shall equal (1) minus (2) below:

(a) 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;

(b) 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.

(2) Profit Sharing Contribution Credits. 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:

(a) 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;

(b) 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:

(c) 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;

(d) The actual amount of Profit Sharing Contributions that have been contributed to the Basic Plan for the Participant.

This amount shall be credited to any applicable Participant regardless of whether such Participant has signed a written agreement to participate in this Plan.

(3) 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:

(a) 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;

(b) 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 credited 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 credited to any applicable Participant regardless of whether such Participant has signed a written agreement to participate in this Plan.

a. **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.

b. **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:

1. 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.

2. Distributions. The Account shall be reduced by any benefits distributed from the Account to the Participant since such preceding Valuation Date.

3. 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.

c. **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

d. **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.

e. **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.

f. **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.

g. **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

h. **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. The distribution events and payment terms provided in this Article VI are summarized in Exhibit B.

i. **In-Service Withdrawals**. This section applies only to a Participant's Pre-2005 Account balance.

4. 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.

5. 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.

j. **Distributions After Separation from Service.**

6. 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.

7. 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.

8. Post-2004 Account.

4. 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. In the case of an Eligible Employee who becomes a Participant on or after January 1, 2005, an 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.

Payment shall be made in the form elected, from among the following options:

i. If elected before January 1, 2014, the payment options are the following: lump sum, monthly installments, semi-annual installments, and annual installments. Installment payments shall be substantially equal and shall be made over the period of time elected, not greater than 15 years.

ii. If elected on or after January 1, 2014, and before November 1, 2020, the payment options are the following: lump sum or annual installments. Installment payments shall be substantially equal and shall be made over the period of time elected, not greater than 15 years.

iii. If elected on and after November 1, 2020, the payment option shall be one lump sum.

iv. If a Participant has not made a timely and valid election as to the form of payment, payment shall be made in one lump sum.

5. 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.

6. 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(c) 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.

7. 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.

k. **Unforeseeable Emergency Distributions.**

9. 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.

10. 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.

l. **Automatic Cash-Out**. Subject to Section 6.3(c)(4) of the Plan and notwithstanding any other provision in the Plan, if (1) at the time a distribution begins, 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 shall 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). The form of payment of both the Pre-2005 Account and Post-2004 Account shall be a single lump sum.

m. **Special Payment Election by December 31, 2006, for Code Section 409A Transition Relief.** Notwithstanding Section 6.3(c), 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 (3) of Section 6.3(c), 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.

n. **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).

ARTICLE VII.

BENEFICIARY DESIGNATION

o. **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.

p. **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

q. **Allocation of Duties to Committees**. The Plan shall be administered by the Benefits Committee, as delegated by the Compensation 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 Compensation 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.

r. **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.

s. **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.

t. **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 Compensation 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

u. **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.

v. **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.

w. **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:

11. the specific reason or reasons for denial of the claim;
12. a specific reference to the pertinent Plan provisions upon which the denial is based;
13. 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
14. an explanation of the Plan's review procedure.

x. **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 documents relevant to the benefit claim 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.

y. **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

z. **Plan Amendment**. While the Company intends to maintain the Plan in conjunction with the Basic Plan, the Company or the Compensation 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 Compensation Committee, or the Board shall have the authority to amend the Plan as described herein. The Compensation 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 Compensation 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 Compensation Committee, the Benefits Committee shall have the authority to amend the Plan in all respects that are not exclusively reserved to the Compensation 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.

aa. **Partial Plan Termination**. The Compensation 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

ab. **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.

ac. **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.

ad. **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.

ae. **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.

af. **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 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.

ag. **Indemnification.**

15. 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 Compensation 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.

16. Indemnity. The Company shall indemnify and hold harmless each member of the Benefits Committee and the Compensation 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 Compensation 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.

ah. **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.

ai. **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.

aj. **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.

ak. **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.

al. **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.

am. **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.

an. **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 the Plan Administrator may direct payment to the duly appointed guardian, conservator or other similar legal representative of the 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, any other Employer, the Plan Administrator, and the Plan from all liability with respect to such benefit.

ao. **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.

ap. **Tax Compliance and Payouts.**

17. 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.

18. 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.

19. 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.

20. 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.

aq. **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 November 1, 2020.

NISOURCE INC.

By:__________

Its:__________

Date:__________

i.

History of the Plan

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 Compensation 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 was amended and restated again, effective August 10, 2017, to revise the procedures for determining Disability under the Plan.

The Plan is amended and restated as of November 1, 2020, to revise the form of payment of Plan benefits on a prospective basis and to clarify matters relating to the Compensation Committee.

ii.

Summary of Payment Terms
(Attached)

Savings Restoration Plan for NiSource, Inc. and Affiliates -- Summary of Payment Terms

	Pre-2005 Account	**Post-2004 Account**
After Separation from Service	Form: In the same form the Participant elects for payment of his or her 401(k) Plan account Time: At the same time the Participant elects for payment of his or her 401(k) Plan account	Form: **A.** In the form elected by the Participant, if a timely, valid election was made *Elected before January 1, 2014*: • lump sum or • installments over the period chosen, not greater than 15 years --- ◦ monthly installments, ◦ semi-annual installments, or ◦ annual installments *Elected on or after January 1, 2014 and before November 1, 2020*: • lump sum or • annual installments over the period chosen, not greater than 15 years *For participants first becoming eligible for participation on or after November 1, 2020*: lump sum **B.** If a timely and valid election was not made, lump sum Time: • Participant is not a Specified Employee – within 45 days after Separation from Service • Participant is a Specified Employee – after six months have elapsed from the date of Separation from Service (unless Separation from Service is due to death)
	Pre-2005 Account	**Post-2004 Account**
In-Service Withdrawal Not Due to Unforeseeable Emergency	Form: Lump sum (33%, 67%, or 100%, with 10% penalty) Time: When requested	Not available
In-Service Withdrawal Due to Unforeseeable Emergency	Form: Lump sum (limited to the amount reasonably necessary to meet the need) Time: Within 30 days of determination of unforeseeable emergency	Form: Lump sum (limited to the amount reasonably necessary to meet the need) Time: Within 30 days of determination of unforeseeable emergency
	Form: Lump sum	

Automatic Cashout	Time: If at the time a benefit becomes payable, the balance in the combined Pre-2005 and Post-2004 Accounts, and any other non-qualified account balance plan account, is not greater than the currently-effective 401(k) elective deferral limit, the Plan will pay out the aggregated benefit in one lump sum.

Exhibit 10.7

NiSource

POLICY SUBJECT: Executive Severance Policy (for Employee Job Level D2 and above, including Executives)

REVISED: October 19, 2020

1. Purpose. NiSource Inc. ("NiSource") originally established this policy (as amended and restated herein, the "Policy") in June 2002 to provide severance benefits to certain terminated employees of NiSource and its subsidiaries or affiliate entities (the "Company") that are Job Level D2 and above, which includes executive officers, (the "Policy"). Benefits under this Policy shall be in lieu of any benefits available under the NiSource Severance Policy (for Job Level E and below) or any other severance plan, program or policy maintained by the Company, (e.g., the NiSource Next - Voluntary Separation Program). For employees that have a Change in Control and Termination Agreement with NiSource ("CIC Agreement"), no benefit will be payable under the Policy if the relevant termination of employment results in eligibility for a payment under the CIC agreement. The Policy is amended and restated effective October 19, 2020.

2. Administration. The Policy is administered by the Compensation Committee of the Board of Directors of NiSource or its successor ("Committee"). The Committee has the complete discretion and authority with respect to the Policy and its application. The Committee reserves the right to interpret, prescribe, amend and rescind rules and regulations relating to the Policy, determine the terms and provisions of severance benefits and make all other determinations it deems necessary or advisable for the administration of the Policy. The determination of the Committee in all matters regarding the Policy shall be conclusive and binding on all persons. The Committee hereby delegates to the Chief Human Resources Officer (the "CHRO"), or his or her delegate, the authority to develop and implement administrative guidelines regarding the operation of the Policy and render decisions on initial claims for benefits under the Policy.

3. Scope. The Policy will apply to all full-time or part-time regular, non-union employees of the Company whose job level, as established by the Company, is level D2 (or its equivalent) or above ("Participants"), which includes employees of each of its subsidiaries or affiliated entities (collectively, "Affiliates" and each an "Affiliate"). For the purposes of this Policy, the determination of whether an individual is a full-time or part-time employee of an Affiliate shall be made pursuant to the normal practices and policies of such Affiliate.

4. Eligibility for Severance Pay. A Participant becomes eligible to receive severance pay ("Severance Pay") only if he or she is terminated by the Company for any of the following reasons, provided that such termination event constitutes a "separation from

service" as defined under Section 409A of the Internal Revenue Code of 1986, as amended, and applicable guidance thereunder ("Code Section 409A"), and further provided the conditions described in Section 5 below are met:

(a) The Participant's position is eliminated due to a reduction in force or other restructuring.

(b) The Participant's position is moved to a principal employment location outside of a 50 mile radius from the Participant's principal employment location on the date of termination of employment and such move would result in the Participant having a commute more than 20 miles longer, and provided that the Participant chooses not to relocate to the new location for such position, and such events are considered a "good reason" termination under Code Section 409A.

(c) The Participant's employment is constructively terminated. Constructive termination shall be defined in a manner consistent with the guidance for a "good reason" termination under Code Section 409A, and means (1) the scope of the Participant's position is changed materially (other than in the case of a rotational assignment or its equivalent) or (2) the Participant's base pay is reduced by a material amount or (3) the Participant's opportunity to earn a bonus under any Company short-term cash incentive compensation plan is materially reduced or is eliminated, and, in any such event, the Participant chooses not to remain employed in such position. If a Participant does not assert constructive termination within 14 days of being informed of a change described in (1), (2) or (3) above, in a written instrument delivered to the CHRO, such change will not be deemed a constructive termination. Following any such notice from the Participant, the Company shall have 30 days to cure the change that gives rise to constructive termination and, if uncured during such 30 day period, the Participant must terminate his or her employment within 30 days following the expiration of the 30-day cure period. The decision as to whether such a change constitutes constructive termination shall be made by the Committee or its delegate, not the Participant. If the Participant disagrees, the Participant must follow the claims procedure set forth in Section 15.

5. Conditions to Receipt of Benefits.

(a) Severance Pay is not available to a Participant otherwise eligible for Severance Pay who transfers to another position within the Company.

(b) Severance Pay is not available to a Participant whose position is eliminated due to (1) the sale of the Affiliate or assets of the Affiliate which employs the Participant on the date of termination or (2) the outsourcing of work, where in either such event the purchaser of the Affiliate or assets of the Affiliate or the outsourcing service provider makes an offer of employment to the Participant that, if it were the Company, would not constitute "constructive termination" as described in Section 4(c).

(c) Severance Pay is not available to a Participant whose position is eliminated due to the spin-off of any Affiliate, if the spun-off entity makes an offer of employment to the Participant that, if it were an Affiliate making such an offer, would not constitute "constructive termination" as described in Section 4(c).

(d) A Participant must execute and not revoke the release described in Section 6 below.

(e) During the statutory consideration period under any severance agreement or release described in Section 6, or during such other period as is otherwise agreed to by the Company and the Participant, he or she may be required to complete unfinished business projects and be available for discussions regarding matters relative to the Participant's duties.

(f) A Participant must return all Company property and information.

(g) A Participant must agree to pay all outstanding amounts owed to the Company and authorize the withholding of any outstanding amounts owed from his or her final paycheck and/or Severance Pay.

6. Amount of Severance Pay. The amount of Severance Pay to which a Participant is eligible to receive under the Policy is 52 weeks of base salary at the rate in effect on the date of termination, but excluding the impact of any reduction in base salary giving rise to a constructive termination event under clause (2) of Section 4(c).

Subject to Code Section 409A, a Participant who is receiving benefits under a short term disability plan will be eligible for Severance Pay at the end of the period of payment of short term disability if, and only if, (1) he or she is not then eligible for benefits under a long term disability plan, (2) he or she has been given medical release or approval to work again, and (3) he or she is not offered employment with the Company that, in the discretion of the Committee, is comparable to that held by the Participant at the time the applicable period of short term disability commenced. A Participant will not be eligible for Severance Pay at the end of the period of payment of long term disability.

Severance Pay will be paid to a Participant in one lump sum cash payment as soon as practicable after the date of the Participant's termination of employment, but in no event later than the 15th day of the 3rd month after such date, provided that the Participant has executed a valid release of the Company and its respective officers, directors and employees, from any and all actions, suits, proceedings, claims and demands relating to the Participant's employment and the termination thereof, and the applicable revocation period has expired within this period, with such release becoming effective during the time period specified in the release but not no later than 60 days following the Participant's employment termination date. Severance Pay shall be reduced by applicable amounts necessary to comply with federal, state and local income tax withholding requirements.

A Participant eligible for Severance Pay pursuant to this Policy may seek other employment with the Company. The time period to seek other employment will run concurrently with any statutory period of consideration to execute a severance agreement or a release and will not exceed 45 days. If a Participant accepts other employment with the Company, such Participant shall not receive Severance Pay as provided by Section 5(a).

7. Benefits.

(a) Welfare Benefits. A Participant eligible for Severance Pay shall be eligible to receive, at the time of payment of Severance Pay, a lump sum payment equivalent to 130% of 52-weeks of COBRA (as defined in Section 4980B of the Internal Revenue Code of 1986, as amended, and Sections 601-609 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or any successor sections) continuation coverage premiums for the medical, dental, and vision coverage in which the Participant was enrolled immediately before his or her employment end date. Receipt of this lump sum payment does not constitute election of, or enrollment in, COBRA continuation coverage. To elect COBRA continuation coverage, a Participant must follow the enrollment instructions included in the COBRA election notice that such Participant receives shortly after the date of the Participant's termination of employment.

(b) Outplacement Services. A Participant eligible for Severance Pay shall be eligible to receive outplacement services as selected by the Company at its expense, for a period commencing on the date of termination of employment and continuing until the earlier to occur of the Participant accepting other employment or 12 months thereafter.

8. No Re-employment. A Participant who receives benefits pursuant to the Policy shall not be eligible for re-employment, unless the Committee or its delegate provides the Participant with a written waiver of this Section.

9. Independent Contractor Status. A Participant who receives benefits pursuant to the Policy shall not be eligible at any time after termination of employment to enter into a consulting or independent contractor relationship with the Company pursuant to which relationship he or she shall perform the same or similar services, upon the same or similar terms and conditions, as were applicable to such Participant on the date of termination of employment, unless the Committee or its delegate provides the Participant with a written waiver of this Section.

10. Death of Participant. If a Participant dies prior to receiving Severance Pay and the benefits set forth in Section 7(a) to which he or she is eligible under the Policy, payment will be made to the representative of his or her estate.

11. Amendment or Termination.

(a) The Policy may be amended or terminated by the Committee at any time during its term when, in its judgment, such amendment or termination is necessary or desirable. No such termination or amendment will affect the rights of any Participant who has terminated employment prior to such termination or amendment and who, based on such termination, is then eligible for Severance Pay or other benefits under the Policy at the time of such amendment or termination. No agent or other employee, other than an officer of the Company acting on behalf of the Committee, has the authority to change or waive any provision of the Policy.

(b) Any duties delegated by the Committee to a particular officer are hereby delegated to any successor officer who assumes the duties of that officer as part of a corporate function or business realignment.

(c) Severance benefits under the Policy are not intended to be a vested right.

12. Governing Law and Venue. The terms of the Policy shall, to the extent not preempted by applicable federal law, be governed by, and construed and enforced in accordance with, the laws of the State of Indiana, including all matters of construction, validity and performance. In order to benefit Participants under this Policy by establishing a uniform application of law with respect to the administration of the Plan, the provisions of this Section 12 shall apply. Any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Policy shall be brought in any court of the State of Indiana and of the United States for the Northern District of Indiana. The Company, each Participant, and any related parties irrevocably and unconditionally consent to the exclusive jurisdiction of such courts in any such litigation related to this Policy and any transactions contemplated hereby. Such parties irrevocably and unconditionally waive any objection that venue is improper or that such litigation has been brought in an inconvenient forum.

13. Miscellaneous Provisions.

(a) Severance Pay and other benefits pursuant to the Policy shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge prior to actual receipt by a Participant, and any attempt to so anticipate, alienate, sell, transfer, assign, pledge, encumber or charge prior to such receipt shall be void and the Company shall not be liable in any manner for, or subject to, the debts, contracts, liabilities, engagements or torts, of any person eligible for any Severance Pay or other benefits under the Policy.

(b) Nothing contained in the Policy shall confer upon any individual the right to be retained in the service of the Company, nor limit the Company's right to discharge or otherwise deal with any individual without regard to the existence of the Policy.

(c) The Policy shall at all times be entirely unfunded. No provision shall at any time be made with respect to segregating assets of the Company for payment of any Severance Pay or other benefits hereunder. No employee or any other person shall have any interest in any particular assets of the Company by reason of the right to receive Severance Pay or other benefits under the Policy, and any such employee or any other person shall have only the rights of a general unsecured creditor with respect to any rights under the Policy.

14. Claims Procedure. A claim for benefits under the Policy shall be submitted in writing to the CHRO, or his or her delegate at the address provided in Section 16. If a claim for benefits under the Policy by a Participant or his or her beneficiary is denied, either in whole or in part, the CHRO or his or her delegate, will let the claimant know in writing within 90 days. If the claimant does not hear within 90 days, the claimant may treat the claim as if it had been denied. A notice of a denial of a claim will refer to a specific reason or reasons for the denial of the claim; will have specific references to the Policy provisions upon which the denial is based; will describe any additional material or information necessary for the claimant to perfect the claim and explain why such material information is necessary; and will have an explanation of the Policy's review procedure.

The claimant will have 60 days after the date of the denial to ask for a review and a hearing. The claimant must file a written request with the Committee for a review. During this time the claimant may review pertinent documents and may submit issues and comments in writing. The Participant will be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to his or her claim for benefits. The Committee will have another 60 days in which to consider the claimant's request for review. If special circumstances require an extension of time for processing, the Committee may have an additional 60 days to answer the claimant. The claimant will receive a written notice if the extra days are needed. The claimant may submit in writing any document, issues and comments he or she may wish. The decision of the Committee will tell the claimant the specific reasons for its actions, and refer the claimant to the specific Policy provisions upon which its 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 or her duly authorized representative notifies the Committee within 90 days after the mailing or delivery to the claimant by the Committee of its determination that claimant intends to institute legal proceedings challenging the determination of the Committee and actually institutes such legal proceedings within 180 days after such mailing or delivery

15. Rights Under ERISA. Each Participant in the Policy is entitled to certain rights and protection under the ERISA. ERISA provides that all Participants shall be entitled to:

(a) Examine, without charge, at the Company's office all documents governing the Policy, and a copy of the latest annual report (Form 5500 Series) filed with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

(b) Obtain copies of all documents governing the operation of the Policy and copies of the latest annual report (Form 5500 Series) upon written request to the Committee. The Companymay make a reasonable charge for the copies.

(c) Receive a summary of the Policy's annual financial report. The Committee is required by law to furnish each Participant with a copy of the summary annual report.

In addition to creating rights for Participants, ERISA imposes duties upon the people who are responsible for the operation of an employee benefit plan. The people who operate the Policy, called "fiduciaries" of the Policy, have a duty to do so prudently and in the interest of the Participants and beneficiaries. No one, including the Company, may fire a Participant or otherwise discriminate against a Participant in any way to prevent him or her from obtaining a benefit or exercising his or her rights under ERISA, If a Participant's claim for a benefit is denied in whole or in part, he or she must receive a written explanation of the reason for the denial. A Participant has the right to have the Committee review and reconsider his or her claim. Under ERISA, there are steps a Participant can take to enforce the above rights. For instance, if a Participant requests from the Committee a copy of the Policy or the latest annual report and does not receive either within thirty (30) days, he or she may file suit in a federal court. In such a case the court may require the Committee to provide the materials and pay the Participant up to $110 a day until the Participant receives the materials, unless the materials were not sent because of reasons beyond the control of the Committee. If a Participant has a claim for benefits, which is denied or ignored, in whole or in part, and if the claims procedures under the Policy have been exhausted, he or she may file suit in a state or federal court. If a Participant is discriminated against for asserting his or her rights, he or she may ask assistance from the United States Department of Labor, or he or she may file suit in a federal court. The court will decide who should pay the court costs and legal fees. If the Participant is successful, the court may order the person he or she has sued to pay these costs and fees. If the Participant loses, the court may order him or her to pay these costs and fees, for example, if it finds his or her claim to be frivolous. If a Participant has questions about the Policy, he or she should contact the Committee. If a Participant has any questions about this statement or about his or her rights under ERISA, he or she should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor (listed in your telephone directory), or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. A Participant may also obtain certain publications about his or her rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

17. Policy Facts.

Plan Sponsor: Address:	NiSource Inc. 801 E, 86th Avenue Merrillville, Indiana 46410
Plan Name:	NiSource Executive Severance Policy (for Employee Job Level D2 and above, including Executives)
Plan Number537	537537
Type of Plan:	Severance PolicyWelfare Benefits Plan
Type of Administration	Self-Administered
Policy Year:	Calendar year
Employer Identification Number (EIN):	35-2108964
Policy Administrator:	Compensation Committee of the Board of Directors of NiSource Inc.
Business Address and Phone Number:	801 E. 86th Avenue Merrillville, Indiana 46410 877-647-5990
Agent for Service of Legal Process:	CHRO
(Address)	801 E. 86th Avenue Merrillville, Indiana 46410
Service of legal process may also be made upon the Compensation Committee of the Board of Directors of NiSource Inc.	

18. <u>Code Section 409A.</u>

The payments to the Participants pursuant to this Policy are intended to be exempt from Code Section 409A to the maximum extent possible, under either the separation pay exemption pursuant to Treasury regulation §1.409A-1(b)(9)(iii) or as short-term deferrals pursuant to Treasury regulation §1.409A-1(b)(4), and each payment hereunder shall be considered a separate payment.

Exhibit 10.8

NiSource Next

Voluntary Separation Program

Effective as of August 5, 2020

NiSource Next

Voluntary Separation Program

Effective as of August 5, 2020

SECTION 1.

INTRODUCTION

i. Purpose

NiSource Inc. has established the NiSource Next Voluntary Separation Program (the "Plan"), a special limited program under the NiSource Inc. Severance Policy, to provide severance benefits to eligible employees who voluntarily terminate employment with NiSource Inc. and its subsidiaries and affiliates (hereinafter collectively the "Company") upon the satisfaction of certain conditions. By participating in the Plan, Participants will not be eligible for any other severance or separation pay benefits as the Participants will be deemed to be participating exclusively in this Plan and will be considered as voluntarily resigning so as to be ineligible for any other separation or severance pay. It is the intent of the Company that the Plan, as set forth herein, constitute an "employee welfare benefit plan" within the meaning of Section 3(1) of the Employee Retirement Income Act of 1974 ("ERISA").

ii. Effective Date, Plan Year.

The effective date of the Plan is August 5, 2020 (the "Effective Date"). A "plan year" is the 12-month period beginning on January 1 and ending on the following December 31. The Plan shall be in effect from the Effective Date until terminated by the Company.

iii. Administration.

The Plan is administered by the NiSource Benefits Committee (the "Committee"). The Committee, as the Plan administrator, is the named fiduciary responsible for the overall operation of the Plan. The Committee has complete discretionary authority to construe and interpret the provisions of the Plan and make factual determinations thereunder, including the power to determine the rights or eligibility of employees or Participants and any other persons, and the amounts of their severance benefits under the Plan, and to remedy ambiguities, inconsistencies or omissions. The Committee, from time to time, may adopt such rules and regulations as may be necessary or desirable for the proper and efficient administration of the Plan and as are consistent with the terms of the Plan. The Committee, from time to time, also may allocate or delegate in writing to any other person or persons (who may but need not be employees of the Company) such powers, rights and duties as the Committee may consider necessary or advisable to properly carry out the administration of the Plan. Each member of the Committee shall be entitled, without further act on such member's part, to indemnity from the Company to the fullest extent permitted under applicable law, in connection with or arising out of any action, suit or proceeding with respect to the administration of the Plan in which such member may be involved by reason of such member being or having been a member of the Committee, whether or not such member continues to be a member of the Committee at the time of the action, suit or proceeding.

iv. Plan Supplements.

This document must be used in conjunction with the Plan supplement attached hereto that applies to the specific employee group described therein (each a "Supplement"). Together, this document and the applicable Supplement constitute the Plan with respect to the employee group described in the Supplement.

SECTION 2.

ELIGIBILITY

Each domestic employee (including employees who are U.S. expatriates) of the Company shall become eligible to become a Participant in the Plan as of the date the employee meets all of the following requirements:

(1) the employee is employed by the Company on a regular, active, full-time or part-time basis, including employees who are on an approved leave of absence, excluding any employee categorized by the Company as "temporary," "seasonal," or "intern", or any similar term or category, and excluding any employees of Columbia Gas of Massachusetts; and

(2) the employee meets the requirements for participation in the Plan as set forth in the Plan and any applicable Supplement.

For all purposes of the Plan, an individual shall be an "employee" of or be "employed" by the Company for any plan year only if such individual is treated by the Company for such plan year as its employee for purposes of employment taxes and wage withholding for federal income taxes, regardless of any subsequent reclassification by the Company, any governmental agency or court.

An employee shall cease to be an eligible employee in the Plan as of the date on which the employee ceases to meet the foregoing requirements of this Section 2. Eligible employees remain eligible for a specified period of time as determined by the Committee.

SECTION 3.

PARTICIPATION AND PLAN BENEFITS

i. Participation

Subject to the conditions and limitations of subsection 3.2 of the Plan and any applicable Supplement, an eligible employee meeting the requirements of Section 2 shall become a Participant entitled to receive a severance benefit determined under subsection 3.3 of the Plan, provided that the employee:

(1) is employed by a function or department or other classification specified in a Supplement and meets all requirements and conditions described therein;

(2) elects to voluntarily terminate employment with the Company in accordance with terms and conditions to be determined by the Committee or the Company, properly and timely applies for acceptance, and is accepted for such termination by the Committee;

(3) executes (or the executor of the employee's estate in the event of the employee's death) a release and any other separation agreement, which may include restrictive covenants, as provided by the Company and, if appropriate, a deduction authorization, as described in subsection 4.1;

(4) is not otherwise excluded from participation due to the business needs of the Company, including due to any participation caps established for any department or function; and

(5) is certified in writing by the Committee as accepted for severance benefits under the Plan.

Upon such certification by the Committee, an employee shall be considered a "Participant" in the Plan. No individuals other than Participants shall be eligible to receive any severance benefits under the Plan.

ii. Benefits Not Payable.

Notwithstanding any other provision of the Plan or any Supplement, a Participant to whom any of the circumstances described below apply shall not be eligible to receive any severance benefits under the Plan.

(1) A Participant whose employment with the Company is terminated, and who is offered a comparable position with a successor employer to commence promptly following termination. A "successor employer" is any entity that assumes operations or functions formerly carried out by the Company (such as the acquirer of all or any part of the Company or assets of the Company or any entity to which a Company operation or function has been outsourced), or any entity making the employment offer at the request of the Company.

(2) A Participant who has been notified by the Company of a future termination of employment date determined by the Company in its sole

discretion (the "Specified Termination Date") under circumstances which would otherwise entitle the Participant to receive a severance benefit under the Plan, and who voluntarily terminates employment with the Company for any reason prior to such date; provided, however, that in the event a Participant's employment terminates prior to the Participant's Specified Termination Date by reason of the Participant's death, the requirement of this Section 3.2(b) shall not be applicable.

(3) Unless otherwise determined by the Company, a Participant who has entered into a retention agreement or who is providing transition or similar services and who voluntarily terminates employment with the Company for any reason prior to the expiration of such retention agreement or the end date for such transition or similar services. Notwithstanding the foregoing, a Participant who enters into a retention agreement at the time an offering is made pursuant to an applicable Supplement shall not be able to receive a benefit under the Plan. An employee who is providing transition services in connection with the transaction between Columbia Gas of Massachusetts and Eversource Energy shall be eligible to participate in the Plan, provided that such employee otherwise meets the requirements of the Plan and an applicable Supplement and such employee remains employed with the Company through the end date of the transition services period, as determined by the Company.

(4) A Participant who is on an approved leave of absence who fails to return to work prior to their Specified Termination Date.

(5) A Participant who is terminated for cause, as determined by the Company. "Cause" means (1) a violation of the NiSource, Inc. Code of Business Conduct, (2) failure by the Participant to perform such Participant's duties, obligations and responsibilities, or (3) the conviction of the Participant for commission of a felony.

(6) A Participant who fails to timely execute, revokes, or violates, a release or the terms of any separation or other agreement provided by the Company.

(7) A Participant who fails to return to the Company all Company property and information.

(8) A Participant who does not agree to pay all outstanding amounts owed to the Company and authorize the Company to withhold any outstanding amounts from such Participant's final paycheck and/or severance benefit.

The Committee shall have sole discretion to determine whether any of the foregoing circumstances apply to a Participant.

iii. Amount of Benefits.

The amount of a Participant's severance benefits under this Plan shall be determined in accordance with the provisions of the Supplement that applies to the Participant as determined by the Committee.

iv. Benefit Limitation.

It is intended that the payments made to Participant's under this Plan will not exceed the equivalent prescribed under Department of Labor Regulations § 2510.3-2(b)(2)) during the year immediately preceding the termination of the Participant's service.

v. Offset for Other Benefits.

The amount of any severance benefits payable to a Participant under the Plan shall be reduced on a dollar-for-dollar basis by any severance, separation or termination pay benefits that the Company pays or is required to pay to such Participant through insurance or otherwise under any plan of the Company, under any federal or state law, including, without limitation, the U.S. Worker Adjustment and Retraining Notification Act or any state or local "pay in lieu of notice" law or regulation, or under any contract of the Company.

SECTION 4.

PAYMENT OF BENEFITS

i. Release and Deduction Authorization.

No severance benefits under the Plan shall be payable to any Participant until:

(1) such Participant and the Company have executed a release (in a form approved by the Company) of all of such Participant's then existing rights and legal claims against the Company and all affiliates and any of their benefit plans (excluding claims for vested retirement benefits under any tax-qualified plan or worker's compensation benefits) by the Release Deadline, including any other agreement determined to be appropriate by the Company, such as an agreement not to disparage the Company, its affiliates, their employees or their businesses, not to disclose confidential or proprietary information and not to solicit customers or employees of such entities or to engage in competition with such entities; and

(2) if appropriate, such Participant has executed a deduction authorization for amounts to be deducted from severance benefits in accordance with subsection 7.11 of the Plan;

and the payment of severance benefits under the Plan shall be subject to the terms and conditions of such agreements. If a Participant violates any of the provisions of the release or other separation agreement, the Participant shall forfeit such Participant's eligibility to receive any severance benefits under the Plan, and the Company may recover any portion of the severance benefits already paid to such Participant. The terms and conditions of a Participant's release and separation agreement and deduction authorization with respect to the payment of severance benefits are incorporated by this reference and form a part of the Plan as applied to such Participant.

ii. Release Deadline.

A Participant must submit the release described in Section 4.1 as instructed in the release agreement by no earlier than the Participant's termination of employment. The Participant shall have an established and maximum period of time ("Release Deadline") in which to consider the release, which shall be set forth in the release.

iii. Time and Form of Payment.

Subject to the provisions of Section 4.1, all payments made pursuant to subsection 3.3 of the Plan shall be paid in a lump sum (unless otherwise noted in a Supplement) and completed no later than two and one-half months after the end of the taxable year in which the Participant's voluntary termination of employment occurs.

In the event of a Participant's death before full payment of the Participant's severance benefits payable pursuant to subsection 3.3 of the Plan, any amount remaining to be paid shall be paid in a lump sum to the to the representative of such Participant's estate.

SECTION 5.

FINANCING PLAN BENEFITS

All severance benefits payable under this Plan shall be paid directly by the Company out of its general assets. Except to the extent required by applicable law, the Company shall not be required to segregate on its books or otherwise any amount to be used for the payment of severance benefits under this Plan.

SECTION 6.

REEMPLOYMENT

A Participant who receives severance benefits pursuant to the Plan shall not be eligible for re-employment or engagement as a service provider (as an independent contractor, consultant, or otherwise) with the Company for a period of two (2) years following such Participant's termination of employment pursuant to the Plan, unless the Company provides the Participant with a written waiver of this Section.

SECTION 7.

MISCELLANEOUS

i. Information to be Furnished by Participants.

Each Participant must furnish to the Committee such documents, evidence, data or other information as the Committee considers necessary or desirable for the purpose of administering the Plan. Benefits under the Plan for each Participant are provided on the condition that the Participant furnish full, true and complete data, evidence or other information, and that the Participant will promptly sign any document related to the Plan requested by the Committee.

ii. Employment Rights.

The Plan does not constitute a contract of employment or affect the terminable-at-will character of the employment relationship, and participation in the Plan will not give a Participant or employee the right to be rehired or retained in the employ of the Company on a full-time, part-time or any other basis or to be retrained by the Company, nor will participation in the Plan give any Participant any right or claim to any benefit under the Plan, unless such right or claim has specifically accrued under the terms of the Plan. The payment of severance benefits under the Plan does not extend a Participant's employment beyond the date such employment is terminated under circumstances which entitle the Participant to severance benefits under the Plan.

iii. Committee's Decision Final.

Any interpretation of the Plan and any decision on any matter within the discretion of the Committee made by the Committee in good faith is binding on all persons. Any mistake of fact or misstatement of fact shall be corrected when it becomes known and the Committee shall make such adjustment on account thereof as it considers equitable and practicable. The Committee may recover overpayments of benefits made to any Participant or a Participant's estate. The Committee shall not be liable in any manner for any determination of fact made in good faith.

iv. Evidence.

Evidence required of anyone under the Plan may be by certificate, affidavit, document or other information which the Committee considers pertinent and reliable, and signed, made or presented by the proper party or parties.

v. Uniform Rules.

In administering the Plan, the Committee will apply uniform rules to all Participants similarly situated.

vi. Gender and Number.

Where the context admits, words in the masculine gender shall include the feminine and neutral genders, the plural shall include the singular and the singular shall include the plural.

vii. Controlling Laws and Venue.

The terms of the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Indiana, including all matters of construction, validity and performance to the extent not preempted by applicable federal law. In order to benefit Participants under this Plan by establishing a uniform application of law with respect to the administration of the Plan, the provisions of this Section 7.7 shall apply. Any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Plan shall be brought in a state and/or federal courts located in the state of the Company office to which such claimant was last assigned. The Company, each Participant, and any related parties irrevocably and unconditionally consent to the exclusive jurisdiction of such courts in any such litigation related to this Plan and any transactions contemplated hereby. Such parties irrevocably and unconditionally waive any objection that venue is improper or that such litigation has been brought in an inconvenient forum.

viii. Interests Not Transferable.

Severance benefits pursuant to the Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment pledge, encumbrance or charge prior to actual receipt by a Participant, and any attempt to so anticipate, alienate, sell, transfer, assign, pledge, encumber or charge prior to such receipt shall be void and the Company shall not be liable in any manner for, or subject to the debts, contracts, liabilities, engagements or torts of, any person entitled to any severance benefits under the Plan.

ix. Facility of Payment.

When any person entitled to severance benefits under the Plan is under legal disability or in the Committee’s opinion is in any way incapacitated so as to be unable to manage his or her affairs, the Committee may cause such person’s severance benefits to be paid to such person’s legal representative for his or her benefit, or to be applied for the benefit of such person in any other manner consistent with applicable law that the Committee may determine.

x. Severability.

In the event any provision of the Plan shall be held to be illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if such illegal or invalid provisions had never been contained in the Plan.

xi. Withholding and Deduction.

The Company will deduct and withhold from any amounts payable under this Plan all federal, state, city and local taxes as shall be legally required, as well as any other amounts authorized or required by Company policy including, but not limited to, withholding for garnishments and judgments or other court orders and deduction of amounts due to the Company as a result of any outstanding travel and entertainment advances, relocation and moving payments, tax make-up benefits, or, other amounts due to the Company for any other reason and as allowed by law.

xii. Effect on Other Plans or Agreements.

Payments or benefits provided to a Participant under any annual bonus, employer stock, stock appreciation rights, deferred compensation, savings, retirement or other employee benefit plan are governed solely by the terms of such plan, and the benefits paid under the Plan shall not be treated as compensation for purposes of the Plan or any other employee benefit plan except to the extent specifically provided therein. Any obligations or duties of a Participant pursuant to any non-competition or other agreement with the Company shall not be affected by the receipt of severance benefits under this Plan.

xiii. Participating Employers.

Controlled group members of the Company may become participating employers under the Plan if so designated by the Committee on behalf of the Company.

xiv. Code Section 409A.

The Plan is intended to comply with Section 409A of the U.S. Internal Revenue Code of 1986 and the regulations thereunder, as amended from time to time ("Code Section 409A") and the interpretative guidance thereunder, or to be exempt therefrom, including through the exceptions for short-term deferrals, separation pay arrangements, reimbursements, and in-kind distributions, and shall be administered, construed, and interpreted with such intent.

For purposes of the Plan, a Participant's employment with the Company shall be deemed to be terminated when the Participant has a "separation from service" within the meaning of Code Section 409A, and references to termination of employment shall be deemed to refer to such a separation from service. Each payment under the Plan or any Company benefit plan is intended to be treated as one of a series of separate payments for purposes of Code Section 409A. To the extent any reimbursements or in-kind benefit payments under the Plan are subject to Code Section 409A, such reimbursements and in-kind benefit payments will be made in accordance with Treasury Regulation §1.409A-3(i)(1)(iv) (or any similar or successor provisions).

Payment of any severance benefits that are not exempt under Section 409A shall be delayed until the Release Deadline, irrespective of when the Participant executes the release; provided, that where the Participant's termination from employment and the release deadline occur in two separate calendar years, payment may not be made before January 1 of the second year.

Notwithstanding anything in the Plan to the contrary, to the extent a Participant is considered a "specified employee" (as defined in Code Section 409A) and would be entitled to a payment during the six-month period beginning on the Executive's date of termination that is not otherwise excluded under Code Section 409A under the exception for short-term deferrals, separation pay arrangements, reimbursements, in-kind distributions, or any otherwise applicable exemption, the payment will not be made to the Participant until the earlier of the six-month anniversary of the Participant's date of termination or the Participant's death and will be accumulated and paid on the first day of the seventh month following the date of termination.

The Company may amend the Plan to the minimum extent necessary to satisfy the applicable provisions of Code Section 409A.

The Company cannot guarantee that the severance benefits provided pursuant to the Plan will satisfy all applicable provisions of Code Section 409A.

SECTION 8.

CLAIMS PROCEDURE

The claims and review procedures described in this Section 8 must be exhausted before a legal action is brought with respect to the Plan.

A claimant who believes that such claimant is entitled to a benefit under the Plan must file a written claim for such benefit with the Committee within six months of the earlier of: (i) the claimant's termination of employment; or (ii) the expiration of the Application Deadline that applies to such claimant. The Committee, including a delegate or subcommittee thereof (the "Claims Administrator") shall notify in writing any claimant whose claim for benefits under the Plan has been denied in whole or part within 90 days after receipt of the claim for benefits, or within 180 days of receipt of such claim if the claimant is notified in writing by the Claims Administrator that an extension of time is required for processing the claim and the reason therefore. Such notice of extension shall be furnished to the claimant before the end of the initial ninety (90) day period indicating the date by which the Claim Administrator expects to make a decision. If a claim is neither granted nor denied within 90 days or 180 days, as the case may be, the claim will be considered denied, and the claimant may pursue the review procedure set forth below. Each notice of denial of an application shall be in writing and shall contain the following information: (a) the specific reason or reasons for the denial; (b) 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 applicant to perfect the application and an explanation of why such material or information is necessary; and (d) an explanation of the Plan's review procedures (as described below), including the Participant's right to bring a civil action under ERISA Section 502(a) following a final benefit determination on appeal.

In the event a claim for benefits is denied in whole or in part, the claimant or the claimant's duly authorized representative may request a review of such denial by the Claims Administrator. Each such request for review must be in writing signed by the claimant or the claimant's duly authorized representative, must specify that it is a request for review of a denied claim and must be filed with the Claims Administrator no later than 60 days after receipt by the claimant of the denial of the claim or, if a claim is neither granted nor denied, then within 60 days of the expiration of the applicable 90 or 180-day period described in the previous paragraph. In pursuing such appeal, the claimant or the claimant's duly authorized representative may obtain free of charge, reasonable access to and copies of all documents, records or other information relevant to the claim. The claimant may submit in writing any documents, issues and comments the claimant may wish.

The Claims Administrator will have 60 days in which to consider the claimant's request for review, except that under special circumstances that require an extension of time for processing, the Claims Administrator may have an additional 60 days to answer the claimant. The claimant will receive a written notice if the extra days are needed. The Claims Administrator will notify the claimant of its decision on review in writing. Such notification will be written in a manner calculated to be understood by the claimant and will contain the following: (a) the specific reason or reasons for the adverse determination, (b) reference to the specific Plan provisions on which the benefit determination is based, (c) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits, and (d) a statement of the claimant's right to bring a civil action under ERISA Section 502(a) following the final benefit determination on appeal. 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 the claimant's duly authorized representative notifies the Claims Administrator within 90 days after the mailing or delivery to the claimant by the Claims Administrator of its determination on appeal that claimant intends to institute legal proceedings challenging the determination of the Claims Administrator and actually institutes such legal proceedings within 180 days after such mailing or delivery.

If a member of the Committee or the Claims Administrator is also a Participant in the Plan, such member may not decide or determine any matter or question concerning distributions of any kind to be made to such member or the nature or mode of settlement of such member's severance benefits unless such decision or determination could be made by such member under the Plan if such member were not serving on the Committee or as Claims Administrator. If an appeal is filed by a claimant who reports directly to or has a familial relationship with a Committee member or Claim Administrator, the relevant member shall recuse himself or herself from participating in discussion and decision of such appeal.

SECTION 9.

AMENDMENT AND TERMINATION

i. Amendment and Termination.

The Company reserves the right, acting through the Committee or otherwise, to amend the Plan at any time and to alter, reduce or eliminate any benefit under the Plan (in whole or in part) at any time or to terminate the Plan at any time, as to any class or classes of covered employees, including current employees, former employees, their spouses, dependents and beneficiaries, all without notice. Notwithstanding the foregoing, any such amendment or termination of the Plan shall not reduce the amount of severance benefits payable to any Participant who has met all requirements for such payment under the terms of the Plan and is receiving or is entitled to receive severance benefits under the Plan.

IN WITNESS WHEREOF, the Company has caused this Plan to be executed this 7th day of August, 2020.

NiSource Inc.

By: /s/ Kenneth E. Keener

Its: SVP, CHRO

OFFERING ONE - SUPPLEMENT

OFFICER AND DIRECTOR LEVEL EMPLOYEES

A. Eligible Group

In addition to other criteria set forth in the Plan, in order to be covered by this Supplement, an employee must meet all of the following criteria provided the employee executes and does not revoke a release agreement (in a form approved by the Company):

1. The employee is actively employed by the Company as of August 5, 2020, and remains actively employed with the Company until the employee's Specified Termination Date.

2. On July 1, 2020, the employee was employed as an officer or employee director of the Company; provided that, any officer and employee director to whom the following applies shall be excluded from participation in the Plan under this Supplement:

    1. Any officer that is a "named executive officer" as defined in Item 402(a) of Regulation SK shall not be eligible to participate in the Plan.

    2. Officers and employee directors who serve as Generation People Leaders.

    3. Directors who serve as Electric T&D Engineering People Leaders.

    4. Directors (including Managing Directors) who serve as Electric System Reliability People Leaders.

3. By 11:59 p.m. Central Time on August 21, 2020 (the "Application Deadline") the employee must have applied to voluntarily terminate employment with the Company and to participate in the Plan and not have revoked such application prior to 11:59 p.m. Central Time on August 21, 2020.

4. The employee is notified by the Committee of such employee's approval to participate in the Plan.

Coverage under this Supplement shall be subject to such participation caps on any department or function as may be established by the Company. In the event the number of employees applying for participation under the Plan exceeds any such cap within a specific department or function, the order of priority for participation in the Plan for that department or function will be determined based on such employees with the greatest number of full and partial years of continuous employment by the Company, commencing on such employee's most recent date of hire by the Company, and ending on August 5, 2020.

In addition, the Company may impose such other limitations on employees covered under this Supplement as it deems appropriate.

B. Severance Benefits

1. Severance Pay

A Participant who is covered by this Supplement and who meets all requirements of the Plan will be entitled to fifteen (15) months of base salary ("Severance Pay").

A "month of base salary" shall be equal to 1/12th of the Participant's annual base salary at the rate in effect at the Participant's date of termination of employment. A Participant's "annual base salary" shall mean the amount a Participant is entitled to receive as wages or salary on an annualized basis payable by the Company as consideration for the Participant's services, including any elective deferral contributions made by the Participant pursuant to Sections 125 or 401(k) of the Internal Revenue Code, and including deferred base salary under any nonqualified deferred compensation plan sponsored by the Company, but excluding all items that are not base salary, such as any bonuses, commissions, overtime pay, fringe benefits and incentive compensation.

2. Medical, Dental and Vision Benefits.

A Participant entitled to Severance Pay shall receive, at the time of payment of Severance Pay, a lump sum payment equivalent to 130% of twelve (12) months of COBRA (as defined in Section 4980B of the Internal Revenue Code of 1986, as amended, and Sections 601-609 of ERISA) continuation coverage premiums under the Company's health plan, vision plan, and dental plan, to the extent the Participant and members of the Participant's family were actively participating in such plans as of the Participant's date of termination of employment. Such amounts shall be determined by reference to the premium rates in effect for the coverage the Participant has in effect as of the date of the Participant's termination of employment. Such payment shall be in lieu of any subsidized COBRA coverage the Company may offer and any COBRA coverage elected by the Participant shall be included as part of the period during which the Participant may elect continued group health coverage under COBRA.

3. Outplacement Services.

A Participant entitled to Severance Pay shall receive outplacement services, selected by the Company at its expense, for a period commencing on the date of termination of employment and continuing until the earlier to occur of the Participant accepting other employment or six (6) months thereafter.

Exhibit 10.9

October 19, 2020

Carrie Hightman

Dear Carrie:

This Letter Agreement confirms our decision concerning your employment status with NiSource, Inc. (the "Company") and its affiliated entities (collectively, "Affiliates" and each an "Affiliate") and sets forth our mutual agreement with respect to all matters relating to your separation from the Company and its Affiliates.

1. Transition Period

You will step down from your role as Chief Executive Officer, Columbia Gas of Massachusetts, effective as of the closing of the sale of substantially all of the assets of Bay State Gas Company d/b/a Columbia Gas of Massachusetts ("CMA") and certain related assets to Eversource Energy. You will continue to serve as Executive Vice President and Chief Legal Officer through January 29, 2021 or your earlier termination of employment by the Company without Cause (as defined herein) (the "Separation Date"). On the Separation Date or, if applicable, the earlier termination of your employment, you shall relinquish the duties of Executive Vice President and Chief Legal Officer of the Company and any other position you hold with the Company or any of its Affiliates.

Through the Separation Date or, if applicable, the earlier termination of your employment, you will continue to be paid your current base salary and participate in all employee benefit plans of the Company and any of its Affiliates in which you currently participate through the Separation Date. If you do not resign and are not discharged for Cause prior to your Separation Date, you timely sign and do not revoke this Letter Agreement in the 7-day revocation period and you have signed the Supplemental Release (as defined herein) and not revoked it during the 7-day revocation period, you will be eligible to receive the severance payment described in the Severance Payments section below. For purposes of this paragraph, "Cause" shall mean: a) violation of the Code of Business Conduct; b) your failure to perform your duties, obligations and responsibilities; c) violation of the terms of this Letter Agreement; or d) your conviction for commission of a felony.

2. Business Transition

You agree to cooperate fully to ensure a smooth transition. As part of your transition services before and after the Separation Date, you agree, at the request of the Company's counsel, to prepare for, and provide testimony at trial or deposition in any litigation in which the Company or any of its Affiliates are involved. Your employment, retention and compensation under this Letter Agreement will not be dependent on the outcome of any litigation or the content of any testimony that you provide therein (other than the truthfulness thereof).

3. <u>Severance Benefits</u>

In accordance with the terms of the Severance Policy for Employee Job Level D2 and Above (Certain Directors and above) (the "Policy"), you will be eligible to receive severance payments and benefits pursuant to the Severance Policy for Employee Job Level D2 and Above (Certain Directors and above) (the "Policy"). Provided you have not accepted employment with another Affiliate,
you do not resign and are not discharged for Cause prior to your Separation Date, you have timely signed this Letter Agreement and not revoked it during the 7-day revocation period and you have signed the Supplemental Release and not revoked it during the 7-day revocation period, you will receive no later than sixty (60) days after the Separation Date (a) a lump sum payment in the amount of $500,000 (which is equal to 52 weeks of pay) and (b) a lump sum payment equivalent to 130% of 12 months of COBRA (as described in Paragraph 5), for use by you to pay for continuation coverage premiums for the medical, dental, and vision coverage in which the you were enrolled immediately before your employment end date. For the avoidance of doubt, receipt of the COBRA lump sum payment does not constitute election of, or enrollment in, COBRA continuation coverage. Legally mandated deductions for social security and federal, state and local taxes will be withheld from each lump sum.

4. <u>Other Benefits</u>

Your eligibility to participate in any benefit programs of the Company or any of its Affiliates will be in accordance with the terms of such programs.

Regardless of whether you execute this Letter Agreement, you will: (a) receive a lump sum payment for any accrued and unused vacation pay to which you are entitled as of the Separation Date; and (b) be paid out vacation and floating holidays that have been banked by you (subject to the 640 hour banking maximum). Such payments will be included in your final regular paycheck as an active employee. In either case, the payment will be subject to legally-mandated deductions for social security and federal, state and local taxes.

5. COBRA Coverage

The termination of your employment is a qualifying event for purposes of COBRA (as defined in Section 4980B of the Internal Revenue Code of 1986, as amended (the "Code"), and Sections 601-609 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or any successor sections). The Company will notify you and/or your dependents of the insurance coverage which you may continue on a self-pay basis, as provided by COBRA, upon termination of your employment. To elect COBRA continuation coverage, you must follow the enrollment instructions included in that COBRA election notice.

6. NiSource Re-Employment

Notwithstanding Section 8 of the Policy, you shall be eligible for re-employment with the Company; provided that, if you seek re-employment with the Company or any of its Affiliates and are subsequently re-hired within 12 months of your Separation Date, then a pro-rata portion of your severance payment must be repaid as of the rehire date as a condition of re-employment.

If you are rehired and your position is subsequently eliminated, management reserves the right to base any severance payments on your rehire date.

7. Return of Property

You agree to return to the Company and its Affiliates any and all of its property and information, including but not limited to, keys, employee identification or security access cards, telephones, computing equipment, and credit cards on or before your Separation Date.

8. Confidentiality

You acknowledge that during your employment by the Company you had access to confidential information and confidential financial data of the Company and its Affiliates.

You further acknowledge that during your employment you may have developed confidential business information for the Company and one or more of its Affiliates, may have made inventions, and/or may have established relationships with the Company's and one or more of its Affiliates' customers and potential customers.

In order to preserve the property, inventions, business, and goodwill of the Company and each of its Affiliates, you agree that during and after your employment, all knowledge and information not known to the public respecting the Company's or any of its Affiliates' inventions, designs, products, services, machinery, methods, systems, improvements, forecasts, strategic and other plans, financial data, and other confidential information, including customer information such as names and addresses of customers and potential customers, pricing information relating to any services performed or products sold by the Company or any of its Affiliates , and all information relating to the special and particular business needs of the Company or any of its Affiliates or their customers and potential customers, shall remain the exclusive property of the Company and each of its Affiliates, respectively, and shall be regarded by you as strictly confidential and shall not be directly or indirectly used or disclosed without the Company's written permission.

Moreover, you agree that upon termination of your employment, you will promptly deliver to the Company all documentation and other materials relating to the Company's business or the business of any of its Affiliates which are in your possession or under your control, including customer and potential customer lists, product lists, and marketing material, whether in written or electronic data form; and you will delete, destroy or discard all copies of such confidential information remaining in your possession.

You further acknowledge and agree that the Company's remedy in the form of monetary damages for any breach by you of any of the provisions of this section may be inadequate and that, in addition to any monetary damages for such breach, the Company shall be entitled to institute and maintain any appropriate proceeding or proceedings, including an action for specific performance and/or injunction.

9. <u>Release of Claims</u>

In consideration of the payments and benefits described herein, the sufficiency of which is hereby acknowledged, you, your heirs, executors and administrators, do hereby knowingly and voluntarily fully, finally and unconditionally release and forever discharge, to the full extent permitted by law, the Company, and its parent, sister and subsidiary corporations and all their affiliates, partners, shareholders, related entities, their employee benefits plans and the plans' trustees, administrators, and fiduciaries, divisions, predecessors, successors and assigns, representatives, current and former employees, officers, directors and agents and attorneys, in their personal and corporate capacities (collectively referred throughout the remainder of this Letter Agreement as the "the Released Parties"), of and from any and all liabilities, actions, causes of action, claims, rights, obligations, charges, damages, costs, attorneys' fees, suits, re-employment rights and demands of any and every kind, nature and character, known and unknown, asserted and unasserted, liquidated and unliquidated, absolute and contingent, in law or in equity, enforceable under any local, state, or federal statute or ordinance, or under the common laws of the United States, against the Released Parties occurring or arising prior to you signing this Letter Agreement, including but not limited to, all claims relating to the Age Discrimination in Employment Act of 1967 ("ADEA"), as amended, and the Older Workers Benefits Protection Act ("OWBPA"), 29 U.S.C.§ 621 et seq.; Title VII of the Civil Rights Act of 1964, as amended, 42 U.S. C. § 2000e et seq.; the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. § 1001 et seq. (excluding claims for vested benefits); the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 701 et seq.; the Americans with Disabilities Act of 1990, as amended, 42 U.S.C. § 12101 et seq.; the Fair Labor Standards Act, as amended, 29 U.S.C. § 201 et seq. (excluding claims for unpaid wages); the Civil Rights Act of 1866, 42 U.S.C. § 1981 et seq.; the Worker Adjustment Retraining Notification Act, 29 U.S.C. 2101§ et seq.; the Occupational Safety and Health Act, 29 U.S.C. § 651 et seq.; the Corporate and Criminal Fraud Accountability Act of 2002, 18 U.S.C. §1514A; the Family and Medical Leave Act 29 U.S.C. §2601 et seq; and the State of Indiana's civil rights statutes or any other state or local statute or common law doctrine; any and all claims relative to any agreement relating to your employment with the Released Parties, including any claims under the doctrines of defamation, libel, slander, invasion of privacy, intentional infliction of emotional distress, whistleblowing, interference with contractual relations, retaliatory discharge, breach of contract, wrongful discharge, breach of implied contract or implied covenant of good faith or fair dealing, and any other statute, authority or law, providing a cause of action relating to your employment by or the termination of your employment with the Released Parties; provided, however, that you do not release: (i) any vested benefits or payments to which you are entitled under the terms of any applicable benefit plans of the Company or its Affiliates, (ii) any claim to unemployment insurance or workers' compensation benefits, where applicable, (iii) your rights under this Letter Agreement or (iv) any other claim the law precludes you from waiving by agreement.

You acknowledge and agree that this release is being given only in exchange for consideration to which you are not otherwise entitled.

You represent that you have read and understand the terms of this Release of Claims. You understand that this Release of Claims is applicable to any claims arising prior to the date of this Letter Agreement.

10. <u>Rights Reserved</u>

This Letter Agreement shall not apply to rights or claims that may arise after the effective date of this Letter Agreement, and nothing in this paragraph or this Letter Agreement:

a. Limits any right you may have to enforce this Letter Agreement;

b. Limits any right you have that cannot, by express and unequivocal terms of law, be limited, waived, or extinguished by private agreement, including claims for (i) unemployment or workers' compensation, (ii) vested rights under ERISA, or (iii) reimbursement of expenses under the Company's expense reimbursement policies;

c. Limits or affects your right to challenge the validity of this Letter Agreement under the ADEA or the OWBPA;

d. Prevents you from, confidentially or otherwise (without informing the Company), filing a charge or complaint with, or from participating in an investigation or proceeding conducted by, the Equal Employment Opportunity Commission, National Labor Relations Board, Securities and Exchange Commission, Occupational Safety and Health Administration or any other any federal, state or local agency charged with the enforcement of any laws; or

e. Limits your ability under any federal or state trade secret law, without exposure to criminal or civil liability, to disclose trade secrets: (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

Notwithstanding your reservation of the foregoing rights, you understand and agree that by signing this Letter Agreement, you are waiving rights to individual relief (including backpay, frontpay, reinstatement or other legal or equitable relief) in any charge, complaint, or lawsuit brought by you or on your behalf, except for any right you may have to receive a payment from a government agency (not the Company or any of its Affiliates) for information provided to the government agency.

11. <u>Affirmations</u>

You affirm that you have not filed, caused to be filed, and are not presently a party to any claim, complaint, or action against any of the Released Parties in any forum or form, or if there are such claims, complaints or actions pending, you agree to withdraw and/or dismiss all such claims, complaints or actions that may be legally withdrawn and/or legally dismissed prior to the receipt of the severance payment. You also affirm that you are not aware of any other claim you may have against the Released Parties. You further affirm that you have reported all hours worked as of the date of this Letter Agreement and have been paid and/or have received all leave (paid or unpaid), compensation, wages, bonuses, commission, and/ or benefits to which you may be entitled and that no other leave (paid or unpaid), compensation, wages, bonuses, commission and/or benefits are due to you, except as provided in this Letter Agreement. You also affirm that you have no known workplace injuries or occupational diseases. You also represent that you are not aware of any facts on which a claim under the Fair Labor Standards Act, the Attorney Fees in Wage Action Act, or under applicable state minimum wage or leave laws could be brought. Notwithstanding the foregoing, nothing herein is intended to limit any rights you may have pursuant to paragraph 11 of this Letter Agreement.

12. Non-Disparagement

You agree not to make any false or disparaging comments concerning the Company or any of its Affiliates, their management or employees, or their operations, whether orally or in writing, and whether concerning your employment with or separation from the Company or otherwise, to any third party. The Company, in turn, agrees to refer all prospective employment reference inquiries to its third party administrator to verify your last position held and dates of employment, and not to provide any additional information to prospective employers concerning you or your employment, except as specifically authorized by you. Notwithstanding the foregoing, nothing herein is intended to limit any rights you may have pursuant to paragraph 11 of this Letter Agreement.

13. Outstanding Charges and Expenses

You hereby agree to pay the Company and any of its Affiliates any outstanding amounts owed to the Company or any of its Affiliates, and further agree that by signing this Letter Agreement you hereby authorize the Company to deduct any outstanding charges from your final pay check and/or severance payment, as permitted by applicable law.

14. Outplacement Assistance

You will be eligible for a defined package of Company-paid reasonable outplacement assistance services through the consultant of the Company's choice for a period commencing on the date of your termination of employment and continuing until the earlier to occur of you accepting other employment or twelve months thereafter.

15. Governing Law

This Letter Agreement shall be construed in accordance with the laws of the State of Indiana, including all matters of construction, validity and performance, to the extent not preempted by federal law, and that any action brought by any party hereunder may be instituted and maintained only in the appropriate court having jurisdiction over Lake County, Indiana.

16. Severability

In the event that one or more of the provisions contained in this Letter Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, you and the Company shall have the option to cancel it.

17. Executive Severance Policy Incorporated By Reference

You acknowledge and agree that this Letter Agreement is subject to the terms and conditions of the Policy in effect as of the date of this Letter Agreement. The Policy is available upon request.

18. Supplemental Release

In addition to complying with the terms of this Letter Agreement, as an additional condition precedent to your receipt of the severance benefits set forth in paragraph 3, you also must provide a separately duly signed Waiver and Release Agreement, in the form attached hereto as Exhibit A (the “Supplemental Release”), after the Separation Date, and before the expiration of twenty-one (21) calendar days after such date and not revoke it. The Company shall provide you with a copy of the Supplemental Release on or around the Separation Date.

19. Section 409A of the Internal Revenue Code

The payments pursuant to this Letter Agreement are intended to be exempt from Section 409A of the Code, to the maximum extent possible, under either the separation pay exemption pursuant to Treasury regulation §1.409A-1(b)(9)(iii) or as short-term deferrals pursuant to Treasury regulation §1.409A-1(b)(4), and each payment hereunder shall be considered a separate payment. In furtherance of this intent, this Letter Agreement shall be interpreted, operated and administered in a manner consistent with these intentions.

20. Complete Agreement

You acknowledge that in accepting this Letter Agreement, you have not relied upon any representation or promise other than those expressly stated in this Letter Agreement.

This Letter Agreement and the documents specifically referred to herein constitute the complete understanding between you and the Company relating to your separation and replaces any and all prior agreements, promises, representations or inducements, no matter their form, concerning your employment with the Company. No promises or agreements made subsequent to the execution of this Letter Agreement by these parties shall be binding unless reduced to writing and signed by authorized representatives of these parties.

21. **Important Information**

You acknowledge and agree that:

a. **You have 21 days from your receipt of this Letter Agreement within which to review and consider signing the Letter Agreement (the "Consideration Period") and any changes made to the Letter Agreement, whether material or immaterial, do not restart the Consideration Period;**

b. **You have been and are hereby advised in writing to consult with an attorney of your choice prior to signing this Letter Agreement;**

c. **You have read and fully understand the terms of this Letter Agreement and have knowingly, voluntarily and of your own free will agreed to those terms for the purpose of fully and finally compromising and settling any and all claims, disputed or otherwise, of any kind or nature that you ever had or may now have against any Released Party arising out of your employment by, and/or separation of employment from, the Company or any of its Affiliates, and arising out of any other matter, whether known or unknown to you at the time of execution of this Letter Agreement, to the extent permitted by law;**

d. **Your acceptance of the terms and conditions outlined in this Letter Agreement is in lieu of any and all other severance programs offered by the Company and any of its Affiliates and you knowingly and voluntarily waive participation in all other severance programs offered by the Company or any of its Affiliates.**

e. **You are not waiving any claims that may arise after the execution of this Letter Agreement under the Age Discrimination in Employment Act, or otherwise; and**

f. **The Company's performance under this Letter Agreement constitutes full and complete payment of all amounts due to you from the Company and provides additional consideration to which**

you are not otherwise entitled as a result of your separation from the Company's employ.

22. Revocation Period

You understand and agree that you have seven days following your execution of this Letter Agreement (the "Revocation Period") to revoke it, and that if you elect to revoke it, this Letter Agreement shall be null and void in its entirety. To effectively revoke this Letter Agreement, you must do so in writing and deliver your notice of revocation, so that it arrives prior to the close of business on the last day of the Revocation Period, to: Ken Keener, SVP & Chief Human Resource Officer, 290 W. Nationwide Boulevard, Columbus, OH 43215.

23. Acceptance and Effective Date

To accept this Letter Agreement, you must sign and date both copies of the Letter Agreement in the space provided below to signify your acceptance, and return the Letter Agreement to Ken Keener, SVP & Chief Human Resource Officer, 290 W. Nationwide Boulevard, Columbus, OH 43215, prior to the close of business (i.e., 5:00 p.m. Eastern time) on the last day of the Consideration Period. This Letter Agreement shall become effective and irrevocable automatically upon the expiration of the Revocation Period if it is not revoked in the manner discussed in the preceding paragraph.

Very truly yours,

Ken Keener
SVP & Chief Human Resource Officer

Acceptance:

I acknowledge that I have read and understand the provisions of this Letter Agreement and represent that the execution of this Letter Agreement constitutes my knowing and voluntary act, made without coercion or intimidation. I understand and agree that this Letter Agreement is not enforceable or binding upon me, my heirs, executors, and administrators unless or until such time that it is signed by me and a representative of the Company below.

/s/ Carrie Hightman

Carrie Hightman

October 19, 2020

Date

/s/ [signature]

WITNESS

FOR THE COMPANY:

/s/ Ken Keener

Ken Keener, SVP & Chief Human Resource Officer
NOTE: TO BE SIGNED AFTER THE EMPLOYEE SIGNS ABOVE.

October 19, 2020

Date

EXHIBIT A
SUPPLEMENTAL RELEASE OF CLAIMS

This Waiver and Release Agreement ("Release") is executed by _____________ ("you") on this ____ day of ________________, 2021.

1. Release of Claims.

In consideration of the payments and benefits described in the Letter Agreement, dated as of October 16 220, between NiSource, Inc. (the "Company") and you (the "Letter Agreement"), the sufficiency of which is hereby acknowledged, you, your heirs, executors and administrators, do hereby knowingly and voluntarily fully, finally and unconditionally release and forever discharge, to the full extent permitted by law, the Company, and its parent, sister and subsidiary corporations and all their affiliates, partners, shareholders, related entities, their employee benefits plans and the plans' trustees, administrators, and fiduciaries, divisions, predecessors, successors and assigns, representatives, current and former employees, officers, directors and agents and attorneys, in their personal and corporate capacities (collectively referred throughout the remainder of this Release as the "the Released Parties"), of and from any and all liabilities, actions, causes of action, claims, rights, obligations, charges, damages, costs, attorneys' fees, suits, re-employment rights and demands of any and every kind, nature and character, known and unknown, asserted and unasserted, liquidated and unliquidated, absolute and contingent, in law or in equity, enforceable under any local, state, or federal statute or ordinance, or under the common laws of the United States, against the Released Parties occurring or arising prior to you signing this Letter Agreement, including but not limited to, all claims relating to the Age Discrimination in Employment Act of 1967 ("ADEA"), as amended, and the Older Workers Benefits Protection Act ("OWBPA"), 29 U.S.C.§ 621 et seq.; Title VII of the Civil Rights Act of 1964, as amended, 42 U.S. C. § 2000e et seq.; the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. § 1001 et seq. (excluding claims for vested benefits); the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 701 et seq.; the Americans with Disabilities Act of 1990, as amended, 42 U.S.C. § 12101 et seq.; the Fair Labor Standards Act, as amended, 29 U.S.C. § 201 et seq. (excluding claims for unpaid wages); the Civil Rights Act of 1866, 42 U.S.C. § 1981 et seq.; the Worker Adjustment Retraining Notification Act, 29 U.S.C. 2101§ et seq.; the Occupational Safety and Health Act, 29 U.S.C. § 651 et seq.; the Corporate and Criminal Fraud Accountability Act of 2002, 18 U.S.C. §1514A; the Family and Medical Leave Act 29 U.S.C. §2601 et seq; and the State of Indiana's civil rights statutes or any other state or local statute or common law doctrine; any and all claims relative to any agreement relating to your employment with the Released Parties, including any claims under the doctrines of defamation, libel, slander, invasion of privacy, intentional infliction of emotional distress, whistleblowing, interference with contractual relations, retaliatory discharge, breach of contract, wrongful discharge, breach of implied contract or implied covenant of good faith or fair dealing, and any other statute, authority or law, providing a cause of action relating to your employment by or the termination of your employment with the Released Parties; provided, however, that you do not release: (i) any vested benefits or payments to which you are entitled under the terms of any applicable benefit plans of the Company or its affiliates, (ii) any claim to unemployment insurance or workers' compensation benefits, where applicable, (iii) your rights under the Letter Agreement or (iv) any other claim the law precludes you from waiving by agreement.

You acknowledge and agree that this Release is being given only in exchange for consideration to which you are not otherwise entitled.

You represent that you have read and understand the terms of this Release. You understand that this Release is applicable to any claims arising prior to the date of this Release.

2. Rights Reserved

This Release shall not apply to rights or claims that may arise after the effective date of this Release, and nothing in this paragraph or this Release:

a. Limits any right you may have to enforce the Letter Agreement;

b. Limits any right you have that cannot, by express and unequivocal terms of law, be limited, waived, or extinguished by private agreement, including claims for (i) unemployment or workers' compensation, (ii) vested rights under ERISA, or (iii) reimbursement of expenses under the Company's expense reimbursement policies;

c. Limits or affects your right to challenge the validity of the Letter Agreement or this Release under the ADEA or the OWBPA;

d. Prevents you from, confidentially or otherwise (without informing the Company), filing a charge or complaint with, or from participating in an investigation or proceeding conducted by, the Equal Employment Opportunity Commission, National Labor Relations Board, Securities and Exchange Commission, Occupational Safety and Health Administration or any other any federal, state or local agency charged with the enforcement of any laws; or

e. Limits your ability under any federal or state trade secret law, without exposure to criminal or civil liability, to disclose trade secrets: (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

Notwithstanding your reservation of the foregoing rights, you understand and agree that by signing this Release, you are waiving rights to individual relief (including backpay, frontpay, reinstatement or other legal or equitable relief) in any charge, complaint, or lawsuit brought by you or on your behalf, except for any right you may have to receive a payment from a government agency (not the Company or any of its affiliates) for information provided to the government agency.

3. Affirmations

You affirm that you have not filed, caused to be filed, and are not presently a party to any claim, complaint, or action against any of the Released Parties in any forum or form, or if there are such claims, complaints or actions pending, you agree to withdraw and/or dismiss all such claims, complaints or actions that may be legally withdrawn and/or legally dismissed prior to the receipt of the severance payment. You also affirm that you are not aware of any other claim you may have against the Released Parties. You further affirm that you have reported all hours worked as of your Separation Date (as defined in the Letter Agreement) and have been paid and/or have received all leave (paid or unpaid), compensation, wages, bonuses, commission, and/ or benefits to which you may be entitled and that no other leave (paid or unpaid), compensation, wages, bonuses, commission and/or benefits are due to you, except as provided in this Letter Agreement. You also affirm that you have no known workplace injuries or occupational diseases. You also represent that you are not aware of any facts on which a claim under the Fair Labor Standards Act, the Attorney Fees in Wage Action Act, or under applicable state minimum wage or leave laws could be brought. Notwithstanding the foregoing, nothing herein is intended to limit any rights you may have pursuant to paragraph 3 of this Release.

4. Governing Law

This Release shall be construed in accordance with the laws of the State of Indiana, including all matters of construction, validity and performance, to the extent not preempted by federal law, and that any action brought by any party hereunder may be instituted and maintained only in the appropriate court having jurisdiction over Lake County, Indiana.

5. Severability

In the event that one or more of the provisions contained in this Release shall for any reason be held to be invalid, illegal or unenforceable in any respect, you and the Company shall have the option to cancel it.

6. **Important Information**

You acknowledge and agree that:

a. You have 21 days from your receipt of this Release within which to review and consider signing the Release (the "Consideration Period") and any changes made to the Release, whether material or immaterial, do not restart the Consideration Period;

b. You have been and are hereby advised in writing to consult with an attorney of your choice prior to signing this Release;

c. You have read and fully understand the terms of this Release and have knowingly, voluntarily and of your own free will agreed to those terms for the purpose of fully and finally compromising and settling any and all claims, disputed or otherwise, of any kind or nature that you ever had or may now have against any Released Party arising out of your employment by, and/or separation of employment from, the Company or any of its affiliates, and arising out of any other matter, whether known or unknown to you at the time of execution of this Release, to the extent permitted by law;

d. Your acceptance of the terms and conditions outlined in the Letter Agreement is in lieu of any and all other severance programs offered by the Company and any of its affiliates and you knowingly and voluntarily waive participation in all other severance programs offered by the Company or any of its affiliates.

e. You are not waiving any claims that may arise after the execution of this Release under the Age Discrimination in Employment Act, or otherwise; and

f. The Company's performance under the Letter Agreement constitutes full and complete payment of all amounts due to you from the Company and provides additional consideration to which you are not otherwise entitled as a result of your separation from the Company's employ.

7. Revocation Period

You understand and agree that you have seven days following your execution of this Release (the "Revocation Period") to revoke it, and that if you elect to revoke it, the Letter Agreement and this Release shall be null and void in its entirety. To effectively revoke this Release, you must do so in writing and deliver your notice of revocation, so that it arrives prior to the close of business on the last day of the Revocation Period, to: Ken Keener, SVP & Chief Human Resource Officer, 290 W. Nationwide Boulevard, Columbus, OH 43215.

8. Acceptance and Effective Date

To accept this Release, you must sign and date both copies of the Release in the space provided below to signify your acceptance, and return the Release to Ken Keener, SVP & Chief Human Resource Officer, 290 W. Nationwide Boulevard, Columbus, OH 43215 prior to the close of business (i.e., 5:00 p.m. Eastern time) on the last day of the Consideration Period. This Release shall become effective and irrevocable automatically upon the expiration of the Revocation Period if it is not revoked in the manner discussed in the preceding paragraph.

Very truly yours,

Ken Keener
SVP & Chief Human Resource Officer

Acceptance:

I acknowledge that I have read and understand the provisions of this Release and represent that the execution of this Release constitutes my knowing and voluntary act, made without coercion or intimidation. I understand and agree that this Release is not enforceable or binding upon me, my heirs, executors, and administrators unless or until such time that it is signed by me and a representative of the Company below.

TO BE SIGNED AFTER THE SEPARATION DATE

____
Carrie Hightman

____
Date

____
WITNESS

FOR THE COMPANY:

____
Ken Keener, SVP & Chief Human Resource Officer
NOTE: TO BE SIGNED AFTER THE EMPLOYEE SIGNS ABOVE.

____
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, 2020;
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 2, 2020	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, 2020;
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 2, 2020	By:	/s/ Donald E. Brown
			Donald E. Brown
			Executive Vice President, Chief Financial Officer, and President of NiSource Corporate Services

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, 2020 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 2, 2020

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, 2020 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, Chief Financial Officer, and President of
NiSource Corporate Services

Date: November 2, 2020

EXHIBIT 403

COLUMBIA GAS OF PENNSYLVANIA, INC
53.53 II. RATE OF RETURN
A. ALL UTILITIES

3. Provide latest Stockholder's Report (Company and Parent).

Response:

Columbia Gas of Pennsylvania, Inc. does not publish a Stockholder's Report.

Attachment A to this Exhibit is NiSource Inc.'s 2019 Annual Message to Stockholders and Attachment B is NiSource Inc.'s Form 10K for the fiscal year ended December 31, 2019.

NiSource®

RENEWING OUR COMMITMENT

> 2019 INTEGRATED ANNUAL REPORT

MESSAGE FROM OUR CEO:

THE ENERGY WORLD IS CHANGING RAPIDLY.

DURING 2019 WE CONTINUED TO ADAPT, DRIVEN BY OUR GOAL OF RANKING AMONG THE COUNTRY'S PREMIER REGULATED GAS AND ELECTRIC COMPANIES.

SAFETY IS FOUNDATIONAL

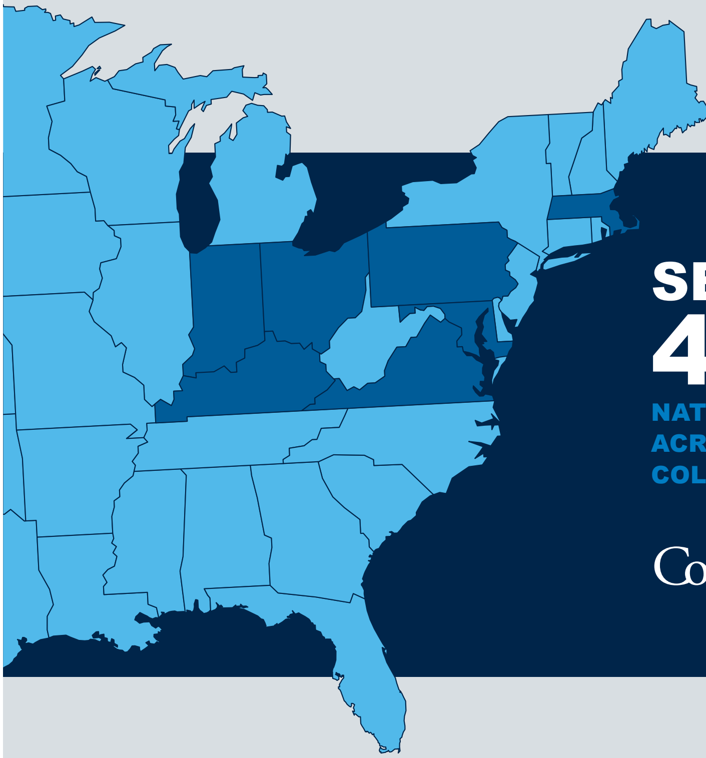
In all our efforts, safety leadership remains our foundational commitment. We are advancing that commitment with accelerated implementation of a Safety Management System, or SMS, across our company. Through SMS – aligned with a framework developed for pipeline operators by the American Petroleum Institute – we are increasing our rigor in identifying risks and taking action to keep our customers, communities, employees and contractors safe.

REBUILDING TRUST

We reached a milestone last fall when the National Transportation Safety Board (NTSB) issued its final report on the September 2018 event in the Merrimack Valley of Massachusetts, and accepted our responses to its last two remaining urgent safety recommendations (the other two were accepted in July 2019). And we've made substantial progress on enhancing our emergency preparedness and response capabilities, which was the subject of a September 2019 NTSB recommendation. While safety is our No. 1 priority, we're also working to regain the trust of all our stakeholders following that tragic event.

Reflecting this commitment, we have completed our restoration efforts in Andover, Lawrence and North Andover, Massachusetts, including replacing all affected customer equipment and restoring outdoor areas disturbed by our 2018 construction work. Further, a dedicated team remains in place to provide continued support to affected customers. And we have made safety enhancements to low-pressure gas systems across our seven states.

We also announced in February 2020 that we have agreed to sell Columbia Gas of Massachusetts (CMA) to Eversource Energy,



SERVING NEARLY 4 MILLION

NATURAL GAS AND ELECTRIC CUSTOMERS ACROSS SEVEN STATES UNDER OUR COLUMBIA GAS AND NIPSCO BRANDS.

Columbia Gas® A NiSource Company   NIPSCO® A NiSource Company

New England's largest energy delivery company. We believe this transaction will create the right next chapter for the customers and communities that CMA serves throughout the state, as well as its dedicated employees. (For additional information, please see the article on page 16.)

TRANSFORMING OUR ELECTRIC BUSINESS

We made significant progress in 2019 on transforming our electric business. We have three wind projects in progress in Indiana and are actively seeking additional renewable resources to replace our coal-fired generating capacity, all of which is scheduled to be retired by 2028. From a base year of 2005, these initiatives are expected to drive a 90 percent reduction in NiSource's greenhouse gas emissions by 2030, and to save customers more than $4 billion over 30 years.

We also continued to execute on our seven-year electric infrastructure modernization program that we began in 2016. This included enhancements to our electric transmission and distribution system designed to further improve system safety and reliability. These strategies were supported by the successful conclusion of our electric base rate case, which also contained elements that reduce our risk profile.

SUPPORTING SUSTAINABILITY

In September 2019, NiSource was named to the Dow Jones Sustainability North America Index for the sixth consecutive year. We are one of three U.S. multi-utility companies on the list, which acknowledges advancements we continue to make in our sustainability strategy.

This includes aggressive greenhouse gas reduction targets and executing against more than $30 billion of long-term infrastructure and safety investments over 20 years. We are committed to delivering energy safely, reliably and in an environmentally responsible and sustainable way.

LONG-TERM GROWTH FOR INVESTORS

NiSource results in 2019 met our financial commitments to investors. We delivered full-year non-GAAP net operating earnings per share of $1.32*, near the top of our guidance range for the year. We made $1.9 billion in capital infrastructure and safety investments in our gas and electric systems, while maintaining our current investment-grade credit ratings and executing on our regulatory plan.

Due to the expected closing of the CMA transaction later this year, we have withdrawn our 2020 net operating earnings per share (non-GAAP) guidance of $1.36 to $1.40. However, we still expect to make capital investments of $1.8 to $1.9 billion this year, and we expect we will no longer need a block equity issuance in 2020.

The long-term growth opportunity for our remaining operating companies is unchanged. As a result, following completion of the CMA transaction, we expect to initiate 2021 net operating earnings per share guidance and establish a 5 to 7 percent long-term growth rate for both net operating earnings per share (non-GAAP) and our dividend, with 2021 as the base year. This new long-term guidance is expected to be extended beyond 2022 to include significant investments related to our electric generation strategy.

CONTINUOUS LEARNING AND IMPROVEMENT MINDSET

We are committed to continually improving the safety, reliability and environmental performance of our systems, service quality for customers and our employee experience, all with a goal of delivering increasing value for all of our stakeholders.

I want to thank our Board of Directors, management team and the entire NiSource team for their dedication and hard work that contributed to the company's success in 2019, and look forward to working together energetically to further deliver on our commitments in

2020 AND BEYOND.

*Net operating earnings per share (non-GAAP); for a reconciliation to GAAP, see Schedule 1 on page 26. See also Regulation G statement on the inside back cover.

JOE HAMROCK
President and CEO
NiSource Inc.
March 13, 2020

BOARD OF DIRECTORS

Kevin T. Kabat
Chairman of the Board, NiSource, Retired Vice Chairman and CEO, Fifth Third Bancorp

Peter A. Altabef
Chairman and CEO, Unisys Corporation

Theodore H. Bunting, Jr.
Retired Group Vice President, Utility Operations, Entergy Corporation

Eric L. Butler
President and CEO, Aswani-Butler Investment Associates and Retired Executive Vice President, Union Pacific Corporation

Aristides S. Candris
Retired President and CEO, Westinghouse Electric Company

Wayne S. DeVeydt
Executive Chairman of the Board, Surgery Partners, Inc.

Joseph Hamrock
President and CEO, NiSource Inc.

Deborah A. Henretta
Partner, G100 Companies and Retired Group Vice President, Procter & Gamble Co.

Deborah A. P. Hersman
Chief Safety Officer, Waymo LLC and Former Chair, National Transportation Safety Board (NTSB)

Michael E. Jesanis
Managing Director, HotZero LLC and Retired President and CEO, National Grid USA

Carolyn Y. Woo
Retired President and CEO, Catholic Relief Services

BOARD OF DIRECTORS WORKFORCE STATS
(As of March 1, 2020)

11 Total

73% Men, 27% Women, 27% Minorities

SENIOR MANAGEMENT TEAM

Joseph Hamrock
President and Chief Executive Officer

Donald E. Brown
Executive Vice President and Chief Financial Officer

Carrie J. Hightman
Executive Vice President and Chief Legal Officer

Violet G. Sistovaris
Executive Vice President and President, NIPSCO

Pablo A. Vegas
Executive Vice President and President, Gas Utilities

Chuck Shafer
Senior Vice President and Chief Safety Officer

Suzanne K. Surface
Chief Services Officer

Ken Keener
Senior Vice President and Chief Human Resources Officer

Peter T. Disser
Vice President, Internal Audit

SENIOR MANAGEMENT TEAM WORKFORCE STATS *(As of March 1, 2020)*

9 Total

67% Men, 33% Women, 22% Minorities

QUALITY REVIEW BOARD

Ray LaHood
Quality Review Board Chair
Former Secretary, U.S. Dept. of Transportation

John Durham
Retired Director, ENERCON Services

Gary Harland
President, Work Management Inc.

Cynthia Quarterman
Former Administrator, Pipeline and Hazardous Materials Safety Administration

John Cox
President and CEO, Safety Operating Systems

Jeff Wiese
Vice President, TRC Companies

CHAIRMAN'S LETTER:

REFLECTING

on my first year as Chairman of the NiSource Board of Directors, it has been a year of sharp focus on the continuing recovery from the tragic September 2018 event in the Merrimack Valley of Massachusetts. We worked diligently to rebuild the three impacted communities and support our customers in the valley and beyond. In addition, we executed a robust capital investment program while maintaining a focus on the things that matter most to all of our stakeholders – safety, service reliability, sustainability and long-term value for our shareholders.

We have a highly skilled Board of Directors and senior management team armed with the knowledge and diversity of business experience needed to make sound strategic decisions on behalf of all our constituents. It has been a privilege to work with them in overcoming challenges and driving toward our goal of being a premier regulated gas and electric company.

Our most critical priority in 2019 was to advance our culture of safety to protect our customers, communities, employees and contractors – and this will endure as our top priority. Central to that is our accelerated Safety Management System (SMS) implementation, which has led to enhanced risk management processes for our gas and electric operations.

RELENTLESS CHAMPIONS OF **SAFETY, SERVICE AND COMFORT**

We also were pleased to welcome Deborah Hersman to the Board. She is an experienced safety executive, having served as Chair of the National Transportation Safety Board and CEO of the National Safety Council. Her perspective is invaluable as we continue to improve our safety performance.

Our core commitment to safety is an important element of our comprehensive focus on sustainability. We are transitioning from coal-fired to renewable generation in our electric business, and we are fully committed to investments in our gas business that are designed to drive safe, reliable, modern service with better environmental performance.

We also commend our employees in their commitment to serving customers and enhancing stakeholders' experiences with our companies. Their dedication extends into our communities, where they give hours of their time to volunteerism. This is a hands-on element of NiSource's focus on social responsibility, which includes charitable contributions of nearly $4.9 million made to education and other community initiatives in 2019.

The Board of Directors is committed to working closely with – and continuing to challenge – Joe and the senior management team as we work together toward achieving our common goals for our stakeholders and enhancing value for our shareholders.

KEVIN KABAT
Chairman of the Board | NiSource Inc. | March 13, 2020

RENEWING OUR COMMITMENT

During 2019, across NiSource, we recommitted ourselves to delivering value for our customers, communities, investors and business partners as well as improving the employee experience. On behalf of all stakeholders, we strengthened our safety culture, continued to modernize our energy delivery infrastructure, made significant strides in transforming our electric business, and continued to contribute to the communities where we live and work. This renewal of our core commitments positions us well for further sustainable growth and success going forward.

WHAT'S INSIDE

CHAMPIONING SAFETY

In 2019, we enhanced the rigor of our safety commitment through a significant investment of time and resources in accelerating implementation of a Safety Management System (SMS). SMS is a comprehensive approach to managing safety that has been a decisive factor in reducing incidents in the aviation and nuclear power industries. It emphasizes continual assessment and improvement and mitigating potential risks before they happen.

Our SMS vision is to lead and exceed the industry in safety. In our culture, everyone is empowered to identify and report risk, which is the foundation for enhancing process safety with layers of protection and building accountability for effective asset management to reduce risk.

In 2019, we made substantial progress in shifting SMS from a project to full organizational ownership, realigning our teams to better protect our employees, contractors, customers and communities. Major safety accomplishments include:

ADDING
safety expert and former chair of the National Transportation Safety Board (NTSB) Deborah Hersman to our Board of Directors.

CREATING
a new Chief Safety Officer position, filled by NiSource executive Chuck Shafer, reporting directly to CEO Joe Hamrock.

INTEGRATING
safety, compliance and risk management functions at each NiSource operating company and at the corporate level and increasing related staffing and capabilities.

ESTABLISHING
a Corrective Action Program (CAP) tool and process for employees to use to report risks. In 2019, 1,536 CAPs were initiated, of which 450 were processed and closed.

IMPLEMENTING
the National Transportation Safety Board's urgent safety recommendations following the September 2018 event in Massachusetts.

TRAINING
nearly 90 percent of our Gas Segment employees on SMS in 2019; the remainder will be trained this year.

DEFINING
asset classes and an integrated planning process structure, including documenting SMS standards, polices and processes.

EMPOWERING
our people to own safety and stop work whenever they see an employee, business partner or member of the public who is at risk of harm.

While we made great progress in 2019, we have more to do to improve safety. We did not hit our milestones in several key areas related to employee safety. We continue to focus on building a culture of safety – identifying specific corrective actions we can take to work safer. Protecting our employees, contractors, customers and communities is – and will remain – our top priority, the compass that guides all our actions and decisions. Nothing is more important.

CORRECTIVE ACTION PROGRAM (CAP) AT WORK

Our Corrective Action Program (CAP) gives employees a voice to report issues, risks or concerns they observe. Kentucky Plant/Service Combo Tech Jamie Ensminger submitted a CAP to recommend the use of pipeline markers as a safer, more permanent solution to mark difficult-to-locate gas lines at intersections and heavy traffic areas. Jamie saw the asphalt markers used in Merrimack Valley and thought they could be used to help reduce the risks associated with locating gas lines in high risk areas. About the size of poker chips, the devices are implanted flush to the ground and can be driven and walked over. They permanently mark a line and, once in place, a GPS tech can record the location of the devices. Even if the markers are covered with snow, dirt or blacktop, technicians can use GPS information to find the gas line. A pilot program to test durability and cost-effectiveness of the pipeline markers in Kentucky is underway.

Thanks, Jamie!

QUALITY REVIEW BOARD (QRB)

We appointed a Quality Review Board, a group of six independent experts who evaluate and provide recommendations for the development, implementation and overall management of SMS based on their experiences and lessons learned across diverse backgrounds spanning the nuclear, aviation and energy industries. They meet regularly to validate the rigor, quality, thoroughness and completeness of our SMS work.

“Through its implementation of SMS, establishment of an independent Quality Review Board to oversee that work, as well as the other safety enhancements and culture-driving changes it has made, NiSource is clearly an industry leader.

Ray LaHood
Chairman, NiSource Quality Review Board, former U.S. Congressman and U.S. Secretary of Transportation

SAFETY AND INFRASTRUCTURE INVESTMENTS BY THE NUMBERS

$30 BILLION
IN IDENTIFIED LONG-TERM INVESTMENTS

~$1.9 BILLION
INVESTED IN GAS AND ELECTRIC SAFETY AND INFRASTRUCTURE MODERNIZATION PROGRAMS IN 2019

337 MILES
OF PRIORITY PIPE REPLACED IN 2019

33 MILES
OF UNDERGROUND ELECTRIC CABLE REPLACED IN 2019

1,959
ELECTRIC POLES REPLACED IN 2019

>1,000
LOW PRESSURE GAS SYSTEM SAFETY ENHANCEMENTS, INCLUDING THE INSTALLATION OF AUTOMATIC SHUT-OFF DEVICES TO PROTECT AGAINST OVERPRESSURIZATION

TRANSFORMING
OUR ELECTRIC BUSINESS

Our plans call for retiring all of our remaining coal-fired electric generation by 2028, and we plan to have nearly 80 percent retired by 2023. This capacity will be replaced with lower-cost, reliable and cleaner options. As a result, the plan would save Northern Indiana Public Service Company (NIPSCO) electric customers more than $4 billion over 30 years and is expected to drive a 90 percent reduction in our greenhouse gas emissions by 2030, from a base year of 2005.

One key to achieving this goal for our electric business is the addition of wind power to our generation portfolio. During 2019, we reached commercial agreements on multiple wind projects in Indiana.

NIPSCO was one of the nation's top three wind power purchasers (AT&T and Walmart were the others) in 2019, according to the American Wind Energy Association, which reported that utilities represented 60 percent of wind power purchase activity in 2019. In December 2019, the Federal Energy Regulatory Commission (FERC) approved NIPSCO's Section 203 and 205 applications for **Rosewater,** one of three wind projects announced early in the year. The Indiana Utility Regulatory Commission (IURC) had previously approved the joint venture and ownership agreement for Rosewater, as well as applications for two other projects – **Jordan Creek** and **Roaming Bison.**

While Roaming Bison has since been cancelled due to local zoning restrictions, construction is underway on both Rosewater and Jordan Creek, which are expected to be in service by the end of 2020. The IURC in early 2020 also approved NIPSCO's application for a fourth wind project, **Indiana Crossroads,** a joint venture with EDP Renewables North America. Indiana Crossroads is expected to be in operation by the end of 2021.

Our Indiana electric team is also working to identify additional resources to replace our retiring coal generation capacity. It completed a Request for Proposals process in November 2019 and has begun discussions with a number of commercial bidders who responded. In addition, NIPSCO continues to execute on its seven-year electric infrastructure modernization program that we put in place in 2016. This includes:

$1.2 BILLION **OF ENHANCEMENTS TO THE ELECTRIC TRANSMISSION AND DISTRIBUTION SYSTEM IN 2019 DESIGNED TO FURTHER IMPROVE SYSTEM SAFETY AND RELIABILITY.**

On the state regulatory front, NIPSCO secured IURC approval in December 2019 of its electric base rate case, with new rates effective in January 2020. The outcome of the case supported our electric generation strategy, with new depreciation schedules related to the early retirement of our coal-fired generation. The IURC order also established a return on equity of 9.75 percent, reflecting a reduced business risk profile and a new more flexible service and rate structure for our industrial customers.

PRESERVING OUR ENVIRONMENT

In everything we do, we consider the economic, social and environmental impact of our operations. We're making significant investments to ensure that we can continue to deliver energy to our customers where and when they need it, and in a way that is affordable and environmentally responsible.

ENVIRONMENTAL IMPACT TARGETS

	2025 REDUCTIONS FROM 2005 LEVELS	2030 REDUCTIONS FROM 2005 LEVELS	
NITROGEN OXIDES, SULFUR DIOXIDE AND MERCURY	90%	99%	ON TRACK
WATER WITHDRAWAL	90%	99%	ON TRACK
WASTEWATER DISCHARGE	60%	99%	ON TRACK
COAL ASH GENERATED	50%	100%	ON TRACK
GREENHOUSE GAS (ELECTRIC GENERATION)	50%	90%+	ON TRACK
METHANE (PIPELINE REPLACEMENT)	50%	50%+	ON TRACK

GREENHOUSE GAS REDUCTIONS FROM 2005 LEVELS

50% BY 2025

90% BY 2030

TRANSITIONING TO LOWER-COST, RENEWABLE ENERGY SOURCES

We are taking steps to ensure a cleaner, more sustainable energy future.

Our plans to retire all of our coal-fired electric generation by 2028 and replace that capacity with lower-cost, cleaner energy sources is projected to result, by 2030 – compared with a base year of 2005 – in a 90 percent reduction of greenhouse gas emissions, a 100 percent reduction of coal ash generated and a 99 percent reduction of water withdrawal, wastewater discharge, and nitrogen oxides, sulfur dioxide, and mercury air emissions. It also is projected to result in more than $4 billion in long-term cost savings for customers over 30 years.

90%
REDUCTION
OF GREENHOUSE GAS EMISSIONS

99%
REDUCTION
OF WATER WITHDRAWAL, WASTEWATER DISCHARGE, AND NITROGEN OXIDES, SULFUR DIOXIDE, AND MERCURY AIR EMISSIONS

100%
REDUCTION
OF COAL ASH GENERATED

$4
BILLION
IN LONG-TERM COST SAVINGS FOR CUSTOMERS

REDUCING
EMISSIONS IN OUR GAS DISTRIBUTION OPERATIONS

Through our modernization programs and the five-year effort we initiated in 2016 through U.S. EPA's Natural Gas STAR Methane Challenge Program, our companies collectively have reduced pipeline methane emissions by 37 percent compared with 2005 levels. Further, we remain on track to reach our 50 percent methane reduction target by 2025. We also want to help customers reduce their carbon emissions through participation in our programs for energy-efficiency upgrades, home check-ups and weatherization services. In 2019:

MORE THAN ONE MILLION CUSTOMERS PARTICIPATED

NEARLY $21 MILLION SAVINGS WERE ACHIEVED ON THEIR ENERGY BILLS

CONTINUING TO HELP OUR POLLINATORS

We are committed to transforming our pipeline rights-of-way into pollinator habitats. This effort was recognized in 2019 by the Wildlife Habitat Council (WHC). It awarded Columbia Gas of Ohio's right-of-way program the WHC Conservation Certification as Certified Silver – which acknowledges the company's leadership among more than 700 WHC Conservation Certification programs. Right-of-way sites in Ohio were identified and converted into pollinator habitats through the planting of native grasses and pollinator plants, such as common milkweed, coneflower and butterfly milkweed, which attract butterflies and bees. Right-of-way programs also were launched in Kentucky and Pennsylvania.

SUSTAINABILITY REPORTS

In August 2019 we published our 2018 Climate Report, a detailed description of progress toward achieving our targets for greenhouse gas emissions reduction. In the report, we also commit to delivering the most cost-effective, balanced and reliable energy to our customers and to supporting local economies in the communities we serve. The report incorporates recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD) to disclose governance, strategy, risk management and metrics around climate-related risks and opportunities.

In addition to our Climate Report, we collaborated with the American Gas Association (AGA) and the Edison Electric Institute (EEI) on development of their joint environmental, social, governance (ESG) and sustainability reporting template. It provides investors with both quantitative and qualitative information on a uniform basis. We plan to utilize this template for our 2019 ESG and sustainability reporting later this year.

Our latest ESG and sustainability documents, including our 2018 Climate Report, are available on our website at Nisource.com/company/sustainability/reports-and-policies

CREATING THE NEXT CHAPTER FOR COLUMBIA GAS OF MASSACHUSETTS

Since the September 2018 event in the Merrimack Valley of Massachusetts, we have cooperated fully with the National Transportation Safety Board in addressing its recommendations and have dedicated approximately $1 billion towards serving the needs of local customers, residents and communities.

As a further development, we announced on February 26, 2020, that we reached a plea agreement with the U.S. Attorney for the District of Massachusetts intended to resolve the criminal investigation into the September 2018 event. We agreed to pay a $53 million fine and to pursue a sale of Columbia Gas of Massachusetts (CMA). Later that day, we announced an agreement to sell CMA's assets to Eversource Energy, New England's largest energy delivery company, for $1.1 billion in cash, subject to closing conditions.

This followed a thorough evaluation by our Board and management team, who believe the sale of CMA to Eversource is in the best interests of all of our stakeholders, including shareholders, customers, employees and the local communities. It will provide Columbia Gas employees an opportunity to join a strong organization with deep roots in the region and a commitment to investing to further enhance safety, pipeline integrity and reliability. Until the transaction closes, which is expected to occur by end of the third quarter of 2020, we will continue to focus on driving customer safety and service at CMA and making further enhancements to all areas of operations. In addition, through 2019, we have:

SETTLED
all major civil claims regarding damages from the event.

RE-SEEDED
more than 3,500 properties and completed approximately 300 repairs to shrubs, walkways and landscaping.

RE-PAVED
four Massachusetts state roads, more than 150 driveways, private roads and commercial lots, and poured approximately 870 concrete projects.

COMPLETED
verification that approximately 5,000 former gas service lines abandoned as part of the recovery effort are now compliant with federal, state and Columbia Gas requirements.

PROVIDED
more than $10 million to Merrimack Valley customers in energy efficiency incentives and services.

DONATED
more than $20 million to local communities and charities.

MAINTAINED
operation of the Lawrence Customer Care Center, which will remain open through September 2020 to continue serving customers.

What happened in 2018 was tragic, and we have taken responsibility for it as well as significant restoration and safety steps since then. The expected sale will allow CMA to be part of a strong local gas distribution network at Eversource dedicated to system reliability and safety – further fulfilling our commitment to residents and businesses.

SERVING OUR CUSTOMERS AND COMMUNITIES

OUR GOAL IS TO CONTINUOUSLY IMPROVE

the levels of service we provide our customers, meeting their evolving needs safely and reliably across our seven-state footprint. This is an ongoing process that we take very seriously.

Our customer satisfaction survey results (CSAT) held steady from 2018 to 2019, although our state operating companies are showing continuous improvement overall in year-over-year scores from consumer studies conducted by J.D. Power & Associates. Spurred by customer feedback across multiple channels, we are committed to attaining top-tier customer satisfaction scores.

ENHANCING CUSTOMERS' EXPERIENCE

During 2019, we focused on making foundational upgrades to our customers' experience. For example, we launched new customer-facing websites for Columbia Gas and NIPSCO that are easy to navigate and that adjust to all devices and browsers. Making it more convenient for customers to engage with us has enhanced their levels of satisfaction.

A primary use of these high-touch channels is for paying bills. Customers in five of the seven states in which we operate can now use PayPal as a payment method, which makes paying energy bills as easy as paying other day-to-day expenses. Customers also can choose to receive emergency alerts via phone call, text message or email. During the year, we worked with our state operating companies to sharpen our vision for delivering safety, service and comfort, driving an even clearer focus on our customers.

WELCOMING NEW CUSTOMERS AND THOSE MOVING

We also conducted a pilot program in Ohio for new residential customers and those who were moving. The program was designed to help them set up their online accounts as well as to receive safety and energy efficiency information. This "Welcome Series" will be expanded to all states in 2020 due to the pilot's success.

ENRICHING OUR COMMUNITIES IN 2019

14,450
HOURS SPENT
volunteering at local nonprofits that support education, health and human services and family welfare initiatives.

$289,000
CONTRIBUTED
to organizations through the NiSource Charitable Foundation Dollars for Doers program, which matches each employee's volunteerism with a financial contribution from the foundation.

$4.9
MILLION
was contributed to organizations in communities throughout our operating area, with about $1.5 million coming from the NiSource Charitable Foundation.

EMPOWERING OUR TEAM

EMPLOYEES ARE THE LIFEBLOOD OF ANY ORGANIZATION,

and we are dedicated to offering educational and developmental opportunities that enable our employees to progress and reach their full potential.

We have been focused for several years on diversifying our leadership ranks at the manager level and above. And we have made progress in this area, with 2019 female representation at these levels increasing four percentage points compared to 2017, and minority representation increasing three percentage points over the same period. Our aspiration is to have a workforce that matches the qualified talent available in the communities we serve. We recognize that we have a gap between female and minority representation and available talent at the manager level and above. We continue to be intentional about closing those gaps through both our talent acquisition and internal leadership development efforts, which are summarized below.

LEADERSHIP DEVELOPMENT AND TRAINING

Through learning experiences in the classroom and online, as well as direct mentoring and coaching, this initiative is designed to support all current and future NiSource leaders in their efforts to improve their leadership capabilities.

In 2019, more than 6,000 field and office-based employees of all levels participated in a leadership-based learning or development program.

NISOURCE MENTORING PROGRAM

To expand our roster of traditionally underrepresented leaders, this initiative focuses on developing and retaining high-potential employees of diverse backgrounds.

Nineteen leaders participated in the NiSource Mentoring Program in 2019, benefitting from networking opportunities and mentoring from our senior leaders.

TARGETED DEVELOPMENT FOR DIVERSE TALENT PROGRAM

This program supports the career development of high-performing individual contributors, supervisors or managers who are either female or ethnically diverse. Participants are matched with NiSource leaders, acting as career guides, to receive enhanced coaching and support designed to help them create and work through their career development plans. Nearly 30 employees participated in the Targeted Development for Diverse Talent program in 2019.

SUPPORTING EMPLOYEES THROUGH TRANSITIONS

A critical part of our electric generation strategy is planning for a thoughtful transition for our employees. We have a cross-functional team studying future workforce demand across NiSource to determine where we are able to transition impacted generation employees to new roles, and focus on retraining and retooling as needed. We are actively exploring partnerships both internally and externally to design transitions that minimize the disruption to our workforce and customers.

IMPORTANCE OF DIVERSITY AND INCLUSION

Our employees are passionate about inclusion and diversity. One of the ways they can get involved and make a difference is by participating in Employee Resource Groups (ERGs) and Inclusion and Diversity (I&D) Councils. Open to all employees, these councils:

- **Recruit, retain and accelerate the development of employees.**
- **Participate in community service efforts that impact our customers and communities.**
- **Serve as a collaborative voice around shared issues and concerns.**
- **Broaden understanding and awareness of inclusion, diversity and cultural competence.**

DIVERSITY IN ACTION

Sydnee Crews, a NiSource leader in customer care and energy assistance, first found herself captivated with volunteerism during a stint in Malawi, where her team taught English to locals, provided basic medical care and helped with construction projects. Over time, Sydnee's volunteerism has continued, and she is now focused on people who are often overlooked, particularly black women and the LGBTQ community. Sydnee brings her passion and love for people to NiSource, through volunteering and through the employee resource group she helped found: **NiPRIDE.** NiPRIDE exists to recruit, retain, develop and support LGBTQ employees and allies by fostering a safe and inclusive environment while furthering the spirit of diversity and inclusion. The group meets weekly, and representatives from throughout NiSource marched in 2019 Pride parades.

In terms of LGBTQ inclusion, NiSource is doing a good job of starting a conversation. When we started NiPRIDE, we weren't sure how it would be received, but it's been great. The more diversity of thought we have as a company, the better equipped we'll be to serve our customers.

Sydnee Crews
NiSource leader in customer care and energy assistance

EMPLOYEE POPULATION

AS OF DECEMBER 31, 2019

8,363
TOTAL EMPLOYEES

72% MEN

28% WOMEN

15% MINORITY

776
TOTAL MANAGEMENT
(MANAGER AND ABOVE)

67% MEN

33% WOMEN

14% MINORITY

GENERATIONS

<1% TRADITIONALISTS *(1925-1948)*

24% BABY BOOMERS *(1949-1964)*

27% GENERATION X *(1965-1976)*

49% MILLENNIALS / GENERATION Y *(1977-PRESENT)*

VOLUNTEERISM REACHES NEW HEIGHTS

Volunteering and a focus on inclusion and diversity come from the same root – a compassionate heart. NiSource employees are active in our communities throughout the year, but June 2019 marked our first ever Volunteer Blitz. This is a month to come together as a company in support of the important services provided by local non-profit organizations. Employees submit their volunteer hours to the NiSource Charitable Foundation Dollars for Doers program, which recognizes employee volunteerism by donating $20 per hour for volunteer time, up to 25 hours per person per year.

SIGNIFICANT RECOGNITION IN 2019

Dow Jones Sustainability Index
Recognizes our sustainable business practices and performance *(6th consecutive year)*.

Bloomberg Gender-Equality Index
Recognizes our efforts to create a work environment that supports gender equality.

***Forbes'* America's Best Large Employers**
Recognizes companies liked best by their employees *(4th consecutive year)*.

FTSE4Good Index
Recognizes the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.

FOCUSING
ON OUR FINANCIAL PERFORMANCE

Our team's performance in 2019 demonstrated the resiliency of the NiSource business plan. Our employees remained relentlessly focused on safety and customer satisfaction. This included accelerating implementation of our Safety Management System (SMS), advancing our electric generation strategy in Indiana and making nearly $1.9 billion of capital investments centered on infrastructure and safety in our gas and electric systems.

We also delivered 2019 non-GAAP net operating earnings of about $495 million, or $1.32* per share – near the top of our 2019 guidance range – compared with net operating earnings of $463 million, or $1.30* per share, in 2018. These results were accomplished while maintaining our current investment-grade credit ratings and executing on our regulatory plan.

The biggest drivers of our financial performance were higher net revenues due to the impact of our long-term infrastructure modernization investments, which were offset by increased safety-related spending and higher financing costs due largely to the September 2018 event in the Merrimack Valley of Massachusetts.

*Net operating earnings per share (non-GAAP); for a reconciliation to GAAP, see Schedule 1 on page 26. See also Regulation G statement on the inside back cover.

Due to the expected sale of Columbia Gas of Massachusetts (CMA) to Eversource Energy, which we announced in February 2020 (see article, pages 16-17), we have withdrawn our 2020 net operating earnings per share (NOEPS) non-GAAP guidance of $1.36 to $1.40. However, we still expect to make capital investments of $1.8 to $1.9 billion in 2020. We also expect the CMA transaction will enable us to eliminate our previously planned 2020 block equity issuance.

Once the CMA sale is completed, which we anticipate happening by the end of the third quarter, we expect to initiate 2021 net operating earnings per share guidance and establish a 5 to 7 percent long-term growth rate for both NOEPS and our dividend, with 2021 as the base year. This new long-term guidance is expected to be extended beyond 2022 to include significant investments related to our electric generation strategy.

As we work through the impact of the sale – by factoring in the elimination of the block equity dilution, the loss of CMA earnings and the expected dis-synergies in our remaining business – we believe that, at a minimum, the 2021 baseline will be at or above our withdrawn 2020 guidance.

FINANCIAL METRICS

$1.32
2019 NON-GAAP NET OPERATING EARNINGS PER SHARE*

$0.88
2019 GAAP EARNINGS PER SHARE

$0.80
2019 PER SHARE ANNUAL DIVIDEND (COMMON STOCK)

12.9%
2019 TOTAL SHAREHOLDER RETURN

$0.84
2020 PER SHARE ANNUAL DIVIDEND PROJECTED (COMMON STOCK)**

$1.8
BILLION TO
$1.9
BILLION
2020 CAPEX PROJECTED

*Net operating earnings per share (non-GAAP); for a reconciliation to GAAP, see Schedule 1 on page 26. See also Regulation G statement on the inside back cover.
**Dividends are subject to Board approval.

SCHEDULE 1 – Reconciliation of Consolidated Net Income (Loss) Available to Common Shareholders to Net Operating Earnings (Loss) Available to Common Shareholders (Non-GAAP) *(unaudited)*

	Three Months Ended December 31,		Twelve Months Ended December 31,	
(in millions, except per share amounts)	**2019**	2018	**2019**	2018
GAAP Net Income (Loss) Available to Common Shareholders	**$ (153.0)**	$ (19.8)	**$ 328.0**	$ (65.6)
Adjustments to Operating Income (Loss):				
Operating Revenues:				
Weather – compared to normal	**(11.8)**	(10.6)	**(24.8)**	(32.5)
Greater Lawrence Incident(1)	**—**	3.9	**—**	3.9
Operating Expenses:				
Plant retirement costs(2)	**—**	—	**—**	3.3
Greater Lawrence Incident(3)	**(54.2)**	379.0	**(233.6)**	830.6
Franchise rights impairment(4)	**209.7**	—	**209.7**	—
Goodwill impairment(5)	**204.8**	—	**204.8**	—
Loss on sale of fixed assets and impairments, net	**0.1**	0.8	**—**	1.2
Total adjustments to operating income (loss)	**348.6**	373.1	**156.1**	806.5
Other Income (Deductions):				
Greater Lawrence Incident – charitable contribution(3)	**—**	10.4	**—**	20.7
Interest rate swap settlement gain	**—**	(25.0)	**—**	(46.2)
Loss on early extinguishment of long-term debt	**—**	—	**—**	45.5
Income Taxes:				
Tax effect of above items(6)	**(90.5)**	(79.8)	**(38.2)**	(180.6)
Income taxes – discrete items(7)	**64.5**	(117.0)	**48.8**	(117.0)
Total adjustments to net income (loss)	**322.6**	161.7	**166.7**	528.9
Net Operating Earnings Available to Common Shareholders (Non-GAAP)	**$ 169.6**	$ 141.9	**$ 494.7**	$ 463.3
Basic Average Common Shares Outstanding	**377.2**	369.4	**374.6**	356.5
GAAP Basic Earnings (Loss) Per Share	**$ (0.41)**	$ (0.05)	**$ 0.88**	$ (0.18)
Adjustments to basic earnings (loss) per share	**0.86**	0.43	**0.44**	1.48
Non-GAAP Basic Net Operating Earnings Per Share	**$ 0.45**	$ 0.38	**$ 1.32**	$ 1.30

(1)Represents revenues not billed to impacted customers as a result of the Greater Lawrence Incident.

(2)Represents costs incurred associated with the retirement of Units 7 and 8 at Bailly Generating Station.

(3)Represents costs incurred for estimated third-party claims and related other expenses as a result of the Greater Lawrence Incident, net of insurance recoveries recorded.

(4)Represents a non-cash impairment of the Columbia of Massachusetts franchise rights as a result of recent events connected with the Greater Lawrence Incident.

(5)Represents a non-cash impairment of goodwill attributable to Columbia of Massachusetts as a result of recent events connected with the Greater Lawrence Incident.

(6)Income tax effect is calculated using the statutory tax rate by legal entity.

(7)2019 activity represents the non-deductible goodwill impairment (see footnote 5 above), non-deductible fines and penalties and adjustments to consolidated state deferred taxes related to the Greater Lawrence Incident. 2018 activity represents adjustments to the impact of the Tax Cuts and Jobs Act of 2017 due to regulatory actions in 2018.

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

FORM 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)**
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 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)

DE	35-2108964
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
801 East 86th Avenue Merrillville, IN	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	NYSE
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	NYSE

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☑

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 definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12-b-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 Act). Yes ☐ No ☑

The aggregate market value of the registrant's common stock, par value $0.01 per share (the "Common Stock") held by non-affiliates was approximately $10,713,311,150 based upon the June 28, 2019, closing price of $28.80 on the New York Stock Exchange.

There were 382,263,348 shares of Common Stock outstanding as of February 18, 2020.

Documents Incorporated by Reference

Part III of this report incorporates by reference specific portions of the Registrant's Notice of Annual Meeting and Proxy Statement relating to the Annual Meeting of Stockholders to be held on May 19, 2020.

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DEFINED TERMS

The following is a list of abbreviations or acronyms that are used 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.
Company	NiSource Inc. and its subsidiaries, unless otherwise indicated by the context
CPG (former subsidiary)	Columbia Pipeline Group, Inc.
NIPSCO	Northern Indiana Public Service Company LLC
NiSource ("we," "us" or "our")	NiSource Inc.
NiSource Corporate Services	NiSource Corporate Services Company

Abbreviations	
ACE	Affordable clean energy
AFUDC	Allowance for funds used during construction
AMR	Automatic meter reading
AMRP	Accelerated Main Replacement Program
AMT	Alternative Minimum Tax
AOCI	Accumulated Other Comprehensive Income
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
ATM	At-the-market
Board	Board of Directors
BTA	Build-transfer agreement
CAP	Compliance Assurance Process
CCGT	Combined Cycle Gas Turbine
CCRs	Coal Combustion Residuals
CEP	Capital Expenditure Program
CERCLA	Comprehensive Environmental Response Compensation and Liability Act (also known as Superfund)
DPA	Deferred prosecution agreement
DPU	Department of Public Utilities
DSIC	Distribution System Investment Charge
DSM	Demand Side Management
ECT	Environmental Cost Tracker
EERM	Environmental Expense Recovery Mechanism
ELG	Effluent Limitation Guidelines
EPA	United States Environmental Protection Agency
EPS	Earnings per share
FAC	Fuel adjustment clause
FASB	Financial Accounting Standards Board

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DEFINED TERMS

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 gas
GSEP	Gas System Enhancement Program
GWh	Gigawatt hours
IRIS	Infrastructure Replacement and Improvement Surcharge
IRP	Infrastructure Replacement Program
IRS	Internal Revenue Service
IURC	Indiana Utility Regulatory Commission
LDCs	Local distribution companies
LIBOR	London inter-bank offered rate
LIFO	Last-in, first-out
MA DOR	Massachusetts Department of Revenue
Massachusetts Business	All of the assets being sold to, and liabilities being assumed by, Eversource pursuant to the Asset Purchase Agreement
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator
MMDth	Million dekatherms
MW	Megawatts
MWh	Megawatt hours
NOL	Net Operating Loss
NTSB	National Transportation Safety Board
NYMEX	The New York Mercantile Exchange
NYSE	The New York Stock Exchange
OPEB	Other Postretirement and Postemployment Benefits
PCB	Polychlorinated biphenyls
PHMSA	U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration
PISCC	Post-in-service carrying charges
PPA	Power Purchase Agreement
PSC	Public Service Commission
PTC	Production Tax Credits
PUC	Public Utility Commission
PUCO	Public Utilities Commission of Ohio
RCRA	Resource Conservation and Recovery Act
ROU	Right of use
SAB	Staff accounting bulletin
SAVE	Steps to Advance Virginia's Energy Plan
Separation	The separation of our natural gas pipeline, midstream and storage business from our natural gas and electric utility business accomplished through a pro rata distribution to holders of our outstanding common stock of all the outstanding shares of common stock of CPG. The separation was completed on July 1, 2015.
SEC	Securities and Exchange Commission

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DEFINED TERMS

SMRP	Safety Modification and Replacement Program
STRIDE	Strategic Infrastructure Development and Enhancement
Sugar Creek	Sugar Creek electric generating plant
TCJA	Tax Cuts and Jobs Act of 2017
TDSIC	Transmission, Distribution and Storage System Improvement Charge
U.S. Attorney's Office	U.S. Attorney's Office for the District of Massachusetts
VSCC	Virginia State Corporation Commission
WCE	Whiting Clean Energy

Note regarding forward-looking statements

This Annual Report on Form 10-K 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 our 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 Annual Report on Form 10-K include, among other things, our debt obligations; any changes to our credit rating or the credit rating of 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; compliance with the agreements entered into with the U.S. Attorney’s Office to settle the U.S. Attorney’s Office’s investigation relating to the Greater Lawrence Incident; the pending sale of the Columbia of Massachusetts business, including the terms and closing conditions under the Asset Purchase Agreement; potential incidents and other operating risks associated with our business; our ability to obtain sufficient insurance coverage and whether such coverage will protect us against significant losses; 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 applicable laws, regulations and tariffs; 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; our ability to manage new initiatives and organizational changes; the performance of third-party suppliers and service providers; changes in the method for determining LIBOR and the potential replacement of the LIBOR benchmark interest rate; and other matters set forth in Item 1A, “Risk Factors” of this report, 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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ITEM 1. BUSINESS

NISOURCE INC.

NiSource Inc. is an energy holding company under the Public Utility Holding Company Act of 2005 whose subsidiaries are fully regulated natural gas and electric utility companies serving approximately 4.0 million customers in seven states. NiSource is the successor to an Indiana corporation organized in 1987 under the name of NIPSCO Industries, Inc., which changed its name to NiSource on April 14, 1999.

NiSource is one of the nation's largest natural gas distribution companies, as measured by number of customers. NiSource's principal subsidiaries include NiSource Gas Distribution Group, Inc., a natural gas distribution holding company, and NIPSCO, a gas and electric company. NiSource derives substantially all of its revenues and earnings from the operating results of these rate-regulated businesses.

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 for approximately 7,500 gas meters, the majority of which served residences and approximately 700 of which served 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. Refer to Note 6, "Goodwill and Other Intangible Assets," Note 19-C. "Legal Proceedings," and E. "Other Matters," in the Notes to Consolidated Financial Statements for more information.

On February 26, 2020, NiSource and Columbia of Massachusetts (together with NiSource, "Seller") entered into an Asset Purchase Agreement (the "Asset Purchase Agreement") with Eversource, a Massachusetts voluntary association. Upon the terms and subject to the conditions set forth in the Asset Purchase Agreement, NiSource and Columbia of Massachusetts agreed to sell to Eversource, with certain additions and exceptions: (1) substantially all of the assets of Columbia of Massachusetts and (2) all of the assets held by any of Columbia of Massachusetts' affiliates that primarily relate to the business of storing, distributing or transporting natural gas to residential, commercial and industrial customers in Massachusetts, as conducted by Columbia of Massachusetts, and Eversource agreed to assume certain liabilities of Columbia of Massachusetts and its affiliates. The liabilities assumed by Eversource under the Asset Purchase Agreement do not include, among others, any liabilities arising out the Greater Lawrence Incident or liabilities of Columbia of Massachusetts or its affiliates pursuant to civil claims for injury of persons or damage to property to the extent such injury or damage occurs prior to the closing in connection with the Massachusetts Business. The Asset Purchase Agreement provides for a purchase price of $1,100 million in cash, subject to adjustment based on Columbia of Massachusetts' net working capital as of the closing. The closing of the transactions contemplated by the Asset Purchase Agreement is subject to Hart-Scott-Rodino Antitrust Improvements Act of 1976 and regulatory approvals, resolution of certain proceedings before governmental bodies and other conditions. For additional information, see Note 26, "Subsequent Event," in the Notes to Consolidated Financial Statements.

NiSource's reportable segments are: Gas Distribution Operations and Electric Operations. The following is a summary of the business for each reporting segment. Refer to Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 23, "Segments of Business," in the Notes to Consolidated Financial Statements for additional information for each segment.

Gas Distribution Operations

Our natural gas distribution operations serve approximately 3.5 million customers in seven states and operate approximately 60,000 miles of pipeline located in our service areas described below. Through our wholly-owned subsidiary NiSource Gas Distribution Group, Inc., we own six distribution subsidiaries that provide natural gas to approximately 2.7 million residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland and Massachusetts. Additionally, we distribute natural gas to approximately 839,000 customers in northern Indiana through our wholly-owned subsidiary NIPSCO.

Electric Operations

We generate, transmit and distribute electricity through our subsidiary NIPSCO to approximately 476,000 customers in 20 counties in the northern part of Indiana and engage in wholesale and transmission transactions. NIPSCO owns and operates two coal-fired electric generating stations: four units at R.M. Schahfer located in Wheatfield, IN and one unit at Michigan City located in Michigan City, IN. The two operating facilities have a generating capacity of 2,080 MW. NIPSCO also owns and operates Sugar Creek, a CCGT plant located in West Terre Haute, IN with generating capacity of 571 MW, three gas-fired generating units located at NIPSCO's coal-fired electric generating stations with a generating capacity of 186 MW and two hydroelectric generating plants with a generating capacity of 10 MW: Oakdale located at Lake Freeman in Carroll County, IN and Norway located at Lake Schahfer in White County, IN. These facilities provide for a total system operating generating capacity of 2,847 MW.

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ITEM 1. BUSINESS

NISOURCE INC.

In May 2018, NIPSCO completed the retirement of two coal-burning units (Units 7 and 8) at Bailly Generating Station, located in Chesterton, IN. These units had a generating capacity of approximately 460 MW.

NIPSCO's transmission system, with voltages from 69,000 to 765,000 volts, consists of 3,005 circuit miles. NIPSCO is interconnected with five neighboring electric utilities. During the year ended December 31, 2019, NIPSCO generated 62.4% and purchased 37.6% of its electric requirements.

NIPSCO participates in the MISO transmission service and wholesale energy market. MISO is a nonprofit organization created in compliance with FERC regulations to improve the flow of electricity in the regional marketplace and to enhance electric reliability. Additionally, MISO is responsible for managing energy markets, transmission constraints and the day-ahead, real-time, FTR and ancillary markets. NIPSCO transferred functional control of its electric transmission assets to MISO, and transmission service for NIPSCO occurs under the MISO Open Access Transmission Tariff.

Business Strategy

We focus our business strategy on our core, rate-regulated asset-based businesses with most of our operating income generated from the rate-regulated businesses. Our utilities continue to move forward on core infrastructure and environmental investment programs supported by complementary regulatory and customer initiatives across all seven states in which we operate. 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.

In its 2018 Integrated Resource Plan submission to the IURC, NIPSCO laid out a plan to retire the 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 19-E, "Other Matters," in the Notes to Consolidated Financial Statements for further discussion of these plans.

Competition and Changes in the Regulatory Environment

The regulatory frameworks applicable to our operations, at both the state and federal levels, continue to evolve. These changes have had and will continue to have an impact on our operations, structure and profitability. Management continually seeks new ways to be more competitive and profitable in this environment.

The Gas Distribution Operations companies have pursued non-traditional revenue sources within the evolving natural gas marketplace. These efforts include the sale of products and services upstream of the companies' service territory, the sale of products and services in the companies' service territories, and gas supply cost incentive mechanisms for service to their core markets. The upstream products are made up of transactions that occur between an individual Gas Distribution Operations company and a buyer for the sales of unbundled or rebundled gas supply and capacity. The on-system services are offered by us to customers and include products such as the transportation and balancing of gas on the Gas Distribution Operations company system. The incentive mechanisms give the Gas Distribution Operations companies an opportunity to share in the savings created from such situations as gas purchase prices paid below an agreed upon benchmark and their ability to reduce pipeline capacity charges with their customers.

Increased efficiency of natural gas appliances and improvements in home building codes and standards has contributed to a long-term trend of declining average use per customer. Residential usage for the year ended December 31, 2019 decreased primarily due to warmer weather in our operating area compared to the prior year. While historically rate design at the distribution level has been structured such that a large portion of cost recovery is based upon throughput rather than in a fixed charge, operating costs are largely incurred on a fixed basis and do not fluctuate due to changes in customer usage. As a result, Gas Distribution Operations have pursued changes in rate design to more effectively match recoveries with costs incurred. Each of the states in which Gas Distribution Operations operate has different requirements regarding the procedure for establishing changes to rate design. Columbia of Ohio restructured its rate design through a base rate proceeding and has adopted a decoupled rate design which more closely links the recovery of fixed costs with fixed charges. Columbia of Massachusetts received regulatory approval of a decoupling mechanism which adjusts revenues to an approved benchmark level through a volumetric adjustment factor. Columbia of Maryland and Columbia of Virginia have regulatory approval for a revenue normalization adjustment for certain customer classes, a decoupling mechanism whereby monthly revenues that exceed or fall short of approved levels are reconciled in subsequent months. In a prior base rate proceeding, Columbia of Pennsylvania implemented a pilot residential weather normalization adjustment. Columbia of Maryland, Columbia of Virginia and Columbia of Kentucky have had approval for a weather normalization adjustment

ITEM 1. BUSINESS

NISOURCE INC.

for many years. In a prior gas base rate proceeding, NIPSCO implemented a higher fixed customer charge for residential and small customer classes moving toward full straight fixed variable rate design.

Natural Gas Competition. Open access to natural gas supplies over interstate pipelines and the deregulation of the commodity price of gas has led to tremendous change in the energy markets. LDC customers and marketers can purchase gas directly from producers and marketers as an open, competitive market for gas supplies has emerged. This separation or “unbundling” of the transportation and other services offered by pipelines and LDCs allows customers to purchase the commodity independent of services provided by the pipelines and LDCs. The LDCs continue to purchase gas and recover the associated costs from their customers. Our Gas Distribution Operations’ subsidiaries are involved in programs that provide customers the opportunity to purchase their natural gas requirements from third parties and use our Gas Distribution Operations’ subsidiaries for transportation services.

Gas Distribution Operations competes with investor-owned, municipal, and cooperative electric utilities throughout its service areas as well as other regulated and unregulated natural gas intra and interstate pipelines and other alternate fuels, such as propane and fuel oil. Gas Distribution Operations continues to be a strong competitor in the energy market as a result of strong customer preference for natural gas. Competition with providers of electricity has traditionally been the strongest in the residential and commercial markets of Kentucky, southern Ohio, central Pennsylvania and western Virginia due to comparatively low electric rates. Natural gas competes with fuel oil and propane in the Massachusetts market mainly due to the installed base of fuel oil and propane-based heating which has comprised a declining percentage of the overall market over the last few years. However, fuel oil and propane are more viable in today’s oil market.

Electric Competition. Indiana electric utilities generally have exclusive service areas under Indiana regulations, and retail electric customers in Indiana do not have the ability to choose their electric supplier. NIPSCO faces non-utility competition from other energy sources, such as self-generation by large industrial customers and other distributed energy sources.

Seasonality

A significant portion of our operations are subject to seasonal fluctuations in sales. During the heating season, which is primarily from November through March, revenues from gas sales are more significant, and during the cooling season, which is primarily June through September, revenues from electric sales are more significant, than in other months.

Other Relevant Business Information

Our customer base is broadly diversified, with no single customer accounting for a significant portion of revenues.

As of December 31, 2019, we had 8,363 employees of whom 3,219 were subject to collective bargaining agreements. Collective bargaining agreements for 96 employees are set to expire within one year.

For a listing of certain subsidiaries of NiSource refer to Exhibit 21.

We electronically file various reports with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to such reports, as well as our proxy statements for the Company's annual meetings of stockholders at *http://www.sec.gov*. Additionally, we make all SEC filings available without charge to the public on our web site at *http://www.nisource.com*.

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ITEM 1A. RISK FACTORS

NISOURCE INC.

Our operations and financial results are subject to various risks and uncertainties, including those described below, that could adversely affect our business, financial condition, results of operations, cash flows, and the trading price of our common stock.

We have substantial indebtedness which could adversely affect our financial condition.

Our business is capital intensive and we rely significantly on long-term debt to fund a portion of our capital expenditures and repay outstanding debt, and on short-term borrowings to fund a portion of day-to-day business operations. We had total consolidated indebtedness of $9,642.8 million outstanding as of December 31, 2019. Our substantial indebtedness could have important consequences. For example, it could:

- limit our ability to borrow additional funds or increase the cost of borrowing additional funds;
- reduce the availability of cash flow from operations to fund working capital, capital expenditures and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in the business and the industries in which we operate;
- lead parties with whom we do business to require additional credit support, such as letters of credit, in order for us to transact such business;
- place us at a competitive disadvantage compared to competitors that are less leveraged;
- increase vulnerability to general adverse economic and industry conditions; and
- limit our ability to execute on our growth strategy, which is dependent upon access to capital to fund our substantial infrastructure investment program.

Some of our debt obligations contain financial covenants related to debt-to-capital ratios and cross-default provisions. Our failure to comply with any of these covenants could result in an event of default, which, if not cured or waived, could result in the acceleration of outstanding debt obligations.

A drop in our credit ratings could adversely impact our cash flows, results of operation, financial condition and liquidity.

The availability and cost of credit for our businesses may be greatly affected by credit ratings. The credit rating agencies periodically review our ratings, taking into account factors such as our capital structure, earnings profile, and, in 2018 and 2019, the impacts of the TCJA and the Greater Lawrence Incident. We are committed to maintaining investment grade credit ratings; however, there is no assurance we will be able to do so in the future. Our credit ratings could be lowered or withdrawn entirely by a rating agency if, in its judgment, the circumstances warrant. Any negative rating action could adversely affect our ability to access capital at rates and on terms that are attractive. A negative rating action could also adversely impact our business relationships with suppliers and operating partners, who may be less willing to extend credit or offer us similarly favorable terms as secured in the past under such circumstances.

Certain of our subsidiaries have agreements that contain "ratings triggers" that require increased collateral in the form of cash, a letter of credit or other forms of security for new and existing transactions if the credit ratings of our or certain of our subsidiaries are dropped below investment grade. These agreements are primarily for insurance purposes and for the physical purchase or sale of gas or power. As of December 31, 2019, the collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately $72.1 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.

If our or certain of our subsidiaries' credit ratings were downgraded, especially below investment grade, financing costs and the principal amount of borrowings would likely increase due to the additional risk of our debt and because certain counterparties may require additional credit support as described above. Such amounts may be material and could adversely affect our cash flows, results of operations and financial condition. Losing investment grade credit ratings may also result in more restrictive covenants and reduced flexibility on repayment terms in debt issuances, lower share price and greater stockholder dilution from common equity issuances, in addition to reputational damage within the investment community.

We may not be able to execute our business plan or growth strategy, including utility infrastructure investments.

Business or regulatory conditions may result in us not being able to execute our business plan or growth strategy, including identified, planned and other utility infrastructure investments. Our customer and regulatory initiatives may not achieve planned

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results. Utility infrastructure investments may not materialize, may cease to be achievable or economically viable and may not be successfully completed. Natural gas may cease to be viewed as an economically and environmentally attractive fuel. Certain groups and governmental entities may continue to oppose natural gas delivery and infrastructure investments because of perceived environmental impacts associated with the natural gas supply chain and end use. Energy conservation, energy efficiency, distributed generation, energy storage, policies favoring electric heat over gas heat and other factors may reduce demand for natural gas and energy. Any of these developments could adversely affect our results of operations and growth prospects. Even if our business plan and growth strategy are executed, there is still risk of, among other things, human error in maintenance, installation or operations, shortages or delays in obtaining equipment, and performance below expected levels (in addition to the other risks discussed in this section).

Adverse economic and market conditions or increases in interest rates could materially and adversely affect our results of operations, cash flows, financial condition and liquidity.

While the national economy is experiencing modest growth, we cannot predict how robust future growth will be or whether it will be sustained. Deteriorating or sluggish economic conditions in our operating jurisdictions could adversely impact our ability to maintain or grow our customer base and collect revenues from customers, which could reduce revenue growth and increase operating costs. In addition, a rising interest rate environment may lead to higher borrowing costs, which may adversely impact reported earnings, cost of capital and capital holdings. Rising interest rates and negative market or company events may also result in a decrease in the price of our shares of common stock.

We rely on access to the capital markets to finance our liquidity and long-term capital requirements, including expenditures for our utility infrastructure and to comply with future regulatory requirements, to the extent not satisfied by the cash flow generated by our operations. We have historically relied on long-term debt and on the issuance of equity securities to fund a portion of our capital expenditures and repay outstanding debt, and on short-term borrowings to fund a portion of day-to-day business operations. Successful implementation of our long-term business strategies, including capital investment, is dependent upon our ability to access the capital and credit markets, including the banking and commercial paper markets, on competitive terms and rates. An economic downturn or uncertainty, market turmoil, changes in tax policy, challenges faced by financial institutions, changes in our credit ratings, or a change in investor sentiment toward us or the utilities industry generally could adversely affect our ability to raise additional capital or refinance debt. Reduced access to capital markets and/or increased borrowing costs could reduce future net income and cash flows. Refer to Note 14, “Long-Term Debt,” in the Notes to Consolidated Financial Statements for information related to outstanding long-term debt and maturities of that debt.

If any of these risks or uncertainties limit our access to the credit and capital markets or significantly increase our cost of capital, it could limit our ability to implement, or increase the costs of implementing, our business plan, which, in turn, could materially and adversely affect our results of operations, cash flows, financial condition and liquidity.

Capital market performance and other factors may decrease the value of benefit plan assets, which then could require significant additional funding and impact earnings.

The performance of the capital markets affects the value of the assets that are held in trust to satisfy future obligations under defined benefit pension and other postretirement benefit plans. We have significant obligations in these areas and hold significant assets in these trusts as noted in Note 11, "Pension and Other Postretirement Benefits," in the Notes to Consolidated Financial Statements. These assets are subject to market fluctuations and may yield uncertain returns, which fall below our projected rates of return. A decline in the market value of assets may increase the funding requirements of the obligations under the defined benefit pension and other postretirement benefit plans. Additionally, changes in interest rates affect the liabilities under these benefit plans; as interest rates decrease, the liabilities increase, which could potentially increase funding requirements. Further, the funding requirements of the obligations related to these benefits plans may increase due to changes in governmental regulations and participant demographics, including increased numbers of retirements or changes in life expectancy assumptions. In addition, lower asset returns result in increased expenses. Ultimately, significant funding requirements and increased pension or other postretirement benefit plan expense could negatively impact our results of operations and financial position.

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The majority of our revenues are subject to economic regulation and are exposed to the impact of regulatory rate reviews and proceedings.

Most of our revenues are subject to economic regulation at either the federal or state level. As such, the revenues generated by us are subject to regulatory review by the applicable federal or state authority. These rate reviews determine the rates charged to customers and directly impact revenues. Our financial results are dependent on frequent regulatory proceedings in order to ensure timely recovery of costs and investments. In addition to our ongoing regulatory proceedings, the recovery of the Greater Lawrence pipeline replacement capital investment will be addressed in a future regulatory proceeding as discussed in Note 19, "Other Commitments and Contingencies - E. Other Matters" in the Notes to Consolidated Financial Statements.

The outcomes of these proceedings are uncertain, potentially lengthy and could be influenced by many factors, some of which may be outside of our control, including the cost of providing service, the necessity of expenditures, the quality of service, regulatory interpretations, customer intervention, economic conditions and the political environment. Further, the rate orders are subject to appeal, which creates additional uncertainty as to the rates that will ultimately be allowed to be charged for services. Additionally, the costs of complying with current and future changes in environmental and federal pipeline safety laws and regulations are expected to be significant, and their recovery through rates will also be contingent on regulatory approval.

Failure to adapt to advances in technology and manage the related costs could make us less competitive and negatively impact our results of operations and financial condition.

A key element of our business model is that generating power at central station power plants achieves economies of scale and produces power at a competitive cost. We continue to research, plan for, and implement new technologies that produce power or reduce power consumption. These technologies include renewable energy, distributed generation, energy storage, and energy efficiency. Advances in technology and changes in laws or regulations (including subsidization) are reducing the cost of these or other alternative methods of producing power to a level that is competitive with that of most central station power electric production or result in smaller-scale, more fuel efficient, and/or more cost-effective distributed generation. This could cause power sales to decline and the value of our generating facilities to decline. New technologies may require us to make significant expenditures to remain competitive and may result in the obsolescence of certain operating assets.

In addition, customers are increasingly expecting enhanced communications regarding their electric and natural gas services, which, in some cases, may involve additional investments in technology. We also rely on technology to adequately maintain key business records.

Our future success will depend, in part, on our ability to anticipate and successfully adapt to technological changes, to offer services that meet customer demands and evolving industry standards, and to recover all, or a significant portion of, any unrecovered investment in obsolete assets. A failure by us to effectively adapt to changes in technology and manage the related costs could harm our ability to remain competitive in the marketplace for our products, services and processes and could have a material adverse impact on our results of operations and financial condition.

The Greater Lawrence Incident has materially adversely affected and may continue to materially adversely affect our financial condition, results of operations and cash flows.

In connection with the Greater Lawrence Incident, we have incurred and will incur various costs and expenses as set forth in Note 6, "Goodwill and Other Intangible Assets," Note 19, "Other Commitments and Contingencies - C. Legal Proceedings," and "- E. Other Matters" in the Notes to Consolidated Financial Statements.

We are subject to inquiries and investigations by government authorities and regulatory agencies regarding the Greater Lawrence Incident, including the Massachusetts DPU and the Massachusetts Attorney General's Office. We are cooperating with all inquiries and investigations. In addition, on February 26, 2020, the Company and Columbia of Massachusetts entered into agreements with the U.S. Attorney's Office to resolve the U.S. Attorney's Office's investigation relating to the Greater Lawrence Incident, as described further below.

As more information becomes known, management's estimates and assumptions regarding the costs and expenses to be incurred and 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 our financial condition, results of operations and cash flows during the period in which such change occurred.

While we have recovered the full amount of our liability insurance coverage available under our policies, total expenses related to the incident have exceeded such amount. Expenses in excess of our liability insurance coverage have materially adversely affected and may continue to materially adversely affect our results of operations, cash flows and financial position.

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We may also incur additional costs associated with the Greater Lawrence Incident, beyond the amount currently anticipated, including in connection with investigations by regulators as well as civil litigation. Further, state or federal legislation may be enacted that would require us to incur additional costs by mandating various changes, including changes to our operating practice standards for natural gas distribution operations and safety. If we are unable to recover the capital cost of the gas pipeline replacement in the impacted area or we incur a material amount of other costs that we are unable to recover through rates or offset through operational or other cost savings, our financial condition, results of operations, and cash flows could be materially and adversely affected.

Further, if it is determined in other matters that we 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 our natural gas system, and we are ordered to pay additional amounts in customer refunds, penalties, or other amounts, our financial condition, results of operations, and cash flows could be materially and adversely affected.

Our settlement with the U.S. Attorney's Office in respect of federal charges in connection with the Greater Lawrence Incident may expose us to further penalties, liabilities and private litigation, and may impact our operations.

On February 26, 2020, the Company entered into a DPA and Columbia of Massachusetts entered into a plea agreement with the U.S. Attorney's Office to resolve the U.S. Attorney's Office's investigation relating to the Greater Lawrence Incident. Columbia of Massachusetts' plea agreement with the U.S. Attorney's Office is subject to approval by the United States District Court for the District of Massachusetts (the "Court"). If Columbia of Massachusetts' guilty plea is not accepted by the Court or is withdrawn for any reason, the U.S. Attorney's Office may, at its sole option, render the DPA null and void. See Note 19, "Other Commitments and Contingencies - C. Legal Proceedings" in the Notes to Consolidated Financial Statements. The agreements impose various compliance and remedial obligations on the Company and Columbia of Massachusetts. Failure to comply with the terms of these agreements could result in further enforcement action by the U.S. Attorney's Office, expose the Company and Columbia of Massachusetts to penalties, financial or otherwise, and subjects the Company to further private litigation, each of which could impact our operations and have a material adverse effect on our business.

The closing of the sale of the Massachusetts Business is subject to receipt of clearance and approval from various governmental entities and other closing conditions that may not be satisfied or waived, and, in order to receive such clearance, consent or approval, governmental entities may impose conditions, terms, obligations or restrictions that Eversource is not obligated to accept in order to complete the transaction.

On February 26, 2020, NiSource, Columbia of Massachusetts and Eversource entered into the Asset Purchase Agreement providing for the sale of the Massachusetts Business to Eversource. The Asset Purchase Agreement provides for various closing conditions, including (a) the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, (b) the receipt of the approval of the Massachusetts DPU (the "MDPU Approval") and (c) the final resolution or termination of all pending actions, claims and proceedings against Seller and its affiliates under the jurisdiction of the Massachusetts DPU and all future, actions, claims and proceedings against Seller and its affiliates relating to the Greater Lawrence Incident under the jurisdiction of the Massachusetts DPU.

The satisfaction of many of the closing conditions is beyond our control. We may not receive the required clearance and approvals for the transaction or the required resolution with the Massachusetts DPU, or we may not receive them in a timely manner. In addition, governmental entities could impose conditions, terms, obligations or restrictions as conditions for their approvals and as conditions to resolve certain proceedings, and these may include substantial payments by us. Moreover, Eversource is not required to agree to any conditions, terms, obligations or restrictions to obtain required clearance and approvals if such conditions, terms, obligations or restrictions would reasonably be expected to constitute a "burdensome condition" as defined in the Asset Purchase Agreement. There can be no assurance that regulators will not seek to impose conditions, terms, obligations or restrictions that would constitute burdensome conditions.

If the closing conditions are not satisfied or there is a substantial delay in obtaining the required clearance and approvals, or otherwise satisfying the closing conditions, the sale of the Massachusetts Business may not be completed, and we may lose some or all of the intended benefits of the sale.

The sale of the Massachusetts Business poses risks and challenges that could negatively impact our business, and we may not realize the expected benefits of the sale of the Massachusetts Business.

The sale of the Massachusetts Business involves separation or carve-out activities and costs and possible disputes with Eversource. Following the sale, we may have continued financial liabilities with respect to the business conducted by Columbia of Massachusetts, as we will be required to retain responsibility for, and indemnify Eversource against, certain liabilities, including liabilities for any fines arising out of the Greater Lawrence Incident and liabilities of Columbia of Massachusetts or its affiliates pursuant to civil claims for injury of persons or damage to property to the extent such injury or damage occurs prior to the closing in connection with Columbia of Massachusetts' business. It may also be difficult to determine whether a claim from a third party is our responsibility, and we may expend substantial resources trying to determine whether we or Eversource has responsibility for the claim.

If we do not realize the expected benefits of the sale of the Massachusetts Business, our consolidated financial condition, results of operations and cash flows could be negatively impacted. The sale of the Massachusetts Business may result in a dilutive impact to our future earnings if we are unable to offset the dilutive impact from the loss of revenue associated with the sale, which could have a material adverse effect on our results of operations and financial condition.

The failure to complete the transactions contemplated by the Asset Purchase Agreement within the expected time frame or at all could adversely affect our business, financial condition and results of operations and the price of our common stock.

If the sale of the Massachusetts Business is not completed by October 26, 2020 (subject to up to two automatic 45-day extensions under certain circumstances related to obtaining required regulatory approvals and resolution with the Massachusetts DPU), we or Eversource may choose not to proceed with the transaction. Completion of the transaction is subject to risks, including the risks that approval of the transaction by governmental entities will not be obtained or that certain other closing conditions will not be satisfied. A failure to complete the transaction may result in negative publicity and a negative impression of us in the investment community. Moreover, under the terms of the settlement with the U.S. Attorney's Office, we will be obligated to use reasonable best efforts to sell Columbia of Massachusetts' business, and there is no assurance that we will be able to sell such business to a third party on as favorable terms, if at all. The occurrence of any of these events, individually or in combination, could have a material adverse effect on our results of operations, financial condition or the trading price of our common stock.

Our gas distribution activities, as well as generation, transmission and distribution of electricity, involve a variety of inherent hazards and operating risks, including potential public safety risks.

Our gas distribution activities, as well as generation, transmission, and distribution of electricity, involve a variety of inherent hazards and operating risks, including, but not limited to, gas leaks and over-pressurization, downed power lines, damage to our infrastructure by third parties, outages, environmental spills, mechanical problems and other incidents, which could cause substantial financial losses, as demonstrated in part by the Greater Lawrence Incident. In addition, these hazards and risks have resulted and may in the future result in serious injury or loss of life to employees and/or the general public, significant damage to property, environmental pollution, impairment of our operations, adverse regulatory rulings and reputational harm, which in turn could lead to substantial losses for us. The location of pipeline facilities, or generation, transmission, substation and distribution facilities near populated areas, including residential areas, commercial business centers and industrial sites, could increase the level of damages resulting from such incidents. As with the Greater Lawrence Incident, certain incidents have subjected and may in the future subject us to litigation or administrative or other legal proceedings from time to time, both civil and criminal, which could result in substantial monetary judgments, fines, or penalties against us, be resolved on unfavorable terms, and require us to incur significant operational expenses. The occurrence of incidents has in certain instances adversely affected and could in the future adversely affect our reputation, cash flows, financial position and/or results of operations. We maintain insurance against some, but not all, of these risks and losses.

We may be unable to obtain insurance on acceptable terms or at all. Our liability insurance coverage did not provide protection against all significant losses as a result of the Greater Lawrence Incident and may not provide protection against all significant losses in the future.

Our ability to obtain insurance, as well as the cost and coverage of such insurance, are affected by developments affecting our business; international, national, state, or local events; and the financial condition of insurers. The insurance market is experiencing a hardening environment due to reductions in commercial suppliers and the capacity they are willing to issue, increases in overall demand for capacity, and a prevalence of severe losses. NiSource has been particularly affected by the current market conditions. We have not been able to obtain liability insurance coverage at previously procured limits at rates that are acceptable to us. Insurance coverage may not continue to be available at limits, rates or terms acceptable to us. The premiums we pay for our insurance coverage have significantly increased as a result of market conditions and the accumulated loss ratio over the history of NiSource operations, and we expect that they will continue to increase as a result of market conditions. In addition, our insurance is not sufficient or effective under all circumstances and against all hazards or liabilities to which we are subject. For example, total expenses related to the Greater Lawrence Incident have exceeded the total amount of liability coverage available under our policies.

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Also, certain types of damages, expenses or claimed costs, such as fines and penalties, may be excluded under the policies. In addition, insurers providing insurance to us may raise defenses to coverage under the terms and conditions of the respective insurance policies that could result in a denial of coverage or limit the amount of insurance proceeds available to us. Any losses for which we are not fully insured or that are not covered by insurance at all could materially adversely affect our results of operations, cash flows, and financial position. For example, expenses related to the Greater Lawrence Incident that we are unable to recover from liability or property insurance have materially adversely affected and may continue to materially adversely affect our results of operations. For more information regarding our insurance programs in the context of the Greater Lawrence Incident, see Note 19, "Other Commitments and Contingencies - C. Legal Proceedings," and " - E. Other Matters" in the Notes to Consolidated Financial Statements.

The outcome of legal and regulatory proceedings, investigations, inquiries, claims and litigation related to our business operations, including those related to the Greater Lawrence Incident, may have a material adverse effect on our results of operations, financial position or liquidity.

We are involved in legal and regulatory proceedings, investigations, inquiries, claims and litigation in connection with our business operations, including the Greater Lawrence Incident, the most significant of which are summarized in Note 19, "Other Commitments and Contingencies" in the Notes to Consolidated Financial Statements. Our insurance does not cover all costs and expenses that we have incurred and that we may incur in the future relating to the Greater Lawrence Incident, and may not fully cover other incidents that may occur in the future. Due to the inherent uncertainty of the outcomes of such matters, 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. Certain matters in connection with the Greater Lawrence Incident have had or may have a material impact as described in Note 19, "Other Commitments and Contingencies" in the Notes to Consolidated Financial Statements. If one or more of such additional or other 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.

We are exposed to significant reputational risks, which make us vulnerable to a loss of cost recovery, increased litigation and negative public perception.

As a utility company, we are subject to adverse publicity focused on the reliability of our services, the speed with which we are able to respond effectively to electric outages, natural gas leaks or events and related accidents and similar interruptions caused by storm damage or other unanticipated events, as well as our own or third parties' actions or failure to act. We are also subject to adverse publicity related to actual or perceived environmental impacts. If customers, legislators, or regulators have or develop a negative opinion of us, this could result in less favorable legislative and regulatory outcomes or increased regulatory oversight, increased litigation and negative public perception. The adverse publicity and investigations we experienced as a result of the Greater Lawrence Incident may have an ongoing negative impact on the public's perception of us. It is difficult to predict the ultimate impact of this adverse publicity. The foregoing may have continuing adverse effects on our business, results of operations, cash flow and financial condition.

Our businesses are subject to various laws, regulations and tariffs. We could be materially adversely affected if we fail to comply with such laws, regulations and tariffs or with any changes in or new interpretations of such laws, regulations and tariffs.

Our businesses are subject to various laws, regulations and tariffs, including, but not limited to, those relating to natural gas pipeline safety, employee safety, the environment and our energy infrastructure. Existing laws, regulations and tariffs may be revised or become subject to new interpretations, and new laws, regulations and tariffs may be adopted or become applicable to us and our operations. In some cases, compliance with new laws, regulations and tariffs increases our costs. If we fail to comply with laws, regulations and tariffs applicable to us or with any changes in or new interpretations of such laws, regulations or tariffs, our financial condition, results of operations, regulatory outcomes and cash flows may be materially adversely affected.

Our businesses are regulated under numerous environmental laws. The cost of compliance with these laws, and changes to or additions to, or reinterpretations of the laws, could be significant. Liability from the failure to comply with existing or changed laws could have a material adverse effect on our business, results of operations, cash flows and financial condition.

Our businesses are subject to extensive federal, state and local environmental laws and rules that regulate, among other things, air emissions, water usage and discharges, GHG and waste products such as coal combustion residuals. Compliance with these legal obligations require us to make expenditures for installation of pollution control equipment, remediation, environmental monitoring, emissions fees, and permits at many of our facilities. These expenditures are significant, and we expect that they will continue to be significant in the future. Furthermore, if we fail to comply with environmental laws and regulations or are found to have caused damage to the environment or persons, that failure or harm may result in the assessment of civil or criminal penalties and damages against us and injunctions to remedy the failure or harm.

Existing environmental laws and regulations may be revised and new laws and regulations seeking to change environmental regulation of the energy industry may be adopted or become applicable to us, with an increased focus on both coal and natural gas in recent years. Revised or additional laws and regulations may result in significant additional expense and operating restrictions on our facilities or increased compliance costs, which may not be fully recoverable from customers through regulated rates and could, therefore, impact our financial position, financial results and cash flow. Moreover, such costs could materially affect the continued economic viability of one or more of our facilities.

An area of significant uncertainty and risk are the laws concerning emission of GHG. While we continue to reduce GHG emissions through the retirement of coal-fired electric generation, priority pipeline replacement, energy efficiency, leak detection and repair, and other programs, and expect to further reduce GHG emissions through increased use of renewable energy, GHG emissions are currently an expected aspect of the electric and natural gas business. Revised or additional future GHG legislation and/or regulation related to the generation of electricity or the extraction, production, distribution, transmission, storage and end use of natural gas could materially impact our gas supply, financial position, financial results and cash flows.

Even in instances where legal and regulatory requirements are already known or anticipated, the original cost estimates for environmental improvements, remediation of past environmental impact, or pollution reduction strategies and equipment can differ materially from the amount ultimately expended. The actual future expenditures depend on many factors, including the nature and extent of impact, the method of improvement, the cost of raw materials, contractor costs, and requirements established by environmental authorities. Changes in costs and the ability to recover under regulatory mechanisms could affect our financial position, financial results and cash flows.

A significant portion of the gas and electricity we sell is used by residential and commercial customers for heating and air conditioning. Accordingly, fluctuations in weather, gas and electricity commodity costs and economic conditions impact demand of our customers and our operating results.

Energy sales are sensitive to variations in weather. Forecasts of energy sales are based on “normal” weather, which represents a long-term historical average. Significant variations from normal weather could have, and have had, a material impact on energy sales. Additionally, residential usage, and to some degree commercial usage, is sensitive to fluctuations in commodity costs for gas and electricity, whereby usage declines with increased costs, thus affecting our financial results. Lastly, residential and commercial customers’ usage is sensitive to economic conditions and factors such as unemployment, consumption and consumer confidence. Therefore, prevailing economic conditions affecting the demand of our customers may in turn affect our financial results.

Our business operations are subject to economic conditions in certain industries.

Business operations throughout our service territories have been and may continue to be adversely affected by economic events at the national and local level where it operates. In particular, sales to large industrial customers, such as those in the steel, oil refining, industrial gas and related industries, may be impacted by economic downturns and geographic or technological shifts in production or production methods. The U.S. manufacturing industry continues to adjust to changing market conditions including international competition, increasing costs, and fluctuating demand for its products.

The implementation of NIPSCO’s electric generation strategy, including the retirement of its coal generation units, may not achieve intended results.

On October 31, 2018, NIPSCO submitted its 2018 Integrated Resource Plan with the IURC setting forth its short- and long-term electric generation plans in an effort to maintain affordability while providing reliable, flexible and cleaner sources of power. 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 sets forth a schedule to retire R.M. Schahfer Generating Station (Units 14, 15, 17, and 18) in 2023 and Michigan City Generating Station (Unit 12) in 2028. The current replacement plan includes renewable sources of energy, including wind, solar, and battery storage.

As part of this plan, NIPSCO has IURC approval for the Jordan Creek PPA for 400 MW, the Indiana Crossroads BTA for 300 MW and the Rosewater BTA for 100 MW. Each is a separate facility and all MW are nameplate capacity. NIPSCO has filed a notice with the IURC of its intention not to move forward with one of its approved PPAs due to the failure to meet a condition precedent in the agreement as a result of local zoning restrictions.

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There are inherent risks and uncertainties in executing the Integrated Resource Plan, including changes in market conditions, regulatory approvals, environmental regulations, commodity costs and customer expectations, which may impede NIPSCO's ability to achieve the intended results. NIPSCO's future success will depend, in part, on its ability to successfully implement its long-term electric generation plans, to offer services that meet customer demands and evolving industry standards, and to recover all, or a significant portion of, any unrecovered investment in obsolete assets. NIPSCO's electric generation strategy could require significant future capital expenditures, operating costs and charges to earnings that may negatively impact our financial position, financial results and cash flows.

Fluctuations in the price of energy commodities or their related transportation costs or an inability to obtain an adequate, reliable and cost-effective fuel supply to meet customer demands may have a negative impact on our financial results.

Our electric generating fleet is dependent on coal and natural gas for fuel, and our gas distribution operations purchase and resell much of the natural gas we deliver to our customers. These energy commodities are vulnerable to price fluctuations and fluctuations in associated transportation costs. From time to time, we have also used hedging in order to offset fluctuations in commodity supply prices. We rely on regulatory recovery mechanisms in the various jurisdictions in order to fully recover the commodity costs incurred in providing service. However, while we have historically been successful in the recovery of costs related to such commodity prices, there can be no assurance that such costs will be fully recovered through rates in a timely manner.

In addition, we depend on electric transmission lines, natural gas pipelines, and other transportation facilities owned and operated by third parties to deliver the electricity and natural gas we sell to wholesale markets, supply natural gas to our gas storage and electric generation facilities, and provide retail energy services to customers. If transportation is disrupted, or if capacity is inadequate, we may be unable to sell and deliver our gas and electric services to some or all of our customers. As a result, we may be required to procure additional or alternative electricity and/or natural gas supplies at then-current market rates, which, if recovery of related costs is disallowed, could have a material adverse effect on our businesses, financial condition, cash flows, results of operations and/or prospects.

We are exposed to risk that customers will not remit payment for delivered energy or services, and that suppliers or counterparties will not perform under various financial or operating agreements.

Our extension of credit is governed by a Corporate Credit Risk Policy, involves considerable judgment by our employees and is based on an evaluation of a customer or counterparty's financial condition, credit history and other factors. We monitor our credit risk exposure by obtaining credit reports and updated financial information for customers and suppliers, and by evaluating the financial status of our banking partners and other counterparties by reference to market-based metrics such as credit default swap pricing levels, and to traditional credit ratings provided by the major credit rating agencies. Adverse economic conditions could result in an increase in defaults by customers, suppliers and counterparties.

We have significant goodwill and definite-lived intangible assets. Impairments of goodwill and definite-lived intangible assets related to Columbia of Massachusetts have resulted in significant charges to earnings for the quarter and year ended December 31, 2019. Any future impairments of other goodwill could result in a significant charge to earnings in a future period and negatively impact our compliance with certain covenants under financing agreements.

In accordance with GAAP, we test goodwill for impairment at least annually and review our definite-lived intangible assets for impairment when events or changes in circumstances indicate its fair value might be below its carrying value. Goodwill is also tested for impairment when factors, examples of which include reduced cash flow estimates, a sustained decline in stock price or market capitalization below book value, indicate that the carrying value may not be recoverable.

We are required to record a charge in our financial statements for a period in which any impairment of our goodwill or definite-lived intangible assets is determined, negatively impacting our results of operations. In connection with the preparation of our financial statements for the year ended December 31, 2019, we conducted an impairment analysis for the goodwill and definite-lived intangible assets (franchise rights) related to Columbia of Massachusetts and concluded that such goodwill and franchise rights were impaired. As a result, we recorded an impairment charge of $204.8 million for such goodwill and an impairment charge of $209.7 million for such franchise rights at December 31, 2019. For additional information, see Note 6, "Goodwill and Other Intangible Assets," in the Notes to Consolidated Financial Statements.

A significant charge in the future could impact the capitalization ratio covenant under certain financing agreements. We are subject to a financial covenant 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 December 31, 2019, the ratio was 61.7%.

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Changes in taxation and the ability to quantify such changes as well as challenges to tax positions could adversely affect our financial results.

We are subject to taxation by the various taxing authorities at the federal, state and local levels where we do business. Legislation or regulation which could affect our tax burden could be enacted by any of these governmental authorities. For example, the TCJA includes numerous provisions that affect businesses, including changes to U.S. corporate tax rates, business-related exclusions, and deductions and credits. The outcome of regulatory proceedings regarding the extent to which the effect of a change in corporate tax rate will impact customers and the time period over which the impact will occur could significantly impact future earnings and cash flows. Separately, a challenge by a taxing authority, changes in taxing authorities' administrative interpretations, decisions, policies and positions, our ability to utilize tax benefits such as carryforwards or tax credits, or a deviation from other tax-related assumptions may cause actual financial results to deviate from previous estimates.

Changes in accounting principles may adversely affect our financial results.

Future changes in accounting rules and associated changes in regulatory accounting may negatively impact the way we record revenues, expenses, assets and liabilities. These changes in accounting standards may adversely affect our financial condition and results of operations.

Aging infrastructure may lead to disruptions in operations and increased capital expenditures and maintenance costs, all of which could negatively impact our financial results.

We have risks associated with aging infrastructure, including our gas infrastructure assets. These risks can be driven by threats such as, but not limited to, internal corrosion, external corrosion and stress corrosion cracking. The age of these assets may result in a need for replacement, a higher level of maintenance costs, or unscheduled outages, despite efforts by us to properly maintain or upgrade these assets through inspection, scheduled maintenance and capital investment. In addition, the nature of the information available on aging infrastructure assets, which in some cases is incomplete, may make inspections, maintenance, upgrading and replacement of the assets particularly challenging. Additionally, missing or incorrect infrastructure data may lead to (1) difficulty properly locating facilities, which can result in excavator damage and operational or emergency response issues, and (2) configuration and control risks associated with the modification of system operating pressures in connection with turning off or turning on service to customers, which can result in unintended outages or operating pressures. Also, additional maintenance and inspections are required in some instances in order to improve infrastructure information and records and address emerging regulatory or risk management requirements, which increases our costs. The failure to operate these assets as desired could result in gas leaks and other incidents and in our inability to meet firm service obligations, which could adversely impact revenues, and could also result in increased capital expenditures and maintenance costs, which, if not fully recovered from customers, could negatively impact our financial results.

The impacts of climate change, natural disasters, acts of terrorism, accidents or other catastrophic events may disrupt operations and reduce the ability to service customers.

A disruption or failure of natural gas distribution systems, or within electric generation, transmission or distribution systems, in the event of a major hurricane, tornado, terrorist attack, cyber-attack (as further detailed below), accident or other catastrophic event could cause delays in completing sales, providing services, or performing other critical functions. We have experienced disruptions in the past from hurricanes and tornadoes and other events of this nature. The occurrence of such events could adversely affect our financial position and results of operations. In accordance with customary industry practice, we maintain insurance against some, but not all, of these risks and losses. There is also a concern that climate change may exacerbate the risks to physical infrastructure. Such risks include heat stresses to power lines, storms that damage infrastructure, lake and sea level changes that affect the manner in which services are currently provided, droughts or other stresses on water used to supply services, and other extreme weather conditions. Climate change and the costs that may be associated with its impacts have the potential to affect our business in many ways, including increasing the costs we incur in providing our products and services, impacting the demand for and consumption of our products and services (due to change in both costs and weather patterns), and affecting the economic health of the regions in which we operate.

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ITEM 1A. RISK FACTORS

NISOURCE INC.

A cyber-attack on any of our or certain third-party computer systems upon which we rely may adversely affect our ability to operate and could lead to a loss or misuse of confidential and proprietary information or potential liability.

We are reliant on technology to run our business, which is dependent upon financial and operational computer systems to process critical information necessary to conduct various elements of our business, including the generation, transmission and distribution of electricity, operation of our gas pipeline facilities and the recording and reporting of commercial and financial transactions to regulators, investors and other stakeholders. In addition to general information and cyber risks that all large corporations face (e.g., malware, unauthorized access attempts, phishing attacks, malicious intent by insiders and inadvertent disclosure of sensitive information), the utility industry faces evolving and increasingly complex cybersecurity risks associated with protecting sensitive and confidential customer information, electric grid infrastructure, and natural gas infrastructure. Deployment of new business technologies represents a new and large-scale opportunity for attacks on our information systems and confidential customer information, as well as on the integrity of the energy grid and the natural gas infrastructure. Increasing large-scale corporate attacks in conjunction with more sophisticated threats continue to challenge power and utility companies. Any failure of our computer systems, or those of our customers, suppliers or others with whom we do business, could materially disrupt our ability to operate our business and could result in a financial loss and possibly do harm to our reputation.

Additionally, our information systems experience ongoing, often sophisticated, cyber-attacks by a variety of sources, including foreign sources, with the apparent aim to breach our cyber-defenses. Although we attempt to maintain adequate defenses to these attacks and work through industry groups and trade associations to identify common threats and assess our countermeasures, a security breach of our information systems, or a security breach of the information systems of our customers, suppliers or others with whom we do business, could (i) impact the reliability of our generation, transmission and distribution systems and potentially negatively impact our compliance with certain mandatory reliability standards, (ii) subject us to reputational and other harm or liabilities associated with theft or inappropriate release of certain types of information such as system operating information or information, personal or otherwise, relating to our customers or employees, (iii) impact our ability to manage our businesses, and/or (iv) subject us to legal and regulatory proceedings and claims from third parties, in addition to remediation costs, any of which, in turn, could have a material adverse effect on our businesses, cash flows, financial condition, results of operations and/or prospects. Although we do maintain cyber insurance, it is possible that such insurance will not adequately cover any losses or liabilities we may incur as a result of any cybersecurity-related litigation.

Our capital projects and programs subject us to construction risks and natural gas costs and supply risks, and require numerous permits, approvals and certificates from various governmental agencies.

Our business requires substantial capital expenditures for investments in, among other things, capital improvements to our electric generating facilities, electric and natural gas distribution infrastructure, natural gas storage, and other projects, including projects for environmental compliance. We are engaged in intrastate natural gas pipeline modernization programs to maintain system integrity and enhance service reliability and flexibility. NIPSCO also is currently engaged in a number of capital projects, including environmental improvements to its electric generating stations, the construction of new transmission facilities, and new projects related to renewable energy. As we undertake these projects and programs, we may be unable to complete them on schedule or at the anticipated costs. Additionally, we may construct or purchase some of these projects and programs to capture anticipated future growth in natural gas production, which may not materialize, and may cause the construction to occur over an extended period of time.

Our existing and planned capital projects require numerous permits, approvals and certificates from federal, state, and local governmental agencies. If there is a delay in obtaining any required regulatory approvals or if we fail to obtain or maintain any required approvals or to comply with any applicable laws or regulations, we may not be able to construct or operate our facilities, we may be forced to incur additional costs, or we may be unable to recover any or all amounts invested in a project. We also may not receive the anticipated increases in revenue and cash flows resulting from such projects and programs until after their completion. Other construction risks include changes in costs of materials, equipment, commodities or labor (including changes to tariffs on materials), delays caused by construction incidents or injuries, work stoppages, shortages in qualified labor, poor initial cost estimates, unforeseen engineering issues, the ability to obtain necessary rights-of-way, easements and transmissions connections and general contractors and subcontractors not performing as required under their contracts.

To the extent that delays occur, costs become unrecoverable, or we otherwise become unable to effectively manage and complete our capital projects, our results of operations, cash flows, and financial condition may be adversely affected.

Sustained extreme weather conditions may negatively impact our operations.

We conduct our operations across a wide geographic area subject to varied and potentially extreme weather conditions, which may from time to time persist for sustained periods of time. Despite preventative maintenance efforts, persistent weather related stress

ITEM 1A. RISK FACTORS

NISOURCE INC.

on our infrastructure may reveal weaknesses in our systems not previously known to us or otherwise present various operational challenges across all business segments. Further, adverse weather may affect our ability to conduct operations in a manner that satisfies customer expectations or contractual obligations, including by causing service disruptions.

Failure to attract and retain an appropriately qualified workforce, and maintain good labor relations, could harm our results of operations.

We operate in an industry that requires many of our employees to possess unique technical skill sets. Events such as an aging workforce without appropriate replacements, the mismatch of skill sets to future needs, or the unavailability of contract resources may lead to operating challenges or increased costs. These operating challenges include lack of resources, loss of knowledge, and a lengthy time period associated with skill development. In addition, current and prospective employees may determine that they do not wish to work for us due to market, economic, employment and other conditions. Failure to hire and retain qualified employees, including the ability to transfer significant internal historical knowledge and expertise to the new employees, may adversely affect our ability to manage and operate our business. If we are unable to successfully attract and retain an appropriately qualified workforce, safety, service reliability, customer satisfaction and our results of operations could be adversely affected.

Some of our employees are subject to collective bargaining agreements. Our collective bargaining agreements are generally negotiated on an operating company basis. Any failure to reach an agreement on new labor contracts or to negotiate these labor contracts might result in strikes, boycotts or other labor disruptions. Labor disruptions, strikes or significant negotiated wage and benefit increases, whether due to union activities, employee turnover or otherwise, could have a material adverse effect on our businesses, results of operations and/or cash flows.

We are a holding company and are dependent on cash generated by our subsidiaries to meet our debt obligations and pay dividends on our stock.

We are a holding company and conduct our operations primarily through our subsidiaries, which are separate and distinct legal entities. Substantially all of our consolidated assets are held by our subsidiaries. Accordingly, our ability to meet our debt obligations or pay dividends on our common stock and preferred stock is largely dependent upon cash generated by these subsidiaries. In the event a major subsidiary is not able to pay dividends or transfer cash flows to us, our ability to service our debt obligations or pay dividends could be negatively affected.

If we cannot effectively manage new initiatives and organizational changes, we will be unable to address the opportunities and challenges presented by our strategy and the business and regulatory environment.

In order to execute on our sustainable growth strategy and enhance our culture of ongoing continuous improvement, we must effectively manage the complexity and frequency of new initiatives and organizational changes. If we are unable to make decisions quickly, assess our opportunities and risks, and implement new governance, managerial and organizational processes as needed to execute our strategy in this increasingly dynamic and competitive business and regulatory environment, our financial condition, results of operations and relationships with our business partners, regulators, customers and stockholders may be negatively impacted.

We outsource certain business functions to third-party suppliers and service providers, and substandard performance by those third parties could harm our business, reputation and results of operations.

Utilities rely on extensive networks of business partners and suppliers to support critical enterprise capabilities across their organizations. Global metrics indicate that deliveries from suppliers are slowing and that labor shortages are occurring in the energy sector. We outsource certain services to third parties in areas including construction services, information technology, materials, fleet, environmental, operational services and other areas. Outsourcing of services to third parties could expose us to inferior service quality or substandard deliverables, which may result in non-compliance (including with applicable legal requirements and industry standards), interruption of service or accidents, or reputational harm, which could negatively impact our results of operations. If any difficulties in the operations of these third-party suppliers and service providers, including their systems, were to occur, they could adversely affect our results of operations, or adversely affect our ability to work with regulators, unions, customers or employees.

Changes in the method for determining LIBOR and the potential replacement of the LIBOR benchmark interest rate could adversely affect our business, financial condition, results of operations and cash flows.

Some of our indebtedness, including borrowings under our revolving credit agreement and term loan agreement, bears interest at a variable rate based on LIBOR. From time to time, we also enter into hedging instruments to manage our exposure to fluctuations in the LIBOR benchmark interest rate. In addition, these hedging instruments, as well as hedging instruments that our subsidiaries use for hedging natural gas price and basis risk, rely on LIBOR-based rates to calculate interest accrued on certain payments that may be required to be made under these agreements, such as late payments or interest accrued if any cash collateral should be held by a counterparty. Any changes announced by regulators in the method pursuant to which the LIBOR rates are determined may result in a sudden or prolonged increase or decrease in the reported LIBOR rates. If that were to occur, the level of interest payments we incur may change.

In July 2017, the United Kingdom Financial Conduct Authority ("FCA"), which regulates LIBOR, announced that the FCA intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. It is not possible to predict the effect of these changes, other reforms or the establishment of alternative reference rates in the United Kingdom or elsewhere. In the United States, efforts to identify a set of alternative U.S. dollar reference interest rates include proposals by the Alternative Reference Rates Committee of the Federal Reserve Board and the Federal Reserve Bank of New York. The Alternative Reference Rates Committee has proposed the Secured Overnight Financing Rate ("SOFR") as its recommended alternative to LIBOR, and the Federal Reserve Bank of New York began publishing SOFR rates in April 2018. SOFR is intended to be a broad measure of the cost of borrowing cash overnight that is collateralized by U.S. Treasury securities. However, because SOFR is a broad U.S. Treasury repurchase agreement financing rate that represents overnight secured funding transactions, it differs fundamentally from LIBOR. For example, SOFR is a secured overnight rate, while LIBOR is an unsecured rate that represents interbank funding over different maturities. In addition, because SOFR is a transaction-based rate, it is backward-looking, whereas LIBOR is forward-looking. Because of these and other differences, there is no assurance that SOFR will perform in the same way as LIBOR would have performed at any time, and there is no guarantee that it is a comparable substitute for LIBOR. SOFR may fail to gain market acceptance.

In addition, although certain of our LIBOR based obligations provide for alternative methods of calculating the interest rate payable on certain of our obligations if LIBOR is not reported, which include, without limitation, requesting certain rates from major reference banks in London or New York, uncertainty as to the extent and manner of future changes may result in interest rates and/or payments that are higher than, lower than or that do not otherwise correlate over time with, the interest rates or payments that would have been made on our obligations if a LIBOR-based rate was available in its current form.

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ITEM 1B. UNRESOLVED STAFF COMMENTS

NISOURCE INC.

None.

ITEM 2. PROPERTIES

Discussed below are the principal properties held by us and our subsidiaries as of December 31, 2019.

Gas Distribution Operations
Refer to Item 1, "Business - Gas Distribution Operations" of this report for further information on Gas Distribution Operations properties.

Electric Operations
Refer to Item 1, "Business - Electric Operations" of this report for further information on Electric Operations properties.

Corporate and Other Operations
We own the Southlake Complex, our 325,000 square foot headquarters building located in Merrillville, Indiana.

Character of Ownership
Our principal properties and our subsidiaries principal properties are owned free from encumbrances, subject to minor exceptions, none of which are of such a nature as to impair substantially the usefulness of such properties. Many of our subsidiary offices in various communities served are occupied under leases. All properties are subject to routine liens for taxes, assessments and undetermined charges (if any) incidental to construction. It is our practice to regularly pay such amounts, as and when due, unless contested in good faith. In general, the electric lines, gas pipelines and related facilities are located on land not owned by us or our subsidiaries, but are covered by necessary consents of various governmental authorities or by appropriate rights obtained from owners of private property. We do not, however, generally have specific easements from the owners of the property adjacent to public highways over, upon or under which our electric lines and gas distribution pipelines are located. At the time each of the principal properties were purchased, a title search was made. In general, no examination of titles as to rights-of-way for electric lines, gas pipelines or related facilities was made, other than examination, in certain cases, to verify the grantors' ownership and the lien status thereof.

ITEM 3. LEGAL PROCEEDINGS

For a description of our legal proceedings, see Note 19-C "Legal Proceedings" in the Notes to Consolidated Financial Statements.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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SUPPLEMENTAL ITEM. INFORMATION ABOUT OUR EXECUTIVE OFFICERS

NISOURCE INC.

The following is a list of our executive officers, including their names, ages, offices held and other recent business experience.

Name	Age	Office(s) Held in Past 5 Years
Joseph Hamrock	56	President and Chief Executive Officer of NiSource since July 2015.
		Executive Vice President and Group Chief Executive Officer of NiSource from May 2012 to July 2015.
Donald E. Brown	48	Executive Vice President of NiSource since May 2015.
		Chief Financial Officer of NiSource since July 2015.
		Treasurer of NiSource from July 2015 to June 2016.
		Vice President and Chief Financial Officer of UGI Utilities, a division of UGI Corporation (gas and electric utility company) from 2010 to March 2015.
Peter T. Disser.............	51	Vice President, Internal Audit of NiSource since January 2019.
		Chief Operating Officer of NiSource from September 2018 to December 2018.
		Vice President, Audit of NiSource from November 2017 to September 2018.
		Vice President, Planning and Analysis of NiSource from June 2016 to November 2017.
		Vice President, Strategy and Planning of NiSource Corporate Services Company from July 2015 to May 2016.
		Chief Financial Officer of NIPSCO from 2012 to June 2015.
Carrie J. Hightman.......	62	Executive Vice President and Chief Legal Officer of NiSource since 2007.
Kenneth E. Keener.......	55	Senior Vice President and Chief Human Resources Officer of NiSource since August 2019.
		Vice President, Talent and Organizational Effectiveness of NiSource Corporate Services Company from June 2012 to July 2019.
Charles E. Shafer, II	50	Senior Vice President and Chief Safety Officer of NiSource since October 2019.
		Senior Vice President, Gas Engineering and Gas Support Services of NiSource Corporate Services Company from January 2019 to September 2019.
		Senior Vice President, Customer Services and New Business of NiSource Corporate Services Company from May 2016 through December 2018.
		Vice President, Engineering and Construction of NiSource Corporate Services Company from June 2012 to May 2016.
Violet G. Sistovaris......	58	Executive Vice President and President, NIPSCO of NiSource since July 2015.
		Senior Vice President and Chief Information Officer of NiSource from May 2014 to June 2015.
Suzanne K. Surface	55	Chief Services Officer of NiSource since January 2019.
		Vice President, Audit of NiSource from September 2018 to December 2018.
		Vice President, Transformation Office of NiSource from August 2018 to September 2018.
		Vice President, Corporate Services Customer Value of NiSource from November 2017 to August 2018.
		Vice President, Audit of NiSource from July 2015 to November 2017.
		Vice President, Regulatory Strategy and Support of NiSource Corporate Services Company from July 2009 to June 2015.
Pablo A. Vegas............	46	Executive Vice President and President, Gas Utilities of NiSource since January 2019.
		Executive Vice President and Chief Restoration Officer of NiSource from September 2018 to December 2018.
		Executive Vice President, Gas Business Segment and Chief Customer Officer of NiSource from May 2017 to September 2018.
		Executive Vice President and President, Columbia Gas Group from May 2016 to May 2017.
		President and Chief Operating Officer of American Electric Power Company of Ohio from May 2012 to May 2016.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

NISOURCE INC.

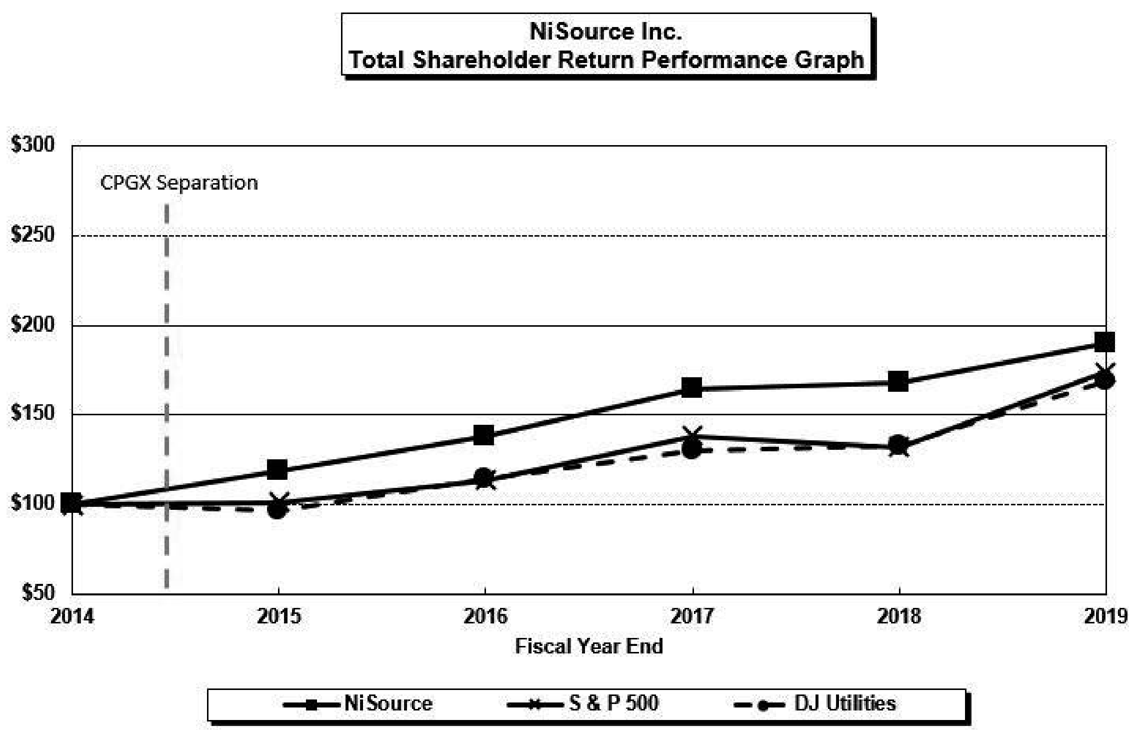
NiSource's common stock is listed and traded on the New York Stock Exchange under the symbol "NI."

Holders of shares of NiSource's common stock are entitled to receive dividends if and when declared by NiSource's Board out of funds legally available, subject to the prior dividend rights of holders of our preferred stock or the depositary shares representing such preferred stock outstanding, and if full dividends have not been declared and paid on all outstanding shares of preferred stock in any dividend period, no dividend may be declared or paid or set aside for payment on our common stock. The policy of the Board has been to declare cash dividends on a quarterly basis payable on or about the 20th day of February, May, August, and November. At its January 31, 2020 meeting, the Board declared a quarterly common dividend of $0.21 per share, payable on February 20, 2020 to holders of record on February 11, 2020.

Although the Board currently intends to continue the payment of regular quarterly cash dividends on common shares, the timing and amount of future dividends will depend on the earnings of NiSource's subsidiaries, their financial condition, cash requirements, regulatory restrictions, any restrictions in financing agreements and other factors deemed relevant by the Board. There can be no assurance that NiSource will continue to pay such dividends or the amount of such dividends.

As of February 18, 2020, NiSource had 18,868 common stockholders of record and 382,263,348 shares outstanding.

The graph below compares the cumulative total shareholder return of NiSource's common stock for the last five years with the cumulative total return for the same period of the S&P 500 and the Dow Jones Utility indices. On July 1, 2015, NiSource completed the Separation. Following the Separation, NiSource retained no ownership interest in CPG. The Separation is treated as a special dividend for purposes of calculating the total shareholder return, with the then-current market value of the distributed shares being deemed to have been reinvested on the Separation date in shares of NiSource common stock. A vertical line is included on the graph below to identify the periods before and after the Separation.



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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

NISOURCE INC.

The foregoing performance graph is being furnished as part of this annual report solely in accordance with the requirement under Rule 14a-3(b)(9) to furnish stockholders with such information, and therefore, shall not be deemed to be filed or incorporated by reference into any filings by NiSource under the Securities Act or the Exchange Act.

The total shareholder return for NiSource common stock and the two indices is calculated from an assumed initial investment of $100 and assumes dividend reinvestment, including the impact of the distribution of CPG common stock in the Separation.

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ITEM 6. SELECTED FINANCIAL DATA

NISOURCE INC.

The selected data presented below as of and for the five years ended December 31, 2019, are derived from our Consolidated Financial Statements. The data should be read together with the Consolidated Financial Statements including the related notes thereto included in Item 8 of this Form 10-K.

Year Ended December 31, (*in millions except per share data*)	**2019**	2018	2017	2016	2015
Statement of Income Data:					
Total Operating Revenues	**$ 5,208.9**	$ 5,114.5	$ 4,874.6	$ 4,492.5	$ 4,651.8
Net Income (Loss) Available to Common Shareholders	**328.0**	(65.6)	128.5	331.5	198.6
Balance Sheet Data:					
Total Assets	**22,659.8**	21,804.0	19,961.7	18,691.9	17,492.5
Capitalization					
Stockholders' equity	**5,986.7**	5,750.9	4,320.1	4,071.2	3,843.5
Long-term debt, excluding amounts due within one year	**7,856.2**	7,105.4	7,512.2	6,058.2	5,948.5
Total Capitalization	**$ 13,842.9**	$ 12,856.3	$ 11,832.3	$ 10,129.4	$ 9,792.0
Per Share Data:					
Basic Earnings (Loss) Per Share ($)	**$ 0.88**	$ (0.18)	$ 0.39	$ 1.02	$ 0.63
Diluted Earnings (Loss) Per Share ($)	**$ 0.87**	$ (0.18)	$ 0.39	$ 1.01	$ 0.63
Other Data:					
Dividends declared per common share ($)	**$ 0.80**	$ 0.78	$ 0.70	$ 0.64	$ 0.83
Common shares outstanding at the end of the year (in thousands)	**382,136**	372,363	337,016	323,160	319,110
Number of common stockholders	**18,725**	19,889	21,009	22,272	30,190
Dividends declared per Series A preferred share ($)	**$ 56.50**	$ 28.88	$ —	$ —	$ —
Dividends declared per Series B preferred share ($)	**$ 1,674.65**	$ —	$ —	$ —	$ —
Capital expenditures	**$ 1,867.8**	$ 1,814.6	$ 1,753.8	$ 1,490.4	$ 1,367.5
Number of employees	**8,363**	8,087	8,175	8,007	7,596

- During 2019, we recorded a loss of approximately $284 million for third-party claims and approximately $154 million for other incident-related expenses in connection with the Greater Lawrence Incident. Columbia of Massachusetts recorded $665 million for insurance recoveries through December 31, 2019. For additional information, see Note 19-C, "Legal Proceedings," and E, "Other Matters" in the Notes to Consolidated Financial Statements.

- During the fourth quarter of 2019, we recorded an impairment charge of $204.8 million for goodwill and an impairment charge of $209.7 million for franchise rights, in each case related to Columbia of Massachusetts. For additional information, see Note 6, "Goodwill and Other Intangible Assets," in the Notes to Consolidated Financial Statements.

- During the third quarter of 2019, we closed our placement of $750.0 million of 2.95% senior unsecured notes maturing in 2029.

- During the second quarter of 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 and issued 400,000 shares of Series A preferred stock resulting in $400.0 million of gross proceeds or $393.9 million of net proceeds, after deducting commissions and sales expenses. Additionally, in the fourth quarter of 2018, we issued 20,000 shares of Series B preferred stock resulting in $500.0 million of gross proceeds or $486.1 million of net proceeds, after deducting commissions and sales expenses.

- During 2018, we recorded a loss of approximately $757 million for third-party claims and approximately $266 million for other incident-related expenses in connection with the Greater Lawrence Incident. Columbia of Massachusetts recorded $135 million for insurance recoveries through December 31, 2018. For additional information, see Note 19-C, "Legal Proceedings," and E, Other Matters." in the Notes to Consolidated Financial Statements.

- During the second quarter of 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. During the third quarter of 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. In conjunction with our debt retired, we recorded a $45.5 million loss on early extinguishment of long-term debt primarily attributable to early redemption premiums.

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ITEM 6. SELECTED FINANCIAL DATA

NISOURCE INC.

- The decrease in net income during 2017 was due primarily to increased tax expense as a result of the impact of adopting the provisions of the TCJA and a loss on early extinguishment of long-term debt, as discussed below.
- During the second quarter of 2017, we executed a tender offer for $990.7 million of outstanding notes consisting of a combination of our 6.40% notes due 2018, 6.80% notes due 2019, 5.45% notes due 2020, and 6.125% notes due 2022. In conjunction with the debt retired, we recorded a $111.5 million loss on early extinguishment of long-term debt, primarily attributable to early redemption premiums.
- Prior to the Separation, CPG closed the placement of $2,750.0 million in aggregate principal amount of senior notes. Using the proceeds from this offering, CPG made cash payments to us representing the settlement of inter-company borrowings and the payment of a one-time special dividend. In May 2015, using proceeds from the cash payments from CPG, we settled two bank term loans in the amount of $1,075.0 million and executed a tender offer for $750.0 million consisting of a combination of its 5.25% notes due 2017, 6.40% notes due 2018 and 4.45% notes due 2021. In conjunction with the debt retired, we recorded a $97.2 million loss on early extinguishment of long-term debt, primarily attributable to early redemption premiums.

ITEM 7. 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 Consolidated Financial Statements and related Notes to Consolidated Financial Statements in this annual report.

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 under Item 1 of this annual report and Note 23, "Segments of Business," in the Notes to Consolidated Financial Statements 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, develops more contemporary pricing structures and embarks on long-term infrastructure investment and safety programs. These strategies are intended to improve reliability and safety, enhance customer services 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. Refer also to the discussion of *Electric Supply* within our Electric Operations Segment discussion for additional information on our long term electric generation strategy.

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 capital cost of the pipeline replacement described below and as set forth in Note 19, "Other Commitments and Contingencies - E. Other Matters - Greater Lawrence Pipeline Replacement," in the Notes to Consolidated Financial Statements.

(in millions)	Year Ended December 31, 2018	**Year Ended December 31, 2019**	Incident to Date
Third-party claims and government fines, penalties and settlements	$ 757	**$ 284**	$ 1,041
Other incident-related costs	266	**154**	420
Total	1,023	**438**	1,461
Insurance recoveries recorded	(135)	**(665)**	(800)
Loss (benefit) to income before income taxes	$ 888	**$ (227)**	$ 661

Inclusive of the $1,041 million of third-party claims and fines, penalties and settlements associated with government investigations recorded incident to date, we estimate that total costs related to third-party claims and fines, penalties and settlements associated

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NISOURCE INC.

with government investigations as set forth in Note 19, "Other Commitments and Contingencies - C. Legal Proceedings," will range from $1,041 million to $1,065 million, depending on the number, nature, final outcome and value of third-party claims and the final outcome of government investigations. These costs do not include costs of certain third-party claims and fines, penalties or settlements with government investigations that we are not able to estimate. We expect to incur a total of $450 million to $460 million in other incident-related costs, inclusive of the $420 million recorded incident to date, as set forth in Note 19, "Other Commitments and Contingencies - E. Other Matters - Greater Lawrence Incident Restoration."

The process for estimating costs associated with third-party claims and fines, penalties and settlements associated with government investigations 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 regarding ongoing investigations, management's estimates and assumptions regarding the financial impact of the Greater Lawrence Incident may change.

The aggregate amount of third-party liability insurance coverage available for losses arising from the Greater Lawrence Incident is $800 million. We have collected the entire $800 million as of December 31, 2019. Expenses related to the incident have exceeded the total amount of insurance coverage available under our policies. The following table presents activity related to our Greater Lawrence Incident insurance recovery.

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

[1]$5 million of insurance recoveries were collected during 2018.

Since the Greater Lawrence Incident and through December 31, 2019, we have invested approximately $258 million of capital spend for the pipeline replacement; this work was completed in 2019. We maintain property insurance for gas pipelines and other applicable property. Columbia of Massachusetts has filed a proof of loss with its property insurer for the full cost of the pipeline replacement. In January 2020, we filed a lawsuit against the property insurer, seeking payment of our property claim. We are currently unable to predict the timing or amount of any insurance recovery under the property policy. The recovery of any capital investment not reimbursed through insurance will be addressed in a future regulatory proceeding; a future regulatory proceeding is dependent on the outcome of the sale of the Massachusetts Business. The outcome of such a proceeding (if any) 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 on 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.

Refer to Note 19, "Other Commitments and Contingencies - C. Legal Proceedings" and " - E. Other Matters," in the Notes to Consolidated Financial Statements, "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.

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Additionally, as discussed in Note 6, "Goodwill and Other Intangible Assets," in the Notes to Consolidated Financial Statements, we assessed the totality of several factors that developed during the fourth quarter related to the Greater Lawrence Incident and concluded that it was more likely than not that the fair value of the Columbia of Massachusetts reporting unit was below its carrying value. As a result, a new impairment analysis was required for our Columbia of Massachusetts reporting unit. The year-end impairment analysis indicated that the fair value of the Columbia of Massachusetts reporting unit was below its carrying value. As a result, we reduced the Columbia of Massachusetts reporting unit goodwill balance to zero and recognized a goodwill impairment charge totaling $204.8 million, which is non-deductible for tax purposes. We assessed the same fourth quarter circumstances in reviewing the Columbia of Massachusetts franchise rights intangible assets. These factors led us to conclude that it was more likely than not that the fair value of the franchise rights was below its carrying amount. As a result, we performed a year-end impairment test and determined that the fair value of the franchise rights was zero. Therefore, we wrote off the entire franchise rights book value, which resulted in an impairment charge totaling $209.7 million.

Columbia of Massachusetts Asset Sale: On February 26, 2020, NiSource and Columbia of Massachusetts entered into the Asset Purchase Agreement with Eversource. Upon the terms and subject to the conditions set forth in the Asset Purchase Agreement, NiSource and Columbia of Massachusetts agreed to sell to Eversource the Massachusetts Business for a purchase price of $1,100 million, subject to adjustment. For additional information, see Note 26, "Subsequent Event," in the Notes to Consolidated Financial Statements.

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 is not necessarily comparable to similarly titled measures reported by other companies.

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ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NISOURCE INC.

For the years ended December 31, 2019, 2018 and 2017, operating income and a reconciliation of net revenues to the most directly comparable GAAP measure, operating income, was as follows:

Year Ended December 31, *(in millions)*	**2019**	2018	2017	2019 vs. 2018	2018 vs. 2017
Operating Income	**$ 890.7**	$ 124.7	$ 921.2	$ 766.0	$ (796.5)

Year Ended December 31, *(in millions, except per share amounts)*	**2019**	2018	2017	2019 vs. 2018	2018 vs. 2017
Operating Revenues	**$ 5,208.9**	$ 5,114.5	$ 4,874.6	$ 94.4	$ 239.9
Cost of sales (excluding depreciation and amortization)	**1,534.8**	1,761.3	1,518.7	(226.5)	242.6
Total Net Revenues	**3,674.1**	3,353.2	3,355.9	320.9	(2.7)
Other Operating Expenses	**2,783.4**	3,228.5	2,434.7	(445.1)	793.8
Operating Income	**890.7**	124.7	921.2	766.0	(796.5)
Total Other Deductions, Net	**(384.1)**	(355.3)	(478.2)	(28.8)	122.9
Income Taxes	**123.5**	(180.0)	314.5	303.5	(494.5)
Net Income (Loss)	**383.1**	(50.6)	128.5	433.7	(179.1)
Preferred dividends	**(55.1)**	(15.0)	—	(40.1)	(15.0)
Net Income (Loss) Available to Common Shareholders	**328.0**	(65.6)	128.5	393.6	(194.1)
Basic Earnings (Loss) Per Share	**$ 0.88**	$ (0.18)	$ 0.39	$ 1.06	$ (0.57)
Basic Average Common Shares Outstanding	**374.6**	356.5	329.4	18.1	27.1

On a consolidated basis, we reported net income available to common shareholders of $328.0 million or $0.88 per basic share for the twelve months ended December 31, 2019 compared to a loss to common shareholders of $65.6 million or $0.18 per basic share for the same period in 2018. The increase in net income available to common shareholders during 2019 was primarily due to lower operating expenses related to the Greater Lawrence Incident, 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 non-cash impairments of goodwill and other intangible assets in 2019 related to Columbia of Massachusetts (see Note 6, "Goodwill and Other Intangible Assets," in the Notes to Consolidated Financial Statements for additional information), higher income taxes (see "Income Taxes" below), higher depreciation expense due to regulatory outcomes at NIPSCO and Columbia of Ohio, and additional dilution in 2019 resulting from preferred stock dividend commitments.

Operating Income
For the twelve months ended December 31, 2019, we reported operating income of $890.7 million compared to $124.7 million for the same period in 2018. The increased operating income was primarily due to decreased operating expenses related to the Greater Lawrence Incident, 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 non-cash impairments of goodwill and other intangible assets in 2019 related to Columbia of Massachusetts (see Note 6, "Goodwill and Other Intangible Asset," in the Notes to Consolidated Financial Statements for additional information), and increased depreciation due to the regulatory outcome of NIPSCO's gas rate case and an increase in amortization of depreciation previously deferred as a regulatory asset resulting from Columbia of Ohio's CEP.

Other Deductions, Net
Other deductions, net reduced income by $384.1 million in 2019 compared to a reduction in income of $355.3 million in 2018. This change is primarily due to lower actuarial investment returns on pension and other postretirement benefit assets of $34.6 million, and an increase in interest expense of $25.6 million driven by decreased regulatory deferrals from Columbia of Ohio's CEP. These unfavorable variances were partially offset by charitable contributions of $20.7 million in 2018 related to the Greater Lawrence Incident.

Income Taxes
The increase in income tax expense from 2018 to 2019 is primarily attributable to higher pre-tax income resulting from the items discussed above in "Operating Income" and "Other Deductions, Net," true-ups to tax expense in 2018 to reflect regulatory outcomes associated with excess deferred income taxes, and higher income tax expense in 2019 related to the non-deductible, non-cash impairment of goodwill, fines and penalties.

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NISOURCE INC.

Refer to "Liquidity and Capital Resources" below and Note 10, "Income Taxes," in the Notes to Consolidated Financial Statements for additional information on income taxes and the change in the effective tax rate.

Capital Investment
In 2019, we invested approximately $1.9 billion in capital expenditures across the 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 approximately $1.8 to $1.9 billion in capital during 2020 as we continue to focus on growth, safety and modernization projects across our operating area.

Liquidity
A primary focus of ours is to ensure the availability of adequate financing to fund our ongoing safety and infrastructure investment programs which typically involves the issuance of debt and/or equity. In addition, expenses related to the Greater Lawrence Incident have exceeded the total amount of insurance coverage available under our policies. During 2020, we plan to pursue alternatives to cover this shortfall, including long-term financing and potential proceeds from the sale of the Massachusetts Business. For additional information, see Note 26, "Subsequent Event," in the Notes to Consolidated Financial Statements.

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, our ability to access the capital markets and the potential sale of the Massachusetts Business, we believe there is adequate capital available to fund our operating activities and capital expenditures and the effects of the Greater Lawrence Incident in 2020 and beyond. At December 31, 2019 and 2018, we had approximately $1,409.1 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
In 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 8, "Regulatory Matters" and Note 19-E, "Other Matters," in the Notes to Consolidated Financial Statements for a complete discussion of key regulatory developments that 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 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NISOURCE INC.
Gas Distribution Operations

For the years ended December 31, 2019, 2018 and 2017, operating income (loss) and a reconciliation of net revenues to the most directly comparable GAAP measure, operating income (loss), was as follows:

Year Ended December 31, *(in millions)*	2019	2018	2017	2019 vs. 2018	2018 vs. 2017
Operating Income (Loss)	**$ 675.4**	$ (254.1)	$ 550.1	$ 929.5	$ (804.2)

Year Ended December 31, *(in millions)*	2019	2018	2017	2019 vs. 2018	2018 vs. 2017
Net Revenues					
Operating revenues	**$ 3,522.8**	$ 3,419.5	$ 3,102.1	$ 103.3	$ 317.4
Less: Cost of sales (excluding depreciation and amortization)	**1,067.6**	1,259.3	1,005.0	(191.7)	254.3
Net Revenues	**2,455.2**	2,160.2	2,097.1	295.0	63.1
Operating Expenses					
Operation and maintenance	**935.7**	1,908.1	1,090.8	(972.4)	817.3
Depreciation and amortization	**403.2**	301.0	269.3	102.2	31.7
Impairment of other intangible assets	**209.7**	—	—	209.7	—
Loss on sale of fixed assets and impairments, net	**0.1**	0.2	2.8	(0.1)	(2.6)
Other taxes	**231.1**	205.0	184.1	26.1	20.9
Total Operating Expenses	**1,779.8**	2,414.3	1,547.0	(634.5)	867.3
Operating Income (Loss)	**$ 675.4**	$ (254.1)	$ 550.1	$ 929.5	$ (804.2)
Revenues					
Residential	**$ 2,317.2**	$ 2,248.3	$ 2,029.4	$ 68.9	$ 218.9
Commercial	**775.1**	753.7	669.4	21.4	84.3
Industrial	**245.8**	228.6	217.5	17.2	11.1
Off-System	**77.7**	92.4	111.8	(14.7)	(19.4)
Other	**107.0**	96.5	74.0	10.5	22.5
Total	**$ 3,522.8**	$ 3,419.5	$ 3,102.1	$ 103.3	$ 317.4
Sales and Transportation (MMDth)					
Residential	**274.9**	280.3	247.1	(5.4)	33.2
Commercial	**189.6**	187.6	169.3	2.0	18.3
Industrial	**542.5**	555.7	517.5	(13.2)	38.2
Off-System	**32.9**	30.0	39.0	2.9	(9.0)
Other	**0.3**	—	0.3	0.3	(0.3)
Total	**1,040.2**	1,053.6	973.2	(13.4)	80.4
Heating Degree Days	**5,375**	5,562	4,927	(187)	635
Normal Heating Degree Days	**5,452**	5,610	5,610	(158)	—
% Warmer than Normal	**(1)%**	(1)%	(12)%		
Gas Distribution Customers					
Residential	**3,221,178**	3,194,662	3,168,516	26,516	26,146
Commercial	**282,778**	281,517	280,362	1,261	1,155
Industrial	**5,982**	5,833	6,228	149	(395)
Other	**3**	3	4	—	(1)
Total	**3,509,941**	3,482,015	3,455,110	27,926	26,905

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ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NISOURCE INC.
Gas Distribution Operations (continued)

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.

2019 vs. 2018 Operating Income
For 2019, Gas Distribution Operations reported operating income of $675.4 million, an increase in income of $929.5 million from the comparable 2018 period.

Net revenues for 2019 were $2,455.2 million, an increase of $295.0 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 $243.2 million.
- Higher regulatory, depreciation, and tax trackers, which are offset in operating expense, of $36.2 million.
- Higher revenues of $14.5 million resulting from an update in the weather-related normal heating degree day methodology (see further detail below), partially offset by a $7.1 million revenue decrease from the effects of warmer weather in 2019.
- The effects of commercial and residential customer growth of $12.8 million.

Operating expenses were $634.5 million lower in 2019 compared to 2018. This change was primarily driven by:

- Decreased expenses related to third-party claims and other costs for the Greater Lawrence Incident of $1,090.7 million, net of insurance recoveries recorded.

Partially offset by:

- Non-cash impairment of the Columbia of Massachusetts franchise rights of $209.7 million.
- Increased depreciation of $103.8 million due to the regulatory outcome of NIPSCO's gas rate case, an increase in amortization of depreciation previously deferred as a regulatory asset resulting from Columbia of Ohio's CEP, and higher capital expenditures placed in service.
- Higher employee and administrative expenses of $50.2 million driven by resources shifting from the temporary assistance on the Greater Lawrence Incident restoration to normal operations (offset in the decreased Greater Lawrence Incident costs discussed above) and an increase in headcount.
- Increased regulatory, depreciation, and tax trackers, which are offset in net revenues, of $36.2 million.
- Higher property taxes of $22.2 million primarily due to increased amortization of property taxes previously deferred as a regulatory asset resulting from Columbia of Ohio's CEP, as well as higher capital expenditures placed in service.
- Higher outside services of $17.4 million primarily due to increased line location and safety-related work.
- Higher insurance expense of $9.1 million primarily driven by increased premiums.

2018 vs. 2017 Operating Income
For 2018, Gas Distribution Operations reported an operating loss of $254.1 million, a decrease in income of $804.2 million from the comparable 2017 period.

Net revenues for 2018 were $2,160.2 million, an increase of $63.1 million from the same period in 2017. The change in net revenues was primarily driven by:

- New rates from infrastructure replacement programs and base rate proceedings of $99.6 million.
- Higher revenues from the effects of colder weather in 2018 of $37.5 million.
- The effects of customer growth and increased usage of $17.4 million.
- Higher regulatory, tax and depreciation trackers, which are offset in operating expense, of $16.0 million.

Partially offset by:

- A revenue reserve of $85.0 million 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.
- Decreased rates from implementation of regulatory outcomes related to the TCJA of $24.7 million.

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NISOURCE INC.
Gas Distribution Operations (continued)

Operating expenses were $867.3 million higher in 2018 compared to 2017. This change was primarily driven by:

- Expenses related to third-party claims and other costs for the Greater Lawrence Incident of $864.4 million, net of insurance recoveries recorded.
- Increased depreciation of $29.6 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 $16.0 million.
- Increased property taxes of $11.0 million due to higher capital expenditures placed in service and the impact of regulatory-driven property tax deferrals.

Partially offset by:

- Decreased outside services of $33.2 million primarily due to IT service provider transition and other strategic initiative costs in 2017, lower ongoing IT costs and a temporary shift of resources to the Greater Lawrence Incident restoration.
- Lower employee and administrative expenses of $30.2 million driven by reduced incentive compensation and a temporary shift of resources to the Greater Lawrence Incident restoration.

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 to 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 2019 was about 1% warmer than normal and about 3% warmer than 2018; however, due to the aforementioned change in methodology, the change in net revenues attributed to weather resulted in an increase of $7.4 million for the year ended December 31, 2019 compared to 2018. The variance is detailed further below:

- An update in the weather-related normal heating degree day methodology resulting in a favorable variance attributed to weather of $14.5 million, as discussed above.

Offset by:

- The effects of warmer weather in 2019 of $7.1 million.

Weather in the Gas Distribution Operations service territories for 2018 was about 1% warmer than normal and about 13% colder than 2017, increasing net revenues $37.5 million for the year ended December 31, 2018 compared to 2017.

Throughput
Total volumes sold and transported for the year ended December 31, 2019 were 1,040.2 MMDth, compared to 1,053.6 MMDth for 2018. This decrease is primarily attributable to warmer weather experienced in 2019 compared to 2018.

Total volumes sold and transported for the year ended December 31, 2018 were 1,053.6 MMDth, compared to 973.2 MMDth for 2017. This increase is primarily attributable to colder weather experienced in 2018 compared to 2017.

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 Consolidated Balance Sheets as under-recovered or over-recovered gas cost to be included in future customer billings.

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ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NISOURCE INC.
Gas Distribution Operations (continued)

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.

Greater Lawrence Incident
Refer to Note 19-C. "Legal Proceedings," and E. "Other Matters," in the Notes to Consolidated Financial Statements, "Summary of Consolidated Financial Results" and "Liquidity and Capital Resources" in this Management's Discussion, and Part I. Item 1A. "Risk Factors" for additional information related to the Greater Lawrence Incident.

Columbia of Massachusetts Asset Sale
On February 26, 2020, we entered into the Asset Purchase Agreement with Eversource providing for the sale of the Massachusetts Business to Eversource, subject to the terms and conditions set forth in the agreement. For additional information, see Note 26, “Subsequent Event,” in the Notes to Consolidated Financial Statements.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NISOURCE INC.
Electric Operations

For the years ended December 31, 2019, 2018 and 2017, operating income and a reconciliation of net revenues to the most directly comparable GAAP measure, operating income, was as follows:

Year Ended December 31, *(in millions)*	2019	2018	2017	2019 vs. 2018	2018 vs. 2017
Operating Income	**$ 406.8**	$ 386.1	$ 367.4	$ 20.7	$ 18.7

Year Ended December 31, *(in millions)*	2019	2018	2017	2019 vs. 2018	2018 vs. 2017
Net Revenues					
Operating revenues	**$ 1,699.2**	$ 1,708.2	$ 1,786.5	$ (9.0)	$ (78.3)
Less: Cost of sales (excluding depreciation and amortization)	**467.3**	502.1	513.9	(34.8)	(11.8)
Net Revenues	**1,231.9**	1,206.1	1,272.6	25.8	(66.5)
Operating Expenses					
Operation and maintenance	**495.0**	500.0	565.6	(5.0)	(65.6)
Depreciation and amortization	**277.3**	262.9	277.8	14.4	(14.9)
Loss (gain) on sale of fixed assets and impairments, net	**(0.1)**	—	1.9	(0.1)	(1.9)
Other taxes	**52.9**	57.1	59.9	(4.2)	(2.8)
Total Operating Expenses	**825.1**	820.0	905.2	5.1	(85.2)
Operating Income	**$ 406.8**	$ 386.1	$ 367.4	$ 20.7	$ 18.7
Revenues					
Residential	**$ 481.6**	$ 494.7	$ 476.9	$ (13.1)	$ 17.8
Commercial	**486.7**	492.6	501.2	(5.9)	(8.6)
Industrial	**608.4**	614.4	698.1	(6.0)	(83.7)
Wholesale	**11.7**	15.7	11.6	(4.0)	4.1
Other	**110.8**	90.8	98.7	20.0	(7.9)
Total	**$ 1,699.2**	$ 1,708.2	$ 1,786.5	$ (9.0)	$ (78.3)
Sales (Gigawatt Hours)					
Residential	**3,369.5**	3,535.2	3,301.7	(165.7)	233.5
Commercial	**3,760.3**	3,844.6	3,793.5	(84.3)	51.1
Industrial	**8,466.1**	8,829.5	9,469.7	(363.4)	(640.2)
Wholesale	**8.2**	114.3	32.5	(106.1)	81.8
Other	**117.2**	124.4	128.2	(7.2)	(3.8)
Total	**15,721.3**	16,448.0	16,725.6	(726.7)	(277.6)
Cooling Degree Days	**962**	1,180	837	(218)	343
Normal Cooling Degree Days	**803**	806	806	(3)	—
% Warmer than Normal	**20%**	46%	4%		
Electric Customers					
Residential	**415,534**	412,267	409,401	3,267	2,866
Commercial	**57,058**	56,605	56,134	453	471
Industrial	**2,256**	2,284	2,305	(28)	(21)
Wholesale	**726**	735	739	(9)	(4)
Other	**2**	2	2	—	—
Total	**475,576**	471,893	468,581	3,683	3,312

NISOURCE INC.
Electric Operations (continued)

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.

2019 vs. 2018 Operating Income
For 2019, Electric Operations reported operating income of $406.8 million, an increase of $20.7 million from the comparable 2018 period.

Net revenues for 2019 were $1,231.9 million, an increase of $25.8 million from the same period in 2018. The change in net revenues was primarily driven by:

- New rates from the recent rate case proceeding, incremental capital spend on infrastructure replacement programs, and electric transmission projects of $24.8 million.
- Decreased fuel handling costs of $11.0 million.
- Higher regulatory and depreciation trackers, which are offset in operating expense, of $8.4 million.
- Increased commercial and residential customer growth of $3.9 million.

Partially offset by:

- Lower revenues from the effects of cooler weather of $15.1 million.
- Decreased residential, commercial and industrial usage of $10.8 million.

Operating expenses were $5.1 million higher in 2019 than 2018. This change was primarily driven by:

- Higher regulatory and depreciation trackers, which are offset in net revenues, of $8.4 million.
- Increased depreciation of $8.7 million due to higher capital expenditures placed in service.

Partially offset by:

- Decreased materials and supplies costs of $7.8 million, primarily related to the retirement of Bailly Generating Station Units 7 and 8 on May 31, 2018.
- Decreased employee and administrative costs of $5.0 million.

2018 vs. 2017 Operating Income
For 2018, Electric Operations reported operating income of $386.1 million, an increase of $18.7 million from the comparable 2017 period.

Net revenues for 2018 were $1,206.1 million, a decrease of $66.5 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 $35.6 million.
- Decreased rates from implementation of regulatory outcomes related to the TCJA of $32.9 million.
- Decreased industrial usage of $17.1 million.
- A revenue reserve of $16.2 million 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 .
- Increased fuel handling costs of $7.3 million.

Partially offset by:

- The effects of warmer weather of $25.2 million.
- Increased rates from infrastructure replacement programs of $18.6 million.

Operating expenses were $85.2 million lower in 2018 than 2017. This change was primarily driven by:

- Lower regulatory and depreciation trackers, which are offset in net revenues, of $35.6 million.
- Lower outside service costs of $32.1 million and lower material and supplies costs of $10.2 million primarily related to the retirement of Bailly Generating Station Units 7 and 8 on May 31, 2018.
- Decreased employee and administrative costs of $18.4 million.

NISOURCE INC.
Electric Operations (continued)

Partially offset by:

- Increased depreciation of $10.0 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 to 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 2019 was 20% warmer than normal and 18% cooler than the same period in 2018, decreasing net revenues $15.1 million for the year ended December 31, 2019 compared to 2018.

Weather in the Electric Operations' territories for 2018 was 46% warmer than normal and 41% warmer than the same period in 2017, increasing net revenues $25.2 million for the year ended December 31, 2018 compared to 2017.

Sales
Electric Operations sales were 15,721.3 GWh for 2019, a decrease of 726.7 GWh, or 4.4% compared to 2018. This decrease was primarily attributable to higher internal generation from large industrial customers in 2019 and the effects of cooler weather on residential and commercial customers.

Electric Operations sales were 16,448.0 GWh for 2018, a decrease of 277.6 GWh, or 1.7% compared to 2017. This decrease was primarily attributable to higher internal generation from large industrial customers in 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 planned to continue to purchase electric service from NIPSCO at a reduced demand level beginning 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. On December 4, 2019, the IURC issued an order in the electric rate case approving the implementation of a new industrial service structure. This resolved the issues included in BP's original petition. Refer to Note 8, "Regulatory Matters," in the Notes to Consolidated Financial Statements 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 Consolidated Balance Sheets as under-recovered or over-recovered fuel cost to be included in future customer billings.

NIPSCO's performance remains closely linked to the performance of the steel industry. NIPSCO's MWh sales to steel-related industries accounted for approximately 51.5% and 49.7% of the total industrial MWh sales for the years ended December 31, 2019 and 2018, respectively.

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.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NISOURCE INC.
Electric Operations (continued)

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 19-E, "Other Matters," in the Notes to Consolidated Financial Statements for further discussion.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NISOURCE INC.

Liquidity and Capital Resources

Greater Lawrence Incident: As discussed in the "Executive Summary" and in Note 19, "Other Commitments and Contingencies" in the Notes to Consolidated Financial Statements, we have recorded and paid costs 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," Note 19 referenced earlier in this paragraph, and Part I, Item 1A "Risk Factors," we may incur additional expenses and liabilities in excess of our recorded liabilities and estimated additional costs associated with the Greater Lawrence Incident. Since the Greater Lawrence Incident and through December 31, 2019, we have collected $800 million from insurance providers; however, total costs related to the incident have exceeded the total amount of insurance coverage available under our policies. To date, this excess has primarily been funded through short-term borrowings. During 2020, we plan to pursue alternatives to these short-term borrowings, which include long-term financing and potential proceeds from the sale of the Massachusetts Business. For additional information, see Note 26, "Subsequent Event," in the Notes to Consolidated Financial Statements.

Operating Activities

Net cash from operating activities for the year ended December 31, 2019 was $1,583.3 million, an increase of $1,043.2 million from 2018. This increase was driven primarily by the receipt of $795 million of insurance recoveries in 2019 related to the Greater Lawrence Incident and approximately $220 million lower cash spend for the Greater Lawrence Incident in 2019. Refer to Note 19, "Other Commitments and Contingencies" in the Notes to Consolidated Financial Statements for further information related to the Greater Lawrence Incident.

Pension and Other Postretirement Plan Funding. In 2019, we contributed $2.9 million to our pension plans and $23.0 million to our other postretirement benefit plans. In 2018, we contributed $2.9 million to our pension plans and $21.0 million to our other postretirement benefit plans. Given the current funded status of the pension plans, and barring unforeseen market volatility that may negatively impact the valuation of our plan assets, we do not believe additional material contributions to our pension plans will be required for the foreseeable future.

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 led to a decrease in the amount billed to customers through rates, ultimately resulting in lower cash collections from operating activities. In addition, we are required to pass back to customers "excess deferred taxes" which represent amounts collected from customers in the past to cover deferred tax liabilities which, as a result of the passage of the TCJA, are now less than the originally billed amounts. Approximately $1.5 billion of excess deferred taxes was recorded as a regulatory liability as of December 31, 2017 as a result of implementing the TCJA. The majority of this balance related to temporary book-to-tax differences on utility property protected by IRS normalization rules; this portion of the excess deferred taxes balance will be passed back to customers over the remaining average useful life of the associated property as required by the TCJA. The remainder of the excess deferred tax balance is passed back over periods determined by our state utility commissions. The pass back of excess deferred taxes has been approved in all our jurisdictions. As of December 31, 2019, we have approximately $1.3 billion of remaining regulatory liabilities associated with excess deferred taxes.

As of December 31, 2019, we have a deferred tax asset of $657.1 million related to a federal NOL carryforward, of which $406.1 million relates to years prior to the implementation of the TCJA. 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 three years ended December 31, 2019. The carryforward periods for pre-TCJA tax benefits expire in various tax years from 2028 to 2037; however, we expect to fully utilize the carryforward benefit prior to its expiration. According to the TCJA, utilization of NOL carryforwards generated after December 31, 2017 do not expire but are limited to 80% of current year taxable income. Accordingly, we may be required to make cash payments for federal income taxes in future years despite having NOL carryforwards in excess of current taxes payable.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NISOURCE INC.

Investing Activities

Our cash used for investing activities varies year over year primarily as a result of changes in the level of annual capital expenditures. The table below reflects capital expenditures and certain other investing activities by segment for 2019, 2018 and 2017.

(in millions)	**2019**	2018[3]	2017
Gas Distribution Operations			
System Growth and Tracker	**$ 1,006.1**	$ 897.5	$ 909.2
Maintenance	**374.3**	417.8	216.4
Total Gas Distribution Operations	**1,380.3**	1,315.3	1,125.6
Electric Operations			
System Growth and Tracker	**279.5**	346.0	435.3
Maintenance	**189.4**	153.3	157.1
Total Electric Operations	**468.9**	499.3	592.4
Corporate and Other Operations - Maintenance[1]	**18.6**	—	35.8
Total[2]	**$ 1,867.8**	$ 1,814.6	$ 1,753.8

[1] Corporate and Other capital expenditures were zero in 2018 as specific IT assets were leased in 2018. Certain IT and other maintenance related assets were purchased in 2017 and 2019.
[2] Amounts differ from those presented on the Statements of Consolidated Cash Flows primarily due to the capitalized portion of the Corporate Incentive Plan payout, inclusion of capital expenditures included in current liabilities and AFUDC Equity.
[3] The 2018 capital expenditures for Gas Distribution Operations reflects reclassifying the Greater Lawrence Incident pipeline replacement from system growth and tracker to maintenance.

For 2019, capital expenditures and certain other investing activities were $1,867.8 million, which was $53.2 million higher than the 2018 capital program. This increased spending is primarily due to growth, safety and system modernization projects.

For 2018, capital expenditures and certain other investing activities were $1,814.6 million, which was $60.8 million higher than the 2017 capital program. This increased spending is due in part to costs associated with the Greater Lawrence Incident pipeline replacement, gas transmission projects, environmental investments and system modernization projects across all seven states in our operating area.

For 2020, we project to invest approximately $1.8 to $1.9 billion in our capital program. This projected level of spend is consistent with 2019 spend levels and is expected to focus on growth, safety, and modernization projects across our operating area.

Financing Activities

Short-term Debt. Refer to Note 15, "Short-Term Borrowings," in the Notes to Consolidated Financial Statements for information on short-term debt.

Long-term Debt. Refer to Note 14, "Long-Term Debt," in the Notes to Consolidated Financial Statements for information on long-term debt.

Net Available Liquidity. As of December 31, 2019, an aggregate of $1,409.1 million of net liquidity was available, including cash and credit available under the revolving credit facility and accounts receivable securitization programs.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NISOURCE INC.

The following table displays NiSource's liquidity position as of December 31, 2019 and 2018:

Year Ended December 31, *(in millions)*	2019	2018
Current Liquidity		
Revolving Credit Facility	**$ 1,850.0**	$ 1,850.0
Accounts Receivable Program[1]	**353.2**	399.2
Less:		
Commercial Paper	**570.0**	978.0
Accounts Receivable Program Utilized	**353.2**	399.2
Letters of Credit Outstanding Under Credit Facility	**10.2**	10.2
Add:		
Cash and Cash Equivalents	**139.3**	112.8
Net Available Liquidity	**$ 1,409.1**	$ 974.6

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

Debt Covenants. We are subject to a financial covenant under our revolving credit facility and term loan agreement, which requires 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 December 31, 2019, the ratio was 61.7%.

Sale of Trade Accounts Receivables. Refer to Note 18, "Transfers of Financial Assets," in the Notes to Consolidated Financial Statements 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 December 31, 2019.

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 ratings 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 December 31, 2019, the collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately $72.1 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 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 December 31, 2019, 382,135,680 shares of common stock and 440,000 shares of preferred stock were outstanding. For more information regarding our common and preferred stock, see Note 12, "Equity," in the Notes to Consolidated Financial Statements.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NISOURCE INC.

Contractual Obligations. We have certain contractual obligations requiring payments at specified periods. The obligations include long-term debt, lease obligations, energy commodity contracts and obligations for various services including pipeline capacity and outsourcing of IT services. The total contractual obligations in existence at December 31, 2019 and their maturities were:

(in millions)	Total	2020	2021	2022	2023	2024	After
Long-term debt [(1)]	$ 7,738.6	$ —	$ 63.6	$ 530.0	$ 600.0	$ —	$ 6,545.0
Interest payments on long-term debt	6,214.2	342.0	340.7	337.1	311.1	299.9	4,583.4
Finance leases[(2)]	325.9	27.2	27.3	26.8	23.1	19.9	201.6
Operating leases[(3)]	79.1	15.6	9.4	8.2	7.6	6.6	31.7
Energy commodity contracts[(4)]	95.9	65.5	30.4	—	—	—	—
Service obligations:							
Pipeline service obligations	3,450.7	605.0	590.1	546.8	357.2	237.5	1,114.1
IT service obligations	153.2	63.6	49.4	38.0	1.1	1.1	—
Other service obligations[(5)]	59.8	45.8	14.0	—	—	—	—
Other liabilities	27.3	27.3	—	—	—	—	—
Total contractual obligations	$ 18,144.7	$ 1,192.0	$ 1,124.9	$ 1,486.9	$ 1,300.1	$ 565.0	$ 12,475.8

(1) Long-term debt balance excludes unamortized issuance costs and discounts of $70.5 million.
(2) Finance lease payments shown above are inclusive of interest totaling $108.3 million.
(3) Operating lease payments shown above are inclusive of interest totaling $14.3 million. 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 (as that term is defined in ASC 842) to do so. If we were to continue the fleet vehicle leases outstanding at December 31, 2019, payments would be $34.5 million in 2020, $28.3 million in 2021, $23.4 million in 2022, $19.9 million in 2023, $15.2 million in 2024 and $15.2 million thereafter.
(4) In January 2020, NIPSCO signed new coal contract commitments of $14.4 million for 2020. These contracts are not included above.
(5) In February 2020, NIPSCO signed a new railcar coal transportation contract commitment of $12.0 million for 2020. This contract is not included above.

Our calculated estimated interest payments for long-term debt is based on the stated coupon and payment dates. For 2020, we project that we will be required to make interest payments of approximately $368.2 million, which includes $342.0 million of interest payments related to our long-term debt outstanding as of December 31, 2019. At December 31, 2019, we had $1,773.2 million in short-term borrowings outstanding.

Our expected payments included within "Other liabilities" in the table of contractual commitments above contains employer contributions to pension and other postretirement benefits plans expected to be made in 2020. Plan contributions beyond 2020 are dependent upon a number of factors, including actual returns on plan assets, which cannot be reliably estimated at this time. In 2020, we expect to make contributions of approximately $3.0 million to our pension plans and approximately $24.0 million to our postretirement medical and life plans. Refer to Note 11, "Pension and Other Postretirement Benefits," in the Notes to Consolidated Financial Statements for more information.

We cannot reasonably estimate the settlement amounts or timing of cash flows related to long-term obligations classified as "Total Other Liabilities" on the Consolidated Balance Sheets, other than those described above.

We also have obligations associated with income, property, gross receipts, franchise, payroll, sales and use, and various other taxes and expect to make tax payments of approximately $247.1 million in 2020, which are not included in the table above. In addition, we have uncertain income tax positions that are not included in the table above as we are unable to predict when the matters will be resolved. Refer to Note 10, "Income Taxes," in the Notes to Consolidated Financial Statements for more information.

Refer to Note 19-A, "Contractual Obligations," in the Notes to Consolidated Financial Statements for further information.

In January 2019, NIPSCO executed two 20 year PPAs to purchase 100% of the output from renewable generation facilities at a fixed price per MWh. Payments under the PPAs will not begin until the associated generation facilities are constructed by the owner / seller which is currently scheduled to be complete by the end of 2020 for one facility. Payments that will be made under the agreements are not included in the table of contractual commitments above as there are no minimum payment obligations under the agreements. NIPSCO has filed a notice with the IURC of its intention not to move forward with one of its approved PPAs due to the failure to meet a condition precedent in the agreement as a result of local zoning restrictions. See Note 19-E, "Other Matters - NIPSCO 2018 Integrated Resource Plan," in the Notes to Consolidated Financial Statements for additional information.

In January 2019, NIPSCO executed a BTA with a developer to construct a renewable generation facility with a nameplate capacity of approximately 100 MW; construction of the facility is expected to be completed by the end of 2020. In October 2019, NIPSCO executed a BTA with a developer to construct an additional renewable generation facility with a nameplate capacity of approximately 300 MW; construction of this facility is expected to be completed by the end of 2021. Payments under these agreements are not included in the table of contractual commitments as NIPSCO's purchase requirement under these BTAs is dependent on satisfactory approval of the BTAs by the IURC, successful execution of agreements with a tax equity partner, and timely completion of construction. See Note 19-E, "Other Matters - NIPSCO 2018 Integrated Resource Plan," in the Notes to Consolidated Financial Statements for additional information.

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 19, "Other Commitments and Contingencies," in the Notes to Consolidated Financial Statements 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 rate-making 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 rate-making 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 9, "Risk Management Activities," in the Notes to the Consolidated Financial Statements for further information on our commodity price risk assets and liabilities as of December 31, 2019 and 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, term loan agreement and accounts receivable programs, which have interest rates that are indexed to short-term market interest rates. Based upon average borrowings and debt obligations subject to fluctuations in short-term market interest rates, an increase (or decrease) in short-term interest rates of 100 basis points (1%) would have increased (or decreased) interest expense by $19.0 million and $13.3 million for 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 9, "Risk Management Activities," in the Notes to Consolidated Financial Statements for further information on our interest rate risk assets and liabilities as of December 31, 2019 and 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 Policies

We apply certain accounting policies based on the accounting requirements discussed below that have had, and may continue to have, significant impacts on our operations and Consolidated Financial Statements.

Basis of Accounting for Rate-Regulated Subsidiaries. ASC Topic 980, *Regulated Operations*, provides that rate-regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the way in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and if the competitive environment makes it probable that such rates can be charged and collected. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income are deferred on the Consolidated Balance Sheets and are recognized in income as the related amounts are included in service rates and recovered from or refunded to customers. The total amounts of regulatory assets and liabilities reflected on the Consolidated Balance Sheets were $2,239.6 million and $2,512.2 million at December 31, 2019, and $2,237.5 million and $2,660.0 million at December 31, 2018, respectively. For additional information, refer to Note 8, “Regulatory Matters,” in the Notes to Consolidated Financial Statements.

In the event that regulation significantly changes the opportunity for us to recover our costs in the future, all or a portion of our regulated operations may no longer meet the criteria for the application of ASC Topic 980, *Regulated Operations*. In such event, a write-down of all or a portion of our existing regulatory assets and liabilities could result. If transition cost recovery is approved by the appropriate regulatory bodies that would meet the requirements under GAAP for continued accounting as regulatory assets and liabilities during such recovery period, the regulatory assets and liabilities would be reported at the recoverable amounts. If we were unable to continue to apply the provisions of ASC Topic 980, *Regulated Operations*, we would be required to apply the provisions of ASC Topic 980-20, *Discontinuation of Rate-Regulated Accounting*. In management’s opinion, our regulated subsidiaries will be subject to ASC Topic 980, *Regulated Operations* for the foreseeable future.

Certain of the regulatory assets reflected on our Consolidated Balance Sheets require specific regulatory action in order to be included in future service rates. Although recovery of these amounts is not guaranteed, we believe that these costs meet the requirements for deferral as regulatory assets. Regulatory assets requiring specific regulatory action amounted to $307.2 million at December 31, 2019. If we determine that the amounts included as regulatory assets were not recoverable, a charge to income would immediately be required to the extent of the unrecoverable amounts.

The passage of the TCJA into law in December 2017 necessitated the remeasurement of our deferred income tax balances to reflect the change in the statutory federal tax rate from 35% to 21%. For our regulated entities, substantially all of the impact of this remeasurement was recorded to a regulatory liability and is being passed backed to customers, as established during the rate making process. For additional information, refer to Note 8, "Regulatory Matters," and Note 10, "Income Taxes," in the Notes to Consolidated Financial Statements.

As discussed in Note 19-E, "Other Matters - Greater Lawrence Pipeline Replacement," since the Greater Lawrence Incident and through December 31, 2019, we have invested approximately $258 million of capital spend for the pipeline replacement in the affected communities; this work was completed in 2019. We maintain property insurance for gas pipelines and other applicable property. Columbia of Massachusetts has filed a proof of loss with its property insurer for the full cost of the pipeline replacement. In January 2020, we filed a lawsuit against the property insurer, seeking payment of our property claim. We are currently unable

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to predict the timing or amount of any insurance recovery under the property policy. The recovery of any capital investment not reimbursed through insurance will be addressed in a future regulatory proceeding; a future regulatory proceeding is dependent on the outcome of the sale of the Massachusetts Business. The outcome of such a proceeding (if any) 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.

Pension and Postretirement Benefits. We have defined benefit plans for both pension and other postretirement benefits. The calculation of the net obligations and annual expense related to the plans requires a significant degree of judgment regarding the discount rates to be used in bringing the liabilities to present value, expected long-term rates of return on plan assets, health care trend rates, and mortality rates, among other assumptions. Due to the size of the plans and the long-term nature of the associated liabilities, changes in the assumptions used in the actuarial estimates could have material impacts on the measurement of the net obligations and annual expense recognition. Differences between actuarial assumptions and actual plan results are deferred into AOCI or a regulatory balance sheet account, depending on the jurisdiction of our entity. These deferred gains or losses are then amortized into the income statement when the accumulated differences exceed 10% of the greater of the projected benefit obligation or the fair value of plan assets (known in GAAP as the "corridor" method) or when settlement accounting is triggered.

The discount rates, expected long-term rates of return on plan assets, health care cost trend rates and mortality rates are critical assumptions. Methods used to develop these assumptions are described below. While a third party actuarial firm assists with the development of many of these assumptions, we are ultimately responsible for selecting the final assumptions.

The discount rate is utilized principally in calculating the actuarial present value of pension and other postretirement benefit obligations and net periodic pension and other postretirement benefit plan costs. Our discount rates for both pension and other postretirement benefits are determined using spot rates along an AA-rated above median yield curve with cash flows matching the expected duration of benefit payments to be made to plan participants.

The expected long-term rate of return on plan assets is a component utilized in calculating annual pension and other postretirement benefit plan costs. We estimate the expected return on plan assets by evaluating expected bond returns, equity risk premiums, target asset allocations, the effects of active plan management, the impact of periodic plan asset rebalancing and historical performance. We also consider the guidance from our investment advisors in making a final determination of our expected rate of return on assets.

For measurement of 2020 net periodic benefit cost, we selected an expected pre-tax long-term rate of return of 5.70% and 5.67% for our pension and other postretirement benefit plan assets, respectively.

We estimate the assumed health care cost trend rate, which is used in determining our other postretirement benefit net expense, based upon our actual health care cost experience, the effects of recently enacted legislation, third-party actuarial surveys and general economic conditions.

We use the Society of Actuaries' most recently published mortality data in developing a best estimate of mortality as part of the calculation of the pension and other postretirement benefit obligations.

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NiSource Inc.

The following tables illustrate the effects of changes in these actuarial assumptions while holding all other assumptions constant:

	Impact on December 31, 2019 Projected Benefit Obligation Increase/(Decrease)	
Change in Assumptions *(in millions)*	Pension Benefits	Other Postretirement Benefits
+50 basis points change in discount rate	$ (89.9)	$ (29.0)
-50 basis points change in discount rate	97.7	31.8
+50 basis points change in health care trend rates		15.0
-50 basis points change in health care trend rates		(13.1)

	Impact on 2019 Expense Increase/(Decrease)[1]	
Change in Assumptions *(in millions)*	Pension Benefits	Other Postretirement Benefits
+50 basis points change in discount rate	$ (1.8)	$ 0.3
-50 basis points change in discount rate	1.9	0.7
+50 basis points change in expected long-term rate of return on plan assets	(8.9)	(1.2)
-50 basis points change in expected long-term rate of return on plan assets	8.9	1.2
+50 basis points change in health care trend rates		0.6
-50 basis points change in health care trend rates		(0.5)

[1]Before labor capitalization and regulatory deferrals.

In January 2017, we changed the method used to estimate the service and interest components of net periodic benefit cost for pension and other postretirement benefits. This change, compared to the previous method, resulted in a decrease in the actuarially-determined service and interest cost components. Historically, we estimated service and interest cost utilizing a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation at the beginning of the period. For fiscal 2017 and beyond, we now utilize a full yield curve approach to estimate these components by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. For further discussion of our pension and other postretirement benefits, see Note 11, "Pension and Other Postretirement Benefits," in the Notes to Consolidated Financial Statements.

Goodwill and Intangible Assets. We have seven goodwill reporting units, comprised of the seven state operating companies within the Gas Distribution Operations reportable segment. Our goodwill assets at December 31, 2019 were $1,486 million, most of which resulted from the acquisition of Columbia on November 1, 2000.

As required by GAAP, we test for impairment of goodwill on an annual basis and on an interim basis when events or circumstances indicate that a potential impairment may exist. Our annual goodwill test takes place in the second quarter of each year and was performed on May 1, 2019. A qualitative ("step 0") test was completed on May 1, 2019 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 is not more likely than not that these reporting units fair values are less than their reporting unit carrying values; therefore, 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 19-C, "Legal Proceedings," in the Notes to Consolidated Financial Statements). As a result, we completed a quantitative "step 1" analysis for the May 1, 2019 goodwill analysis for this reporting unit. Consistent with our historical impairment testing of goodwill, fair value of this reporting unit was determined based on a weighting of income and market approaches. These approaches require significant judgments including appropriate long-term growth rates and discount rates for the income approach and appropriate multiples of earnings for peer companies and control premiums for the market approach. The discount rates were derived using peer company data compiled with the assistance of a third party valuation services firm. The discount rates used are subject to change based on changes in tax rates at both the state and federal level, debt and equity ratios at each reporting unit and general economic conditions. The long-term growth rate was derived by evaluating historic growth rates, new business and investment opportunities beyond the near term horizon. The long-term growth rate is subject to change depending on inflationary impacts to the U.S. economy and the individual business environments in which each reporting unit operates. The Step 1 analysis performed indicated that the fair value of the Columbia of Massachusetts reporting unit exceeds its carrying value. As a result, no impairment charge was recorded as of the May 1, 2019 test date.

Although our annual impairment test is performed during the second quarter, we continue to monitor changes in circumstances that may indicate that it is more likely than not that the fair value of our reporting units is less than the reporting unit carrying value. During the fourth quarter of 2019, in connection with the preparation of the year-end financial statements, we assessed matters related to Columbia of Massachusetts. While there was no single determinative event or factor, the consideration in totality of several factors that developed during the fourth quarter of 2019 led us to conclude that it was more likely than not that the fair value of the Columbia of Massachusetts reporting unit was below its carrying value. These factors included: (i) increased Massachusetts DPU regulatory enforcement activity related to Columbia of Massachusetts during the fourth quarter, including (a) an order imposing work restrictions on Columbia of Massachusetts, impacting Columbia of Massachusetts' infrastructure replacement program, (b) two orders opening public investigations into Columbia of Massachusetts related to the Greater Lawrence Incident and restoration efforts following the incident, and (c) an order defining the scope of the Massachusetts DPU's investigation into the preparation and response of Columbia of Massachusetts related to the incident; (ii) increased uncertainty as to the ability of Columbia of Massachusetts to execute its growth strategy, including utility infrastructure investments, and to obtain timely regulatory outcomes with reasonable rates of return; (iii) further damage to Columbia of Massachusetts' reputation as a result of concerns related to service lines abandoned during the restoration work following the Greater Lawrence Incident and the gas release event in Lawrence, Massachusetts on September 27, 2019; and (iv) a potential sale of the Massachusetts Business. See Note 19, "Other Commitments and Contingencies - C. Legal Proceedings," in the Notes to Consolidated Financial Statements for more information regarding Massachusetts DPU regulatory enforcement activity and Note 26, "Subsequent Event," in the Notes to Consolidated Financial Statements for more information regarding the potential sale of the Massachusetts Business.

As a result, a new impairment analysis was required for our Columbia of Massachusetts reporting unit. This analysis used a weighted average of income and market approaches for calculating fair value. The income approach calculated discounted cash flows using updated cash flow projections, discount rates and return on equity assumptions. The market approach applied a combination of comparable company multiples and comparable transactions and used updated cash flow projections. While certain assumptions, such as market multiples, remained unchanged in the year-end test, our cash flow projections, return on equity and rate case timing assumptions were all unfavorably updated at year-end compared to the May 1, 2019 test. The effects of these unfavorable developments were greater than the favorable change in weighted average cost of capital between the two tests. The year-end impairment analysis indicated that the fair value of the Columbia of Massachusetts reporting unit was below its carrying value. As a result, we reduced the Columbia of Massachusetts reporting unit goodwill balance to zero and recognized a goodwill impairment charge totaling $204.8 million, which is non-deductible for tax purposes.

Our intangible assets, apart from goodwill, consist of franchise rights. Franchise rights were identified as part of the purchase price allocations associated with the acquisition in February 1999 of Columbia of Massachusetts. We review our definite-lived intangible assets for impairment when events or changes in circumstances indicate its fair value might be below its carrying amount.

During the fourth quarter of 2019, in connection with the preparation of the year-end financial statements, we assessed the changes in circumstances that occurred during the quarter to determine if it was more likely than not that the fair value of the franchise rights was below its carrying amount. These factors were the same fourth quarter circumstances outlined in the goodwill impairment discussion above. As a result, we performed a year-end impairment test in which we compared the book value of Columbia of Massachusetts to its undiscounted future cash flow and estimated fair value. With this analysis, we determined that the fair value of the franchise rights was zero. Therefore, we wrote off the entire franchise rights book value, which resulted in an impairment charge totaling $209.7 million. See Note 6, "Goodwill and Other Intangible Assets," in the Notes to Consolidated Financial Statements for more information.

Revenue Recognition. Revenue is recorded as products and services are delivered. Utility revenues are billed to customers monthly on a cycle basis. Revenues are recorded on the accrual basis and include estimates for electricity and gas delivered but not billed.

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 and no material changes in the amount or timing of future revenue recognition occurred as a result of the adoption of ASC 606. Refer to Note 3 "Revenue Recognition," in the Notes to Consolidated Financial Statements.

Recently Issued Accounting Pronouncements

Refer to Note 2, "Recent Accounting Pronouncements," in the Notes to Consolidated Financial Statements.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

NISOURCE INC.

Quantitative and Qualitative Disclosures about Market Risk are reported in Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Market Risk Disclosures.”

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

NISOURCE INC.

NISOURCE INC.
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of NiSource Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of NiSource Inc. and subsidiaries (the "Company") as of December 31, 2019 and 2018, the related statements of consolidated income (loss), comprehensive income (loss), stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 27, 2020, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Impact of Rate Regulation on the Financial Statements - Refer to Notes 1, 8, 19, and 26 to the financial statements

Critical Audit Matter Description

Certain subsidiaries of NiSource Inc. are fully regulated natural gas and electric utility companies serving customers in seven states. These rate-regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the manner in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates can be charged to and collected from customers. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income are deferred on the consolidated balance sheets and are later recognized in income as the related amounts are included in customer rates and recovered from or refunded to customers.

Through December 31, 2019, the Company invested approximately $258 million of capital spend for the Greater Lawrence Incident pipeline replacement. As of December 31, 2019, the Company determined that a disallowance of the Greater Lawrence Incident pipeline replacement capital expenditures was not probable. On February 26, 2020, the Company and its wholly-owned subsidiary, Columbia of Massachusetts (CMA), agreed to sell substantially all of CMA's utility property, plant, and equipment (including the Greater Lawrence Incident pipeline replacement assets) with other specified assets and liabilities, to a third party. The Company

NISOURCE INC.
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

estimates that the total pre-tax loss resulting from this sale will be approximately $360 million, based on December 31, 2019 asset and liability balances and estimated transaction costs.

We identified the accounting for rate-regulated subsidiaries as a critical audit matter due to the significant judgments made by management to support its assertions about impacted account balances and disclosures and the high degree of subjectivity involved in assessing the impact of future regulatory orders on the financial statements. Management judgments include assessing (1) the likelihood of recovery in future rates of incurred costs, (2) the likelihood of refund of amounts previously collected from customers, and (3) the probability of recovery of amounts capitalized related to the Greater Lawrence Incident pipeline replacement. Given that management's accounting judgments are based on assumptions about the outcome of future decisions by regulatory commissions, auditing these judgments required specialized knowledge of accounting for rate regulation and the rate making process due its inherent complexities.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the uncertainty of future decisions by regulatory commissions included the following, among others:

- We tested the effectiveness of management's controls over the evaluation of the likelihood of (1) the recovery in future rates of costs incurred as property, plant, and equipment and deferred as regulatory assets, and (2) a refund or a future reduction in rates that should be reported as regulatory liabilities. We also tested the effectiveness of management's controls over the initial recognition of amounts as property, plant, and equipment, including the Greater Lawrence Incident pipeline replacement; regulatory assets or liabilities; and the monitoring and evaluation of regulatory developments, that may affect the likelihood of recovering costs in future rates or of a future reduction in rates.
- We evaluated the Company's disclosures related to the impacts of rate regulation, including the balances recorded and regulatory developments.
- We read relevant regulatory orders issued by regulatory commissions, regulatory statutes, interpretations, filings made by interveners, and other publicly available information to assess the likelihood of recovery in future rates or of a future reduction in rates based on precedence of regulatory commissions' treatment of similar costs under similar circumstances. We evaluated the external information and compared it to management's recorded regulatory asset and liability balances for completeness.
- For regulatory matters in process, including those that could impact the Greater Lawrence Incident pipeline replacement, we inspected the Company's filings with regulatory commissions and the filings with regulatory commissions by intervenors for any evidence that might contradict management's assertions related to recoverability of recorded assets.
- We inquired of management about property, plant, and equipment that may be abandoned. We inspected minutes of meetings of the board of directors and regulatory orders and other filings with regulatory commissions to identify evidence that may contradict management's assertion regarding probability of an abandonment.
- We obtained an analysis from management regarding probability of recovery for regulatory assets or refund or future reduction in rates for regulatory liabilities not yet addressed in a regulatory order to assess management's assertion that amounts are probable of recovery or a future reduction in rates.
- We evaluated the impact of the February 26, 2020 sale transaction on the carrying value of the Company's utility property, plant, and equipment as of December 31, 2019.

Impairment of the Franchise Rights Intangible Asset & the Columbia of Massachusetts Reporting Unit Goodwill - Refer to Note 6 to the financial statements

Critical Audit Matter Description

The Company assessed the changes in circumstances that occurred during the fourth quarter to determine whether it was more likely than not that the fair values of the long-lived assets (including the franchise rights intangible asset) and goodwill of Columbia of Massachusetts (CMA), a wholly-owned subsidiary of the Company, were below their carrying amount. The totality of several factors led to the Company concluding that it was more likely than not that the fair value of the CMA reporting unit and the value of CMA's long-lived assets were below their carrying values. These factors included: (1) increased Massachusetts Department of Public Utilities (DPU) regulatory enforcement activity related to CMA, including (i) an order imposing work restrictions on CMA, (ii) two orders opening public investigations into CMA related to the Greater Lawrence Incident and restoration efforts following the incident, and (iii) an order defining the scope of the DPU's investigation into the preparation and response of CMA related to the incident; (2) increased uncertainty as to the ability of CMA to execute its growth strategy, including utility infrastructure

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NISOURCE INC.
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

investments, and CMA's ability to obtain timely regulatory outcomes with reasonable rates of return; (3) further damage to CMA's reputation; and (4) the potential sale of the Company's business in Massachusetts.

The Company performed a long-lived asset impairment test as of December 31, 2019 in which it compared the book value of the CMA asset group to its undiscounted future cash flows and determined that the carrying value of the asset group was not recoverable. The Company estimated the fair value of the CMA asset group using a weighting of income and market approaches and determined that the fair value was less than the carrying value. The resulting impairment loss was allocated to reduce the recorded franchise rights intangible asset to its fair value of zero, which resulted in an impairment charge totaling $209.7 million for the year ended December 31, 2019. The Company also performed a goodwill impairment test for the CMA reporting unit as of December 31, 2019. As part of this test, the Company estimated CMA's fair value based on a weighting of income and market approaches. This impairment analysis indicated that the fair value of the CMA reporting unit was below its carrying value and, as a result, the Company recognized a goodwill impairment charge totaling $204.8 million.

We identified the impairment of the franchise rights intangible asset and the CMA reporting unit goodwill as a critical audit matter as there was a high degree of auditor judgment and subjectivity in applying procedures relating to the allocation of impairment to CMA's long-lived assets and the fair value measurement of the reporting unit. This was driven by significant management judgment when determining fair value, including (1) the weightings of the fair value approaches, (2) the future cash flows used in the impairment tests, and (3) other inputs used in the valuation including comparable company multiples, discount rates, and return on equity. In addition, the audit effort involved the use of fair value specialists to assist in performing audit procedures over these assumptions and evaluating the audit evidence obtained.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the impairment of CMA's franchise rights intangible asset and CMA reporting unit goodwill included the following, among others:

- We tested the effectiveness of management's controls over the impairments, including (1) validation of the assumptions included in the impairment analysis for both the franchise rights intangible asset and goodwill, (2) the evaluation of the methodology used in determining the magnitude of impairment charges as of December 31, 2019, and (3) the verification of the completeness and accuracy of the journal entry made to record the impairments and the related disclosures.
- We evaluated the inputs used in the franchise rights intangible asset and goodwill impairment tests, including cash flow projections, scenario analysis, discount rates, return on equity assumptions, and comparable company multiples.
- We compared the undiscounted cash flows used in the franchise rights intangible asset impairment test to the carrying value of the asset group to evaluate whether an impairment existed at December 31, 2019.
- With the assistance of our fair value specialists, we evaluated the reasonableness of the calculated amount of fair value of the franchise rights intangible asset.
- We evaluated the allocation of impairment to the franchise rights intangible asset.
- We evaluated the relative weightings of the income and market approaches used to estimate fair value for the purposes of the goodwill impairment test.
- We evaluated the reasonableness of the fair value calculated under the combination of income and market approaches by comparing it to the fair value used in the May 1, 2019 goodwill impairment test.
- We evaluated the Company's disclosures related to the impairment charges.

/s/ DELOITTE & TOUCHE LLP
Columbus, Ohio
February 27, 2020

We have served as the Company's auditor since 2002.

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NISOURCE INC.
STATEMENTS OF CONSOLIDATED INCOME (LOSS)

Year Ended December 31, *(in millions, except per share amounts)*	**2019**	2018	2017
Operating Revenues			
Customer revenues	**$ 5,053.4**	$ 4,991.1	$ 4,730.2
Other revenues	**155.5**	123.4	144.4
Total Operating Revenues	**5,208.9**	5,114.5	4,874.6
Operating Expenses			
Cost of sales (excluding depreciation and amortization)	**1,534.8**	1,761.3	1,518.7
Operation and maintenance	**1,354.7**	2,352.9	1,601.7
Depreciation and amortization	**717.4**	599.6	570.3
Impairment of goodwill and other intangible assets	**414.5**	—	—
Loss on sale of fixed assets and impairments, net	**—**	1.2	5.5
Other taxes	**296.8**	274.8	257.2
Total Operating Expenses	**4,318.2**	4,989.8	3,953.4
Operating Income	**890.7**	124.7	921.2
Other Income (Deductions)			
Interest expense, net	**(378.9)**	(353.3)	(353.2)
Other, net	**(5.2)**	43.5	(13.5)
Loss on early extinguishment of long-term debt	**—**	(45.5)	(111.5)
Total Other Deductions, Net	**(384.1)**	(355.3)	(478.2)
Income (Loss) before Income Taxes	**506.6**	(230.6)	443.0
Income Taxes	**123.5**	(180.0)	314.5
Net Income (Loss)	**383.1**	(50.6)	128.5
Preferred dividends	**(55.1)**	(15.0)	—
Net Income (Loss) Available to Common Shareholders	**328.0**	(65.6)	128.5
Earnings (Loss) Per Share			
Basic Earnings (Loss) Per Share	**$ 0.88**	$ (0.18)	$ 0.39
Diluted Earnings (Loss) Per Share	**$ 0.87**	$ (0.18)	$ 0.39
Basic Average Common Shares Outstanding	**374.6**	356.5	329.4
Diluted Average Common Shares	**376.0**	356.5	330.8

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NISOURCE INC.
STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME (LOSS)

Year Ended December 31, *(in millions, net of taxes)*	**2019**	2018	2017
Net Income (Loss)	**$ 383.1**	$ (50.6)	$ 128.5
Other comprehensive income (loss):			
Net unrealized gain (loss) on available-for-sale securities(1)	**5.7**	(2.6)	0.8
Net unrealized gain (loss) on cash flow hedges(2)	**(64.2)**	22.7	(22.5)
Unrecognized pension and OPEB benefit (costs)(3)	**3.1**	(4.4)	3.4
Total other comprehensive income (loss)	**(55.4)**	15.7	(18.3)
Total Comprehensive Income (Loss)	**$ 327.7**	$ (34.9)	$ 110.2

(1) Net unrealized gain (loss) on available-for-sale securities, net of $1.5 million tax expense, $0.6 million tax benefit and $0.4 million tax expense in 2019, 2018 and 2017, respectively.
(2) Net unrealized gain (loss) on derivatives qualifying as cash flow hedges, net of $21.2 million tax benefit, $7.5 million tax expense and $13.9 million tax benefit in 2019, 2018 and 2017, respectively.
(3) Unrecognized pension and OPEB benefit (costs), net of $1.6 million tax expense, $1.5 million tax benefit and $2.1 million tax expense in 2019, 2018 and 2017, respectively.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NISOURCE INC.
CONSOLIDATED BALANCE SHEETS

(in millions)	**December 31, 2019**	December 31, 2018
ASSETS		
Property, Plant and Equipment		
Utility plant	**$ 24,502.6**	$ 22,780.8
Accumulated depreciation and amortization	**(7,609.3)**	(7,257.9)
Net utility plant	**16,893.3**	15,522.9
Other property, at cost, less accumulated depreciation	**18.9**	19.6
Net Property, Plant and Equipment	**16,912.2**	15,542.5
Investments and Other Assets		
Unconsolidated affiliates	**1.3**	2.1
Other investments	**228.9**	204.0
Total Investments and Other Assets	**230.2**	206.1
Current Assets		
Cash and cash equivalents	**139.3**	112.8
Restricted cash	**9.1**	8.3
Accounts receivable (less reserve of $19.2 and $21.1, respectively)	**856.9**	1,058.5
Gas inventory	**250.9**	286.8
Materials and supplies, at average cost	**120.2**	101.0
Electric production fuel, at average cost	**53.6**	34.7
Exchange gas receivable	**48.5**	88.4
Regulatory assets	**225.7**	235.4
Prepayments and other	**149.7**	129.5
Total Current Assets	**1,853.9**	2,055.4
Other Assets		
Regulatory assets	**2,013.9**	2,002.1
Goodwill	**1,485.9**	1,690.7
Intangible assets, net	**—**	220.7
Deferred charges and other	**163.7**	86.5
Total Other Assets	**3,663.5**	4,000.0
Total Assets	**$ 22,659.8**	$ 21,804.0

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NISOURCE INC.
CONSOLIDATED BALANCE SHEETS

(in millions, except share amounts)	**December 31, 2019**	December 31, 2018
CAPITALIZATION AND LIABILITIES		
Capitalization		
Stockholders' Equity		
Common stock - $0.01 par value, 600,000,000 shares authorized; 382,135,680 and 372,363,656 shares outstanding, respectively	**$ 3.8**	$ 3.8
Preferred stock - $0.01 par value, 20,000,000 shares authorized; 440,000 and 420,000 shares outstanding, respectively	**880.0**	880.0
Treasury stock	**(99.9)**	(99.9)
Additional paid-in capital	**6,666.2**	6,403.5
Retained deficit	**(1,370.8)**	(1,399.3)
Accumulated other comprehensive loss	**(92.6)**	(37.2)
Total Stockholders' Equity	**5,986.7**	5,750.9
Long-term debt, excluding amounts due within one year	**7,856.2**	7,105.4
Total Capitalization	**13,842.9**	12,856.3
Current Liabilities		
Current portion of long-term debt	**13.4**	50.0
Short-term borrowings	**1,773.2**	1,977.2
Accounts payable	**666.0**	883.8
Customer deposits and credits	**256.4**	238.9
Taxes accrued	**231.6**	222.7
Interest accrued	**99.4**	90.7
Exchange gas payable	**59.7**	85.5
Regulatory liabilities	**160.2**	140.9
Legal and environmental	**20.1**	18.9
Accrued compensation and employee benefits	**156.3**	149.7
Claims accrued	**165.4**	114.7
Other accruals	**144.1**	63.8
Total Current Liabilities	**3,745.8**	4,036.8
Other Liabilities		
Risk management liabilities	**134.0**	46.7
Deferred income taxes	**1,485.3**	1,330.5
Deferred investment tax credits	**9.7**	11.2
Accrued insurance liabilities	**81.5**	84.4
Accrued liability for postretirement and postemployment benefits	**373.2**	389.1
Regulatory liabilities	**2,352.0**	2,519.1
Asset retirement obligations	**416.9**	352.0
Other noncurrent liabilities	**218.5**	177.9
Total Other Liabilities	**5,071.1**	4,910.9
Commitments and Contingencies (Refer to Note 19, "Other Commitments and Contingencies")	**—**	—
Total Capitalization and Liabilities	**$ 22,659.8**	$ 21,804.0

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NISOURCE INC.
STATEMENTS OF CONSOLIDATED CASH FLOWS

Year Ended December 31, *(in millions)*	**2019**	2018	2017
Operating Activities			
Net Income (Loss)	**$ 383.1**	$ (50.6)	$ 128.5
Adjustments to Reconcile Net Income (Loss) to Net Cash from Operating Activities:			
Loss on early extinguishment of debt	**—**	45.5	111.5
Depreciation and amortization	**717.4**	599.6	570.3
Deferred income taxes and investment tax credits	**118.2**	(188.2)	306.7
Stock compensation expense and 401(k) profit sharing contribution	**25.9**	28.6	40.1
Impairment of goodwill and other intangible assets	**414.5**	—	—
Amortization of discount/premium on debt	**8.2**	7.5	7.4
AFUDC equity	**(8.0)**	(14.2)	(12.6)
Other adjustments	**(0.9)**	1.7	6.6
Changes in Assets and Liabilities:			
Accounts receivable	**187.8**	(186.2)	(52.3)
Inventories	**(2.0)**	41.4	19.0
Accounts payable	**(299.9)**	268.4	49.0
Customer deposits and credits	**16.9**	(25.4)	(2.5)
Taxes accrued	**7.3**	20.2	10.2
Interest accrued	**8.8**	(21.7)	(33.9)
Exchange gas receivable/payable	**55.5**	(21.5)	(64.5)
Other accruals	**105.3**	43.5	31.8
Prepayments and other current assets	**(33.6)**	(14.5)	(13.3)
Regulatory assets/liabilities	**(85.6)**	(53.2)	57.5
Postretirement and postemployment benefits	**(21.1)**	58.2	(380.9)
Deferred charges and other noncurrent assets	**(76.1)**	3.8	(2.0)
Other noncurrent liabilities	**61.6**	(2.8)	(34.4)
Net Cash Flows from Operating Activities	**1,583.3**	540.1	742.2
Investing Activities			
Capital expenditures	**(1,802.4)**	(1,818.2)	(1,695.8)
Cost of removal	**(113.2)**	(104.3)	(109.0)
Purchases of available-for-sale securities	**(140.4)**	(90.0)	(168.4)
Sales of available-for-sale securities	**132.1**	82.3	163.1
Other investing activities	**1.5**	4.1	1.6
Net Cash Flows used for Investing Activities	**(1,922.4)**	(1,926.1)	(1,808.5)
Financing Activities			
Issuance of long-term debt	**750.0**	350.0	3,250.0
Repayments of long-term debt and finance lease obligations	**(51.6)**	(1,046.1)	(1,855.0)
Issuance of short-term debt (maturity > 90 days)	**600.0**	950.0	—
Repayment of short-term debt (maturity > 90 days)	**(700.0)**	—	—
Change in short-term borrowings, net (maturity ≤ 90 days)	**(104.0)**	(178.5)	(282.4)
Issuance of common stock, net of issuance costs	**244.4**	848.2	336.7
Issuance of preferred stock, net of issuance costs	**—**	880.0	—
Equity costs, premiums and other debt related costs	**(17.8)**	(46.0)	(144.3)
Acquisition of treasury stock	**—**	(4.0)	(7.2)
Dividends paid - common stock	**(298.5)**	(273.3)	(229.1)
Dividends paid - preferred stock	**(56.1)**	(11.6)	—
Net Cash Flows from Financing Activities	**366.4**	1,468.7	1,068.7
Change in cash, cash equivalents and restricted cash	**27.3**	82.7	2.4
Cash, cash equivalents and restricted cash at beginning of period	**121.1**	38.4	36.0
Cash, Cash Equivalents and Restricted Cash at End of Period	**$ 148.4**	$ 121.1	$ 38.4

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NISOURCE INC.
STATEMENTS OF CONSOLIDATED STOCKHOLDERS' EQUITY

(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, 2017	**$ 3.3**	**$ —**	**$ (88.7)**	**$ 5,153.9**	**$ (972.2)**	**$ (25.1)**	**$ 4,071.2**
Comprehensive Income:							
Net Income	—	—	—	—	128.5	—	128.5
Other comprehensive loss, net of tax	—	—	—	—	—	(18.3)	(18.3)
Common stock dividends ($0.70 per share)	—	—	—	—	(229.4)	—	(229.4)
Treasury stock acquired	—	—	(7.2)	—	—	—	(7.2)
Stock issuances:							
Employee stock purchase plan	—	—	—	5.0	—	—	5.0
Long-term incentive plan	—	—	—	14.9	—	—	14.9
401(k) and profit sharing	—	—	—	34.3	—	—	34.3
Dividend reinvestment plan	—	—	—	6.4	—	—	6.4
ATM Program	0.1	—	—	314.6	—	—	314.7
Balance as of December 31, 2017	**$ 3.4**	**$ —**	**$ (95.9)**	**$ 5,529.1**	**$ (1,073.1)**	**$ (43.4)**	**$ 4,320.1**
Comprehensive Loss:							
Net Loss	—	—	—	—	(50.6)	—	(50.6)
Other comprehensive income, net of tax	—	—	—	—	—	15.7	15.7
Dividends							
Common stock ($0.78 per share)	—	—	—	—	(273.5)	—	(273.5)
Preferred stock ($28.88 per share)	—	—	—	—	(11.6)	—	(11.6)
Treasury stock acquired	—	—	(4.0)	—	—	—	(4.0)
Cumulative effect of change in accounting principle	—	—	—	—	9.5	(9.5)	—
Stock issuances:							
Common stock - private placement	0.3	—	—	599.3	—	—	599.6
Preferred stock	—	880.0	—	—	—	—	880.0
Employee stock purchase plan	—	—	—	5.5	—	—	5.5
Long-term incentive plan	—	—	—	15.4	—	—	15.4
401(k) and profit sharing	—	—	—	21.8	—	—	21.8
ATM Program	0.1	—	—	232.4	—	—	232.5
Balance as of December 31, 2018	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,403.5**	**$ (1,399.3)**	**$ (37.2)**	**$ 5,750.9**
Comprehensive Income:							
Net Income	—	—	—	—	383.1	—	383.1
Other comprehensive loss, net of tax	—	—	—	—	—	(55.4)	(55.4)
Dividends:							
Common stock ($0.80 per share)	—	—	—	—	(298.5)	—	(298.5)
Preferred stock (See Note 12)	—	—	—	—	(56.1)	—	(56.1)
Stock issuances:							
Employee stock purchase plan	—	—	—	5.6	—	—	5.6
Long-term incentive plan	—	—	—	10.4	—	—	10.4
401(k) and profit sharing	—	—	—	17.6	—	—	17.6
ATM program	—	—	—	229.1	—	—	229.1
Balance as of December 31, 2019	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,666.2**	**$ (1,370.8)**	**$ (92.6)**	**$ 5,986.7**

[(1)]Series A and Series B shares have an aggregate liquidation preference of $400M and $500M, respectively. See Note 12, "Equity" for additional information.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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NISOURCE INC.
STATEMENTS OF CONSOLIDATED STOCKHOLDERS' EQUITY

	Preferred	Common		
(in thousands)	**Shares**	**Shares**	**Treasury**	**Outstanding**
Balance as of January 1, 2017	**—**	**326,664**	**(3,504)**	**323,160**
Treasury stock acquired	—	—	(293)	(293)
Issued:				
Employee stock purchase plan	—	207	—	207
Long-term incentive plan	—	351	—	351
401(k) and profit sharing plan	—	1,396	—	1,396
Dividend reinvestment plan	—	264	—	264
ATM program	—	11,931	—	11,931
Balance as of December 31, 2017	**—**	**340,813**	**(3,797)**	**337,016**
Treasury stock acquired	—	—	(166)	(166)
Issued:				
Common stock - private placement	—	24,964	—	24,964
Preferred stock	420	—	—	—
Employee stock purchase plan	—	223	—	223
Long-term incentive plan	—	561	—	561
401(k) and profit sharing plan	—	882	—	882
ATM Program	—	8,883	—	8,883
Balance as of December 31, 2018	**420**	**376,326**	**(3,963)**	**372,363**
Issued:				
Preferred stock[(1)]	20	—	—	—
Employee stock purchase plan	—	201	—	201
Long-term incentive plan	—	518	—	518
401(k) and profit sharing plan	—	631	—	631
ATM program	—	8,423	—	8,423
Balance as of December 31, 2019	**440**	**386,099**	**(3,963)**	**382,136**

[(1)]See Note 12, "Equity," for additional information.

Accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

1. Nature of Operations and Summary of Significant Accounting Policies

A. Company Structure and Principles of Consolidation. We are an energy holding company incorporated in Delaware and headquartered in Merrillville, Indiana. Our subsidiaries are fully regulated natural gas and electric utility companies serving approximately 4.0 million customers in seven states. We generate substantially all of our operating income through these rate-regulated businesses. The consolidated financial statements include the accounts of us and our majority-owned subsidiaries after the elimination of all intercompany accounts and transactions.

On February 26, 2020, NiSource and Columbia of Massachusetts entered into the Asset Purchase Agreement with Eversource, a Massachusetts voluntary association. Upon the terms and subject to the conditions set forth in the Asset Purchase Agreement, NiSource and Columbia of Massachusetts agreed to sell to Eversource, with certain additions and exceptions, (1) substantially all of the assets of Columbia of Massachusetts and (2) all of the assets held by any of Columbia of Massachusetts' affiliates that primarily relate to the business of storing, distributing or transporting natural gas to residential, commercial and industrial customers in Massachusetts, as conducted by Columbia of Massachusetts, and Eversource agreed to assume certain liabilities of Columbia of Massachusetts and its affiliates. For additional information, see Note 26, "Subsequent Event."

B. Use of Estimates. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Cash, Cash Equivalents and Restricted Cash. We consider all highly liquid investments with original maturities of three months or less to be cash equivalents. We report amounts deposited in brokerage accounts for margin requirements as restricted cash. In addition, we have amounts deposited in trust to satisfy requirements for the provision of various property, liability, workers compensation, and long-term disability insurance, which is classified as restricted cash on the Consolidated Balance Sheets and disclosed with cash and cash equivalents on the Statements of Consolidated Cash Flows.

D. Accounts Receivable and Unbilled Revenue. Accounts receivable on the Consolidated Balance Sheets includes both billed and unbilled amounts. Unbilled amounts of accounts receivable relate to a portion of a customer's consumption of gas or electricity from the last cycle billing date 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. Accounts receivable fluctuates from year to year depending in large part on weather impacts and price volatility. Our accounts receivable on the Consolidated Balance Sheets include unbilled revenue, less reserves, in the amounts of $350.5 million and $324.2 million as of December 31, 2019 and 2018, respectively. The reserve for uncollectible receivables is our best estimate of the amount of probable credit losses in the existing accounts receivable. We determined the reserve based on historical experience and in consideration of current market conditions. Account balances are charged against the allowance when it is anticipated the receivable will not be recovered. Refer to Note 3, "Revenue Recognition," for additional information on customer-related accounts receivable.

E. Investments in Debt Securities. Our investments in debt securities are carried at fair value and are designated as available-for-sale. These investments are included within "Other investments" on the Consolidated Balance Sheets. Unrealized gains and losses, net of deferred income taxes, are recorded to accumulated other comprehensive income or loss. These investments are monitored for other than temporary declines in market value. Realized gains and losses and permanent impairments are reflected in the Statements of Consolidated Income (Loss). No material impairment charges were recorded for the years ended December 31, 2019, 2018 or 2017. Refer to Note 17, "Fair Value," for additional information.

F. Basis of Accounting for Rate-Regulated Subsidiaries. Rate-regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the way in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates can be charged and collected. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income are deferred on the Consolidated Balance Sheets and are later recognized in income as the related amounts are included in customer rates and recovered from or refunded to customers.

In the event that regulation significantly changes the opportunity for us to recover our costs in the future, all or a portion of our regulated operations may no longer meet the criteria for regulatory accounting. In such an event, a write-down of all or a portion of our existing regulatory assets and liabilities could result. If transition cost recovery was approved by the appropriate regulatory bodies that would meet the requirements under GAAP for continued accounting as regulatory assets and liabilities during such recovery period, the regulatory assets and liabilities would be reported at the recoverable amounts. If unable to continue to apply the provisions of regulatory accounting, we would be required to apply the provisions of ASC 980-20, *Discontinuation of Rate-Regulated Accounting*. In management's opinion, our regulated subsidiaries will be subject to regulatory accounting for the foreseeable future. Refer to Note 8, "Regulatory Matters," for additional information.

G. Plant and Other Property and Related Depreciation and Maintenance. Property, plant and equipment (principally utility plant) is stated at cost. The rate-regulated subsidiaries record depreciation using composite rates on a straight-line basis over the remaining service lives of the electric, gas and common properties as approved by the appropriate regulators.

Non-utility property is generally depreciated on a straight-line basis over the life of the associated asset. Refer to Note 5, "Property, Plant and Equipment," for additional information related to depreciation expense.

For rate-regulated companies, AFUDC is capitalized on all classes of property except organization costs, land, autos, office equipment, tools and other general property purchases. The allowance is applied to construction costs for that period of time between the date of the expenditure and the date on which such project is placed in service. Our pre-tax rate for AFUDC was 3.0% in 2019, 3.5% in 2018 and 4.0% in 2017.

Generally, our subsidiaries follow the practice of charging maintenance and repairs, including the cost of removal of minor items of property, to expense as incurred. When our subsidiaries retire regulated property, plant and equipment, original cost plus the cost of retirement, less salvage value, is charged to accumulated depreciation. However, when it becomes probable a regulated asset will be retired substantially in advance of its original expected useful life or is abandoned, the cost of the asset and the corresponding accumulated depreciation is recognized as a separate asset. If the asset is still in operation, the net amount is classified as "Other property, at cost, less accumulated depreciation" on the Consolidated Balance Sheets. If the asset is no longer operating, the net amount is classified in "Regulatory assets" on the Consolidated Balance Sheets. If we are able to recover a full return of and on investment, the carrying value of the asset is based on historical cost. If we are not able to recover a full return on investment, a loss on impairment is recognized to the extent the net book value of the asset exceeds the present value of future revenues discounted at the incremental borrowing rate.

When our subsidiaries sell entire regulated operating units, or retire or sell nonregulated properties, the original cost and accumulated depreciation and amortization balances are removed from "Property, Plant and Equipment" on the Consolidated Balance Sheets. Any gain or loss is recorded in earnings, unless otherwise required by the applicable regulatory body. Refer to Note 5, "Property, Plant and Equipment," for further information.

External and internal costs associated with computer software developed for internal use are capitalized. Capitalization of such costs commences upon the completion of the preliminary stage of each project. Once the installed software is ready for its intended use, such capitalized costs are amortized on a straight-line basis generally over a period of five years, except for certain significant enterprise-wide technology investments which are amortized over a ten-year period.

External and internal up-front implementation costs associated with cloud computing arrangements that are service contracts are deferred on the Consolidated Balance Sheets. Once the installed software is ready for its intended use, such deferred costs are amortized on a straight-line basis to "Operation and maintenance," over the minimum term of the contract plus contractually-provided renewal periods that are reasonable expected to be exercised -- generally up to a maximum of five years.

H. Goodwill and Other Intangible Assets. Substantially all of our goodwill relates to the excess of cost over the fair value of the net assets acquired in the Columbia acquisition on November 1, 2000. We test our goodwill for impairment annually as of May 1, or more frequently if events and circumstances indicate that goodwill might be impaired. Fair value of our reporting units is determined using a combination of income and market approaches.

We had other intangible assets consisting primarily of franchise rights apart from goodwill that were identified as part of the purchase price allocations associated with the acquisition of Columbia of Massachusetts, which were being amortized on a straight-line basis over forty years from the date of acquisition.

During the fourth quarter of 2019, we impaired goodwill and intangible assets related to Columbia of Massachusetts. See Note 6, "Goodwill and Other Intangible Assets," for additional information.

I. Accounts Receivable Transfer Program. Certain of our subsidiaries have agreements with third parties to transfer certain accounts receivable without recourse. These transfers of accounts receivable are accounted for as secured borrowings. The entire gross receivables balance remains on the December 31, 2019 and 2018 Consolidated Balance Sheets and short-term debt is recorded in the amount of proceeds received from the transferees involved in the transactions. Refer to Note 18, "Transfers of Financial Assets," for further information.

J. Gas Cost and Fuel Adjustment Clause. Our regulated subsidiaries defer most differences between gas and fuel purchase costs and the recovery of such costs in revenues, and adjust future billings for such deferrals on a basis consistent with applicable state-approved tariff provisions. These deferred balances are recorded as "Regulatory assets" or "Regulatory liabilities," as appropriate, on the Consolidated Balance Sheets. Refer to Note 8, "Regulatory Matters," for additional information.

K. Inventory. Both the LIFO inventory methodology and the weighted average cost methodology are used to value natural gas in storage, as approved by regulators for all of our regulated subsidiaries. Inventory valued using LIFO was $47.2 million and $47.5 million at December 31, 2019 and 2018, respectively. Based on the average cost of gas using the LIFO method, the estimated replacement cost of gas in storage was less than the stated LIFO cost by $25.5 million and $12.2 million at December 31, 2019 and 2018, respectively. Gas inventory valued using the weighted average cost methodology was $203.7 million at December 31, 2019 and $239.3 million at December 31, 2018.

Electric production fuel is valued using the weighted average cost inventory methodology, as approved by NIPSCO's regulator.

Materials and supplies are valued using the weighted average cost inventory methodology.

L. Accounting for Exchange and Balancing Arrangements of Natural Gas. Our Gas Distribution Operations segment enters into balancing and exchange arrangements of natural gas as part of its operations and off-system sales programs. We record a receivable or payable for any of our respective cumulative gas imbalances, as well as for any gas inventory borrowed or lent under a Gas Distribution Operations exchange agreement. Exchange gas is valued based on individual regulatory jurisdiction requirements (for example, historical spot rate, spot at the beginning of the month). These receivables and payables are recorded as “Exchange gas receivable” or “Exchange gas payable” on our Consolidated Balance Sheets, as appropriate.

M. Accounting for Risk Management Activities. We account for our derivatives and hedging activities in accordance with ASC 815. We recognize all derivatives as either assets or liabilities on the Consolidated Balance Sheets at fair value, unless such contracts are exempted as a normal purchase normal sale under the provisions of the standard. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and resulting designation.

We have elected not to net fair value amounts for any of our derivative instruments or the fair value amounts recognized for the right to receive cash collateral or obligation to pay cash collateral arising from those derivative instruments recognized at fair value, which are executed with the same counterparty under a master netting arrangement. See Note 9, "Risk Management Activities," for additional information.

N. Income Taxes and Investment Tax Credits. We record income taxes to recognize full interperiod tax allocations. Under the asset and liability method, deferred income taxes are provided for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amount and the tax basis of existing assets and liabilities. Investment tax credits associated with regulated operations are deferred and amortized as a reduction to income tax expense over the estimated useful lives of the related properties.

To the extent certain deferred income taxes of the regulated companies are recoverable or payable through future rates, regulatory assets and liabilities have been established. Regulatory assets for income taxes are primarily attributable to property-related tax timing differences for which deferred taxes had not been provided in the past, when regulators did not recognize such taxes as costs in the rate-making process. Regulatory liabilities for income taxes are primarily attributable to the regulated companies' obligation to refund to ratepayers deferred income taxes provided at rates higher than the current Federal income tax rate. Such property-related amounts are credited to ratepayers using either the average rate assumption method or the reverse South Georgia method. Non property-related amounts are credited to ratepayers consistent with state utility commission direction.

Pursuant to the Internal Revenue Code and relevant state taxing authorities, we and our subsidiaries file consolidated income tax returns for federal and certain state jurisdictions. We and our subsidiaries are parties to a tax sharing agreement. Income taxes recorded by each party represent amounts that would be owed had the party been separately subject to tax.

O. Environmental Expenditures. We accrue for costs associated with environmental remediation obligations when the incurrence of such costs is probable and the amounts can be reasonably estimated, regardless of when the expenditures are actually made. The undiscounted estimated future expenditures are based on currently enacted laws and regulations, existing technology and estimated site-specific costs where assumptions may be made about the nature and extent of site contamination, the extent of cleanup efforts, costs of alternative cleanup methods and other variables. The liability is adjusted as further information is discovered or circumstances change. The accruals for estimated environmental expenditures are recorded on the Consolidated Balance Sheets in “Legal and environmental” for short-term portions of these liabilities and “Other noncurrent liabilities” for the respective long-term portions of these liabilities. Rate-regulated subsidiaries applying regulatory accounting establish regulatory assets on the Consolidated Balance Sheets to the extent that future recovery of environmental remediation costs is probable through the regulatory process. Refer to Note 19, "Other Commitments and Contingencies," for further information.

P. Excise Taxes. As an agent for some state and local governments, we invoice and collect certain excise taxes levied by state and local governments on customers and record these amounts as liabilities payable to the applicable taxing jurisdiction. Such balances are presented within "Other accruals" on the Consolidated Balance Sheets. These types of taxes collected from customers, comprised largely of sales taxes, are presented on a net basis affecting neither revenues nor cost of sales. We account for excise taxes for which we are liable by recording a liability for the expected tax with a corresponding charge to “Other taxes” expense on the Statements of Consolidated Income (Loss).

Q. Accrued Insurance Liabilities. We accrue for insurance costs related to workers compensation, automobile, property, general and employment practices liabilities based on the most probable value of each claim. In general, claim values are determined by professional, licensed loss adjusters who consider the facts of the claim, anticipated indemnification and legal expenses, and respective state rules. Claims are reviewed by us at least quarterly and an adjustment is made to the accrual based on the most current information. Refer to Note 19-E "Other Matters" for further information on accrued insurance liabilities related to the Greater Lawrence Incident.

2. Recent Accounting Pronouncements

Recently Issued Accounting Pronouncements

We are currently evaluating the impact of certain ASUs on our Consolidated Financial Statements or Notes to Consolidated Financial Statements, 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 Consolidated Financial Statements. We expect to adopt this ASU on its effective date.
ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*	This pronouncement simplifies the accounting for income taxes by eliminating certain exceptions to the general principles in ASC 740, income taxes. It also improves consistency of application for other areas of the guidance by clarifying and amending existing guidance.	Annual periods beginning after December 15, 2020. Early adoption is permitted.	We are currently evaluating the effects of this pronouncement on our Consolidated Financial Statements and Notes to Consolidated Financial Statements. We tentatively expect to adopt this ASU on its effective date.

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NiSource Inc.
Notes to Consolidated Financial Statements

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

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)*	
ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*	In June 2016, the FASB issued ASU 2016-13 that revised the guidance on the impairment of most financial assets and certain other instruments that are not measured at fair value through net income. This ASU replaces the current "incurred loss" model with an "expected loss" model for instruments measured at amortized cost. It also requires 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. We adopted this ASU effective January 1, 2020, using a modified retrospective method. Adoption of this standard did not have a material impact on our Consolidated Financial Statements. No material adjustments were made to January 1, 2020 opening balances as a result of adoption. For our investments that are classified as available for sale debt securities, we will recognize impairment using an allowance approach instead of an 'other than temporary' impairment (OTTI) model. Since we do not have amounts previously recognized in other comprehensive income related to previous OTTI charges, provisions of this ASU are adopted prospectively. In regards to our recorded balances of trade receivables that fall within the scope of this ASU, the ASU did not result in any significant modifications to our policies related to recognizing an allowance on our trade receivables. Based on shared risk characteristics, we segregate our trade receivables into separate pools. We will apply separate models to calculate reserves for uncollectible receivables, as well as consider factors other than time to determine whether a credit loss exists. ASC 326 also prescribes additional presentation and disclosure requirements. For reporting periods beginning after January 1, 2020, we will include additional disclosures in our Notes to Consolidated Financial Statements based on qualitative and quantitative assessment of materiality.
ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326)*	

3. Revenue Recognition

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.

The table below provides results for the years ended December 31, 2019 and 2018 as if it had been prepared under historic accounting guidance. We included operating revenue information for the year ended December 31, 2017 for comparability.

Year Ended December 31, *(in millions)*		2019		2018		2017
Operating Revenues						
Gas Distribution	**$**	**2,336.1**	$	2,348.4	$	2,063.2
Gas Transportation		**1,171.3**		1,055.2		1,021.5
Electric		**1,698.5**		1,707.4		1,785.5
Other		**3.0**		3.5		4.4
Total Operating Revenues	**$**	**5,208.9**	$	5,114.5	$	4,874.6

Beginning in 2018 with the adoption of ASC 606, the Statements of Consolidated Income (Loss) 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.

Customers in certain of our jurisdictions participate in programs that allow for a fixed payment each month regardless of usage. Payments received that exceed the value of gas or electricity actually delivered are recorded as a liability and presented in "Customer Deposits and Credits" on the Consolidated Balance Sheets. Amounts in this account are reduced and revenue is recorded when customer usage begins to exceed payments received.

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 "Regulatory Liabilities" on the Consolidated Balance Sheets 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, 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 Statements of Consolidated Income (Loss):

Year Ended December 31, 2019 (in millions)	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Customer Revenues[1]				
Residential	$ 2,309.0	$ 481.6	$ —	$ 2,790.6
Commercial	771.3	486.6	—	1,257.9
Industrial	245.2	607.7	—	852.9
Off-system	77.7	—	—	77.7
Miscellaneous	52.0	21.5	0.8	74.3
Total Customer Revenues	$ 3,455.2	$ 1,597.4	$ 0.8	$ 5,053.4
Other Revenues	54.5	101.0	—	155.5
Total Operating Revenues	$ 3,509.7	$ 1,698.4	$ 0.8	$ 5,208.9

[1] Customer revenue amounts exclude intersegment revenues. See Note 23, "Segments of Business," for discussion of intersegment revenues.

Year Ended December 31, 2018 *(in millions)*	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Customer Revenues[1]				
Residential	$ 2,250.0	$ 494.7	$ —	$ 2,744.7
Commercial	751.9	492.7	—	1,244.6
Industrial	228.0	613.6	—	841.6
Off-system	92.4	—	—	92.4
Miscellaneous	49.7	17.4	0.7	67.8
Total Customer Revenues	$ 3,372.0	$ 1,618.4	$ 0.7	$ 4,991.1
Other Revenues	34.4	89.0	—	123.4
Total Operating Revenues	$ 3,406.4	$ 1,707.4	$ 0.7	$ 5,114.5

[1] Customer revenue amounts exclude intersegment revenues. See Note 23, "Segments of Business," for discussion of intersegment revenues.

Customer Accounts Receivable. Accounts receivable on our Consolidated Balance Sheets 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 years ended December 31, 2019 and 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)
Balance as of December 31, 2018	$ 540.5	$ 349.1
Balance as of December 31, 2019	466.6	346.6
Decrease	$ (73.9)	$ (2.5)

[1] Customer billed receivables decreased due to decreased natural gas costs and warmer weather in 2019 compared to 2018.

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 Statements of Consolidated Income (Loss) 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 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 of such plans and agreements would be dilutive. The calculation of diluted earnings per share for the year ended December 31, 2018 does not include any dilutive potential common shares as we had a net loss on the Statements of Consolidated Income (Loss) for that period, and any incremental shares would have had an anti-dilutive impact on EPS. The calculation of diluted earnings per share for the year ended December 31, 2017 excludes the impact of forward agreements, which had an anti-dilutive effect for that period. The computation of diluted average common shares is as follows:

Year Ended December 31, *(in thousands)*	**2019**	2018	2017
Denominator			
Basic average common shares outstanding	**374,650**	356,491	329,388
Dilutive potential common shares:			
Shares contingently issuable under employee stock plans	**929**	—	547
Shares restricted under stock plans	**154**	—	821
Forward agreements	**253**	—	—
Diluted Average Common Shares	**375,986**	356,491	330,756

5. Property, Plant and Equipment

Our property, plant and equipment on the Consolidated Balance Sheets are classified as follows:

At December 31, *(in millions)*		**2019**		2018
Property, Plant and Equipment				
Gas Distribution Utility[1]	**$**	**14,989.7**	$	13,776.0
Electric Utility[1]		**8,902.3**		8,374.2
Corporate		**153.3**		155.8
Construction Work in Process		**457.3**		474.8
Non-Utility and Other		**39.3**		38.7
Total Property, Plant and Equipment	**$**	**24,541.9**	$	22,819.5
Accumulated Depreciation and Amortization				
Gas Distribution Utility[1]	**$**	**(3,556.0)**	$	(3,373.8)
Electric Utility[1]		**(3,973.8)**		(3,809.5)
Corporate		**(79.5)**		(74.6)
Non-Utility and Other		**(20.4)**		(19.1)
Total Accumulated Depreciation and Amortization	**$**	**(7,629.7)**	$	(7,277.0)
Net Property, Plant and Equipment	**$**	**16,912.2**	$	15,542.5

[1]NIPSCO's common utility plant and associated accumulated depreciation and amortization are allocated between Gas Distribution Utility and Electric Utility Property, Plant and Equipment.

The weighted average depreciation provisions for utility plant, as a percentage of the original cost, for the periods ended December 31, 2019, 2018 and 2017 were as follows:

	2019	2018	2017
Electric Operations[1]	**2.8%**	2.9%	3.4%
Gas Distribution Operations	**2.5%**	2.2%	2.1%

[1]Lower depreciation rate beginning in 2018 due to reduced EERM-related depreciation expense and higher depreciable base from transmission assets being placed into service in 2018.

We recognized depreciation expense of $612.2 million, $503.4 million and $501.5 million for the years ended 2019, 2018 and 2017, respectively.

Amortization of Software Costs. We amortized $55.5 million, $54.1 million and $44.0 million in 2019, 2018 and 2017, respectively, related to software costs. Our unamortized software balance was $169.6 million and $159.5 million at December 31, 2019 and 2018, respectively.

Amortization of Cloud Computing Costs. We amortized $1.6 million and $0.1 million in 2019 and 2018, respectively, related to cloud computing costs. Our unamortized cloud computing balance was $14.2 million and $4.9 million at December 31, 2019 and 2018, respectively.

6. Goodwill and Other Intangible Assets

Intangible and Other Long-Lived Assets Impairment. Our intangible assets, apart from goodwill, consist of franchise rights. Franchise rights were identified as part of the purchase price allocations associated with the acquisition in February 1999 of Columbia of Massachusetts. We review our definite-lived intangible assets, along with other long-lived assets (utility plant), for impairment when events or changes in circumstances indicate the assets' fair value might be below their carrying amount.

During the fourth quarter of 2019, in connection with the preparation of the year-end financial statements, we assessed the changes in circumstances that occurred during the quarter to determine if it was more likely than not that the fair value of our long-lived assets (including franchise rights) were below their carrying amount. While there was no single determinative event or factor, the consideration in totality of several factors that developed during the fourth quarter of 2019 led us to conclude that it was more likely than not that the fair value of the Columbia of Massachusetts reporting unit and the value of its long-lived assets was below its carrying value. These factors included: (i) increased Massachusetts DPU regulatory enforcement activity related to Columbia of Massachusetts during the fourth quarter, including (a) an order imposing work restrictions on Columbia of Massachusetts, impacting Columbia of Massachusetts' infrastructure replacement program, (b) two orders opening public investigations into Columbia of Massachusetts related to the Greater Lawrence Incident and restoration efforts following the incident, and (c) an order defining the scope of the Massachusetts DPU's investigation into the preparation and response of Columbia of Massachusetts related to the incident; (ii) increased uncertainty as to the ability of Columbia of Massachusetts to execute its growth strategy, including utility infrastructure investments, and to obtain timely regulatory outcomes with reasonable rates of return; (iii) further damage to Columbia of Massachusetts' reputation as a result of concerns related to service lines abandoned during the restoration work following the Greater Lawrence Incident and the gas release event in Lawrence, Massachusetts on September 27, 2019; and (iv) the potential sale of the Massachusetts Business. See Note 19, "Other Commitments and Contingencies - C. Legal Proceedings" for more information regarding Massachusetts DPU regulatory enforcement activity. See Note 26, "Subsequent Event" for more information on the potential sale of the Massachusetts Business.

As a result, we performed a year-end impairment test of the held and used long-lived assets in which we compared the book value of the Columbia of Massachusetts asset group to its undiscounted future cash flow and determined the carrying value of the asset group was not recoverable. We estimated the fair value of the Columbia of Massachusetts asset group using a weighting of income and market approaches and determined that the fair value was less than the carrying value. This resulting impairment was allocated to reduce the entire franchise rights book value to its fair value of zero, which resulted in an impairment charge totaling $209.7 million recorded in the Gas Distribution Operations segment.

We also considered if any regulatory assets or ROU assets were probable of disallowance and determined no disallowances were probable. All of Columbia of Massachusetts' regulatory assets represent incurred costs probable of recovery.

As of December 31, 2019 and 2018, the carrying amount of the franchise rights was $0.0 million and $220.7 million (net of accumulated amortization of $221.5 million), respectively. We recorded amortization expense of $11.0 million in 2019, 2018 and 2017 related to our franchise rights intangible asset.

Goodwill. Substantially all of our goodwill relates to the excess of cost over the fair value of the net assets acquired in the Columbia acquisition on November 1, 2000. The following presents our goodwill balance allocated by segment as of December 31, 2019 and 2018:

(in millions)	**2019**	2018
Gas Distribution Operations	$ 1,485.9	$ 1,690.7
Electric Operations	—	—
Corporate and Other	—	—
Total	**$ 1,485.9**	$ 1,690.7

For our annual goodwill impairment analysis 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 19-C, "Legal Proceedings"). As a result, we completed a quantitative "step 1" analysis for the May 1, 2019 goodwill analysis for this reporting unit. This analysis considered the progress Columbia of Massachusetts had made with its restoration efforts related to the Greater Lawrence Incident, including the replacement of previously repaired equipment and the settlement agreement with the three impacted municipalities, as well as the ability for Columbia of Massachusetts to sustain its infrastructure replacement growth strategy through GSEP and timely rate cases with reasonable rates of return. Consistent with our historical impairment testing of goodwill, fair value of the Columbia of Massachusetts reporting unit was determined based on a weighting of income and market approaches. These approaches require significant judgments, including appropriate long-term growth rates and discount rates for the income approach and appropriate multiples of earnings for peer companies and control premiums for the market approach. These approaches also incorporate the latest available cash flow projections reflecting the estimated ongoing impacts of the Greater Lawrence Incident on Columbia of Massachusetts' operations. The discount rates were derived using peer company data compiled with the assistance of a third party valuation services firm. The discount rates used are subject to change based on changes in tax rates at both the state and federal level, debt and equity ratios at each reporting unit and general economic conditions. The long-term growth rate was derived by evaluating historic growth rates, new business and investment opportunities beyond the near term horizon. The long-term growth rate is subject to change depending on inflationary impacts to the U.S. economy and the individual business environments in which each reporting unit operates. The step 1 analysis performed indicated that the fair value of the Columbia of Massachusetts reporting unit exceeds its carrying value. As a result, no impairment charge was recorded as of the May 1, 2019 test date.

Although our annual impairment test is performed during the second quarter, we continue to monitor changes in circumstances that may indicate that it is more likely than not that the fair value of our reporting units is less than the reporting unit carrying value. During the fourth quarter of 2019, in connection with the preparation of the year-end financial statements, we assessed the matters related to Columbia of Massachusetts. These factors were the same fourth quarter circumstances outlined in the intangible and other long-lived assets impairment above.

As a result, a new impairment analysis was required for our Columbia of Massachusetts reporting unit. Consistent with the May 1, 2019 test, fair value of this reporting unit was determined based on a weighting of income and market approaches. The income approach calculated discounted cash flows using updated cash flow projections, discount rates and return on equity assumptions. The market approach applied a combination of comparable company multiples and comparable transactions and used updated cash flow projections. While certain assumptions, such as market multiples, remained unchanged in the year-end test, our cash flow projections, return on equity and rate case assumptions were all unfavorably updated at year-end compared to the May 1, 2019 test. The effects of these unfavorable developments were greater than the favorable change in weighted average cost of capital between the two tests. The year-end impairment analysis indicated that the fair value of the Columbia of Massachusetts reporting unit was below its carrying value. As a result, we reduced the Columbia of Massachusetts reporting unit goodwill balance to zero and recognized a goodwill impairment charge totaling $204.8 million, which is non-deductible for tax purposes.

7. Asset Retirement Obligations

We have recognized asset retirement obligations associated with various legal obligations including costs to remove and dispose of certain construction materials located within many of our facilities, certain costs to retire pipeline, removal costs for certain underground storage tanks, removal of certain pipelines known to contain PCB contamination, closure costs for certain sites including ash ponds, solid waste management units and a landfill, as well as some other nominal asset retirement obligations. We also have a significant obligation associated with the decommissioning of our two hydro facilities located in Indiana. These hydro facilities have an indeterminate life, and as such, no asset retirement obligation has been recorded.

Changes in our liability for asset retirement obligations for the years 2019 and 2018 are presented in the table below:

(in millions)	**2019**	2018
Beginning Balance	**$ 352.0**	$ 268.7
Accretion recorded as a regulatory asset/liability	**15.7**	11.1
Additions	**—**	63.3 [2]
Settlements	**(5.4)**	(5.9)
Change in estimated cash flows	**54.6** [1]	14.8 [2]
Ending Balance	**$ 416.9**	$ 352.0

[1]The change in estimated cash flows for 2019 is primarily attributed to changes in estimated costs and settlement timing for electric generating stations and the changes in estimated costs for retirement of gas mains.
[2]In 2018, $59.8 million of additions and $17.7 million of the change in estimated cash flows are attributed to costs associated with refining the CCR compliance plan. See Note 19-D, "Environmental Matters," for additional information on CCRs.

Certain non-legal costs of removal that have been, and continue to be, included in depreciation rates and collected in the customer rates of the rate-regulated subsidiaries are classified as "Regulatory liabilities" on the Consolidated Balance Sheets.

8. Regulatory Matters

Regulatory Assets and Liabilities

We follow the accounting and reporting requirements of ASC Topic 980, which provides that regulated entities account for and report assets and liabilities consistent with the economic effect of regulatory rate-making procedures if the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates can be charged and collected from customers. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income or expense are deferred on the balance sheet and are recognized in the income statement as the related amounts are included in customer rates and recovered from or refunded to customers.

Regulatory assets were comprised of the following items:

At December 31, *(in millions)*	**2019**	2018
Regulatory Assets		
Unrecognized pension and other postretirement benefit costs (see Note 11)	**$ 739.1**	$ 798.3
Deferred pension and other postretirement benefit costs (see Note 11)	**91.3**	74.1
Environmental costs (see Note 19-D)	**73.4**	61.5
Regulatory effects of accounting for income taxes (see Note 1-N and Note 10)	**234.0**	233.1
Under-recovered gas and fuel costs (see Note 1-J)	**3.9**	34.7
Depreciation	**210.7**	209.6
Post-in-service carrying charges	**219.8**	206.6
Safety activity costs	**118.6**	91.7
DSM programs	**50.1**	45.5
Bailly Generating Station	**221.8**	244.3
Other	**276.9**	238.1
Total Regulatory Assets	**$ 2,239.6**	$ 2,237.5

Regulatory liabilities were comprised of the following items:

At December 31, *(in millions)*	**2019**	2018
Regulatory Liabilities		
Over-recovered gas and fuel costs (see Note 1-J)	**$ 42.6**	$ 32.0
Cost of removal (see Note 7)	**1,047.5**	1,076.0
Regulatory effects of accounting for income taxes (see Note 1-N and Note 10)	**1,307.0**	1,428.3
Deferred pension and other postretirement benefit costs (see Note 11)	**64.7**	62.7
Other	**50.4**	61.0
Total Regulatory Liabilities	**$ 2,512.2**	$ 2,660.0

Regulatory assets, including under-recovered gas and fuel cost, of approximately $1,524.3 million as of December 31, 2019 are not earning a return on investment. These costs are recovered over a remaining life of up to 41 years. Regulatory assets of approximately $1,932.4 million include expenses that are recovered as components of the cost of service and are covered by regulatory orders. Regulatory assets of approximately $307.2 million at December 31, 2019, require specific rate action.

Assets:

Unrecognized pension and other postretirement benefit costs. In 2007, we adopted certain updates of ASC 715 which required, among other things, the recognition in other comprehensive income or loss of the actuarial gains or losses and the prior service costs or credits that arise during the period but that are not immediately recognized as components of net periodic benefit costs. Certain subsidiaries defer these gains or losses as a regulatory asset in accordance with regulatory orders or as a result of regulatory precedent, to be recovered through base rates.

Deferred pension and other postretirement benefit costs. Primarily relates to the difference between postretirement expense recorded by certain subsidiaries due to regulatory orders and the postretirement expense recorded in accordance with GAAP. These costs are expected to be collected through future base rates, revenue riders or tracking mechanisms.

Environmental costs. Includes certain recoverable costs of investigating, testing, remediating and other costs related to gas plant sites, disposal sites or other sites onto which material may have migrated. Certain of our companies defer the costs as a regulatory asset in accordance with regulatory orders, to be recovered in future base rates, billing riders or tracking mechanisms.

Regulatory effects of accounting for income taxes. Represents the deferral and under collection of deferred taxes in the rate making process. In prior years, we have lowered customer rates in certain jurisdictions for the benefits of accelerated tax deductions. Amounts are expensed for financial reporting purposes as we recover deferred taxes in the rate making process.

Under-recovered gas and fuel costs. Represents the difference between the costs of gas and fuel and the recovery of such costs in revenue and is used to adjust future billings for such deferrals on a basis consistent with applicable state-approved tariff provisions. Recovery of these costs is achieved through tracking mechanisms.

Depreciation. Represents differences between depreciation expense incurred on a GAAP basis and that prescribed through regulatory order. Significant components of this balance include:

- **Columbia of Ohio depreciation rates**. Prior to 2005, the PUCO-approved depreciation rates for rate-making had been lower than those which would have been utilized if Columbia of Ohio were not subject to regulation resulting in the creation of a regulatory asset. In 2005, the PUCO authorized Columbia of Ohio to revise its depreciation accrual rates for the period beginning January 1, 2005. The revised depreciation rates are higher than those which would have been utilized if Columbia of Ohio were not subject to regulation allowing for amortization of the previously created regulatory asset. The amount of depreciation that would have been recorded from 2005 through 2019 had Columbia of Ohio not been subject to rate regulation is a cumulative $923.5 million, $103.8 million less than that reflected in rates. The resulting regulatory asset balance was $27.9 million and $39.5 million as of December 31, 2019 and 2018, respectively.

- **Columbia of Ohio IRP and CEP.** Columbia of Ohio also has PUCO approval to defer depreciation and debt-based post-in-service carrying charges (see "*Post-in-service carrying charges"* below) associated with its IRP and CEP. As of December 31, 2019, depreciation of $31.9 million and $77.2 million was deferred for the respective programs. Depreciation deferral balances for the respective programs as of December 31, 2018 were $29.1 million and $76.0 million. Recovery of the depreciation is approved annually through the IRP and CEP riders. The equivalent of annual depreciation expense, based on the average life of the related assets, is included in the calculation of the IRP and CEP riders approved by the PUCO and billed to customers. Deferred depreciation expense is recognized as the IRP and CEP riders are billed to customers.

- **NIPSCO ECRM.** NIPSCO obtained approval from the IURC to recover certain environmental related costs including operation and maintenance and depreciation expense once the environmental facilities become operational. The ECRM deferred charges represent expenses that will be recovered from customers through an annual ECRM Cost Tracker (ECT) which authorizes the collection of deferred balances over a six month period. Depreciation of $15.2 million and $14.4 million was deferred to a regulatory asset as of December 31, 2019 and 2018, respectively. This regulatory asset was included in electric base rates, which was approved by the IURC on December 4, 2019.

- **NIPSCO TDSIC.** NIPSCO obtained approval from the IURC to recover costs for certain system modernization projects outside of a base rate proceeding. Eighty percent of the related costs, including depreciation, property taxes, and debt and equity based carrying charges (see *"Post-in-service carrying charges"* below) are recovered through a semi-annual recovery mechanism. Recovery of these costs will continue through the TDSIC tracker until such assets are included in rate base through a gas or electric base rate case, respectively. The remaining twenty percent of the costs are deferred until the next base rate case. As of December 31, 2019 and 2018, depreciation of $22.0 million and $16.5 million, respectively, was deferred as a regulatory asset.

Post-in-service carrying charges. Represents deferred debt-based carrying charges incurred on certain assets placed into service but not yet included in customer rates. This balance includes:

- **Columbia of Ohio IRP and CEP.** See description of IRP and CEP programs above under the heading "*Depreciation*." As of December 31, 2019 and 2018, Columbia of Ohio had deferred PISCC of $206.4 million and $197.1 million, respectively.
- **NIPSCO TDSIC.** See description of TDSIC program above under the heading "*Depreciation*." Deferral of equity-based carrying charges for the TDSIC program is allowed; however, such amounts are not reflected in regulatory asset balances for financial reporting as equity-based returns do not meet the definition of incurred costs under ASC 980. As of December 31, 2019 and 2018, NIPSCO had deferred PISCC of $13.4 million and $9.5 million, respectively.

Safety activity costs. Represents the difference between costs incurred in eligible safety programs in excess of those being recovered in rates. The eligible cost deferrals represent necessary business expenses incurred in compliance with PHMSA regulations and are targeted to enhance the safety of the pipeline systems. Certain subsidiaries defer the excess costs as a regulatory asset in accordance with regulatory orders and recovery of these costs will be addressed in future base rate proceedings.

DSM programs. Represents costs associated with Gas Distribution Operations and Electric Operations segments' energy efficiency and conservation programs. Costs are recovered through tracking mechanisms.

Bailly Generating Station. Represents the net book value of Units 7 and 8 of Bailly Generating Station that was retired during 2018. These amounts are currently being amortized at a rate consistent with their inclusion in customer rates.

Liabilities:

Over-recovered gas and fuel costs. Represents the difference between the cost of gas and fuel and the recovery of such costs in revenues and is the basis to adjust future billings for such refunds on a basis consistent with applicable state-approved tariff provisions. Refunding of these revenues is achieved through tracking mechanisms.

Cost of removal. Represents anticipated costs of removal that have been, and continue to be, included in depreciation rates and collected in customer rates of the rate-regulated subsidiaries for future costs to be incurred.

Regulatory effects of accounting for income taxes. Represents amounts owed to customers for deferred taxes collected at a higher rate than the current statutory rates and liabilities associated with accelerated tax deductions owed to customers that are established during the rate making process. Balance includes excess deferred taxes recorded upon implementation of the TCJA in December 2017, net of amounts amortized through 2019.

Deferred pension and other postretirement benefit costs. Primarily represents cash contributions in excess of postretirement benefit expense that is deferred as a regulatory liability by certain subsidiaries in accordance with regulatory orders.

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.

Columbia of Ohio, IRP - On December 3, 2008, the PUCO issued an order which established Columbia of Ohio’s IRP. Pursuant to that order, the IRP provides for recovery of costs resulting from: (1) the maintenance, repair and replacement of customer-owned service lines that have been determined by Columbia of Ohio to present an existing or probable hazard to persons and property;

(2) Columbia of Ohio's replacement of cast iron, wrought iron, unprotected coated steel and bare steel pipe and associated company and customer-owned metallic service lines; (3) the replacement of customer-owned natural gas risers identified by the PUCO as prone to failure; and (4) the installation of AMR devices on all residential and commercial meters served by Columbia of Ohio. Recoverable costs include a return on investment, depreciation and property taxes, offset by specified cost savings. Columbia of Ohio's five-year IRP plan renewal was last approved on January 31, 2018 for the years 2018-2022.

Columbia of Ohio, CEP - On October 3, 2011, Columbia of Ohio filed an application for approval to establish the CEP that would provide for the deferral of PISCC on those assets placed into service, but not reflected in rates as plant in service, and the deferral of depreciation expense and property taxes directly attributable to the CEP assets for the period October 1, 2011 through December 31, 2012. Capital expenditures covered under this program included those placed into service that were not part of Columbia of Ohio's IRP. CEP was approved by the PUCO on August 29, 2012. Under this program, the PUCO's approval provided for the deferral of related PISCC, depreciation and property taxes up to the point where the deferred amount, if included in rates, would exceed $1.50 per month impact on the Small General Service class of customers, subject to the PUCO's determination of the prudence and reasonableness of investments covered under this program in a future regulatory proceeding. Subsequently, on October 3, 2013, the PUCO modified and approved Columbia of Ohio's application to continue its CEP deferrals in 2013 and succeeding years, subject to the determination of the prudence, reasonableness and magnitude of the deferrals and capital expenditures in a future cost recovery proceeding. On December 1, 2017, Columbia of Ohio filed an application in which it requested authority to implement a rider to begin recovering plant and associated deferrals related to its CEP. On October 25, 2018, a joint stipulation and recommendation was filed 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 Tax Cut Jobs Act and for a base rate case filing to be made by Columbia of Ohio no later than June 30, 2021. On November 28, 2018 the PUCO issued an order unanimously approving the settlement, without modification.

NIPSCO Gas and Electric, TDSIC - On April 30, 2013, the Indiana Governor signed Senate Enrolled Act 560, known as the TDSIC statute, into law. Among other provisions, the TDSIC statute 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, known as the TDSIC mechanism. Recoverable costs include a return on the investment, including AFUDC, PISCC, depreciation and property taxes. The remaining twenty percent of recoverable costs are deferred for future recovery in NIPSCO's next general rate case. This rate adjustment mechanism is typically filed semi-annually and has a cap at an annual increase of two percent of total retail revenues. During the 2019 Legislative session, the Indiana General Assembly amended the TDSIC statute in House Enrolled Act 1470 that was signed into law by the Governor on April 24, 2019. The revisions that became effective on July 1, 2019 permit flexibility in TDSIC Plans between five and seven years in length, permits the IURC to authorize multi-unit projects that do not include specific locations or an exact number of inspections, repairs, or replacements and projects involving advanced technology investments to support the modernization of transmission, distribution, or storage systems. The amendments also authorize termination of TDSIC Plans prior to their expiration and provide that the projects associated with the terminated plan will continue to receive TDSIC treatment until an Order is issued in the utility's next general rate case, and provide for the ability to seek approval of a new TDSIC Plan. The amended statute also provides that the two percent revenue cap applies to the aggregate of approved TDSIC Plans and requires that the utility file a base rate case at some point during the term of each TDSIC plan. On December 31, 2019, NIPSCO Gas filed a new 6-year TDSIC for the periods 2020 through 2025.

NIPSCO Electric, ECRM - NIPSCO has approval from the IURC to recover certain environmental related costs through an ECT (environmental cost tracker). Under the ECT, NIPSCO is permitted to recover (1) AFUDC and a return on the capital investment expended by NIPSCO to implement environmental compliance plan projects and (2) related operation and maintenance and depreciation expenses once the environmental facilities become operational. All deferred costs associated with ECRM were included in electric rate base and approved by the IURC on December 4, 2019.

NIPSCO Gas and Electric, FMCA - The FMCA statute provides for cost recovery outside of a base rate proceeding for projected federally mandated costs. Once the plan is approved by the IURC, eighty percent of eligible costs can be recovered using a periodic rate adjustment mechanism, known as the FMCA mechanism. Recoverable costs include a return on the investment, including AFUDC, PISCC, mandated operation and maintenance expenses, depreciation and property taxes. The remaining twenty percent of recoverable costs are deferred for future recovery in NIPSCO's next general rate case. Actual costs that exceed the projected federally mandated costs of the approved compliance project by more than twenty-five percent shall require specific justification by NIPSCO and specific approval by the IURC before being authorized in the next general rate case.

Columbia of Massachusetts, GSEP - 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"). Adopted into the Massachusetts Utility Provisions, G.L. c. 164, § 145, the Act authorizes natural gas distribution companies to file a GSEP for capital investments made on or after January 1, 2015, that are not included in the company's current rate base as determined in the most recent base rate case, with the Massachusetts DPU to (1) address the replacement or improvement of existing aging natural gas pipeline infrastructure to improve public safety or infrastructure reliability, and (2) reduce the lost and unaccounted for natural gas through a reduction in natural gas system leaks. In addition, the Act provides that the Massachusetts DPU may, after review of the plan, allow the proposed estimated costs of the plan into rates as of May 1 of the subsequent year. Recoverable costs include a return on investment, depreciation and property taxes, offset by identified operations and maintenance cost savings. Beginning with the 2019 GSEP, rates are subject to a capped annual revenue increase of three percent of total annual firm delivery revenues, plus imputed gas revenues for sales and transportation customers, calculated as the product of (1) the historical average cost of gas per therm, and (2) the average weather normalized sales, for the period beginning with 2013 and ending with the most recent year that actual data is available at the time of the October GSEP Plan filing, per the Massachusetts DPU order in Columbia of Massachusetts' 2019 GSEP. Prior to the 2019 GSEP, the annual revenue increase was capped at one and a half percent. At the end of each 12-month period, in May of the subsequent year, Columbia of Massachusetts must file a reconciliation of the amount collected and actual costs. Any over-collection or under-collection balance is passed back to, or recovered from, customers through the surcharge over a 12-month period beginning in November. On October 31, 2019, the Massachusetts DPU issued an order on Columbia of Massachusetts' GSEP reconciliation proceeding finding that, due to pending investigations of the Greater Lawrence Incident and other operational matters, the Massachusetts DPU could not, at this time, make a finding of prudence with respect to the Columbia of Massachusetts' 2018 GSEP investments and deferred the decision on the prudency of the 2018 GSEP investments in the annual GSEP and GSEP reconciliation filings until the investigations by the DPU are complete. The DPU added that its inability to make a finding of prudence did not constitute a finding of imprudence. Once new base rates are established under a base rate proceeding, the GSEP factor is re-set to remove the capital investment and associated revenue reflected in the base rates. Columbia of Massachusetts' current five year GSEP plan for the periods 2019-2023 was approved April 30, 2019.

Columbia of Pennsylvania, DSIC - On February 14, 2012, the Governor of Pennsylvania signed into law Act 11 of 2012, which provided a DSIC mechanism for certain utilities to recover costs related to repair, replacement or improvement of eligible distribution property that has not previously been reflected in rates or rate base. Through a DSIC, a utility may recover the fixed costs of eligible infrastructure incurred during the three months ended one month prior to the effective date of the charge, thereby reducing the historical regulatory lag associated with cost recovery through the traditional rate-making process. On March 14, 2013, the Pennsylvania PUC approved Columbia of Pennsylvania's petition to implement a DSIC as of April 1, 2013. Accordingly, Columbia of Pennsylvania is authorized to recover the cost of eligible plant associated with repair, replacement or improvement that was not previously reflected in rate base and has been placed in service during the applicable three-month period. After the initial charge is established, the DSIC is updated quarterly to recover the cost of further plant additions and cannot exceed five percent of distribution revenues. Recoverable costs include a return on investment, exclusive of accumulated deferred income taxes from the calculation of rate base, and depreciation. Once new base rates are established under a base rate proceeding, the DSIC is set to zero. Additionally, the DSIC rate is also reset to zero if, in any quarter, the data reflected in the Columbia of Pennsylvania's most recent quarterly financial earnings report show that the utility will earn an overall rate of return that would exceed the allowable rate of return used to calculate its fixed costs under the DSIC mechanism. A utility is exempt from filing a quarterly financial earnings report when a base rate proceeding is pending before the Pennsylvania PUC.

Columbia of Virginia, SAVE - On March 11, 2010, the Virginia Governor signed legislation into law that allows natural gas utilities to implement programs to replace qualifying infrastructure on an expedited basis and provides for timely cost recovery. Known as the SAVE Act, the law allows natural gas utilities to file programs with the VSCC providing a timeline and estimated costs for replacing eligible infrastructure. Eligible infrastructure replacement projects are those that (1) enhance safety or reliability by reducing system integrity risks associated with customer outages, corrosion, equipment failures, material failures, or natural forces; (2) do not increase revenues by directly connecting the infrastructure replacement to new customers; (3) reduce or have the potential to reduce greenhouse gas emissions; (4) are not included in the natural gas utility's rate base in its most recent rate case; and (5) are commenced on or after January 1, 2010. The SAVE Act provides for recovery of costs associated with the eligible infrastructure through a rate rider. Recoverable costs include a return on investment, depreciation and property taxes. Columbia of Virginia's current five year SAVE plan was approved by the VSCC in 2016 and amended in 2017 for the years 2016 through 2020 and amended in 2019 for calendar year 2020.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Columbia of Kentucky, SMRP (formerly AMRP) - On October 26, 2009, the Kentucky PSC approved a mechanism for recovering the costs of Columbia of Kentucky's AMRP not previously reflected in rate base through an annual fixed monthly rate rider filed in October. In its 2013 rate case, Columbia of Kentucky was allowed to base the AMRP rider on the expected annual cost of service. Recoverable costs include a return on investment, depreciation and property taxes, offset by specific cost savings. At the end of each 12-month period, Columbia of Kentucky must file a reconciliation of the amount collected and actual costs. Any over-collection or under-collection balance is passed back to, or recovered from, customers through the surcharge over a 12-month period beginning in June of the subsequent year. Once new base rates are established under a base rate proceeding, the AMRP rider is set to zero. On July 29, 2019, CKY filed its SMRP to clarify approval of low pressure project spend and expand its AMRP to include for recovery of system safety investments, including low pressure project spend. On November 7, 2019, the Commission approved Columbia of Kentucky's request to amend and expand its annual AMRP to become the SMRP.

Columbia of Maryland, STRIDE - On May 2, 2013, the Governor of Maryland signed Senate Bill 8 into law, authorizing gas companies to accelerate recovery of eligible infrastructure replacement, effective June 1, 2013. The STRIDE statute provides recovery for gas pipeline upgrades outside of the context of a base rate proceeding through an annual surcharge, IRIS, as approved by the Maryland PSC. The STRIDE statute directs gas utilities to file a plan to invest in eligible infrastructure replacement projects and to list the specific projects and elements in any such STRIDE plan with the Maryland PSC. The calendar year projected capital projects to be placed into plant in service and included in Columbia of Maryland's surcharge recovery request must satisfy a number of criteria per the statute, including a requirement that they be designed to improve public safety or infrastructure reliability. Columbia of Maryland's five-year STRIDE Plan renewal for years 2019 through 2023, as with the preceding five years, is focused on replacing (1) existing cast iron and bare steel mains, (2) associated services and meters, and (3) identified prone-to-failure vintage plastic piping. Columbia of Maryland's IRIS mechanism recovers a return on investment, depreciation and property taxes of the STRIDE-eligible capital infrastructure statutorily capped at $2 per month for residential customers, and proportionally capped for commercial and industrial customer classes, and is reconciled to actual costs on an annual basis. Any over-collection or under-collection balance is passed back to, or recovered from, customers through the surcharge effective in May of the subsequent year, subject to the cap. STRIDE investments, and recovery thereof, are subject to prudency review by the Maryland PSC in the context of quarterly STRIDE update filings and in subsequent rate proceedings where STRIDE assets are rolled into rate base for recovery in base rates.

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	$ 74.5	$ 659.9	1/11-12/17	December 1, 2017	Approved November 28, 2018	December 2018
Columbia of Ohio	CEP - 2019	$ 15.0	$ 121.7	1/18-12/18	February 28, 2019	Approved August 28, 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	Approved October 16, 2019	November 2019
NIPSCO - Gas	TDSIC 11[4]	$ (1.7)	$ 38.7	5/19-12/19	February 25, 2020	Order Expected June 2020	July 2020
NIPSCO - Gas	FMCA 1[5]	$ 9.9	$ 1.5	11/17-9/18	November 30, 2018	Approved March 27, 2019	April 2019
NIPSCO - Gas	FMCA 2[5]	$ (3.5)	$ 1.8	10/18-3/19	May 29, 2019	Approved September 25, 2019	October 2019
NIPSCO - Gas	FMCA 3[5]	$ 0.3	$ 43.0	4/19-9/19	November 26, 2019	Order Expected March 2020	April 2020
Columbia of Massachusetts	GSEP - 2019[6]	$ 9.6	$ 36.0	1/19-12/19	October 31, 2018	Approved April 30, 2019	May 2019
Columbia of Massachusetts	GSEP - 2020[6][7]	$ 2.4	$ 75.0	1/20-12/20	October 31, 2019	Order Expected April 2020	May 2020
Columbia of Virginia	SAVE - 2019	$ 2.4	$ 36.0	1/19-12/19	August 17, 2018	Approved October 26, 2018	January 2019
Columbia of Virginia	SAVE - 2020	$ 3.8	$ 50.0	1/20-12/20	August 15, 2019	Approved December 6, 2019	January 2020
Columbia of Kentucky	AMRP - 2019	$ 3.6	$ 30.1	1/19-12/19	October 15, 2018	Approved December 5, 2018	January 2019
Columbia of Kentucky	SMRP - 2020	$ 4.2	$ 40.4	1/20-12/20	October 15, 2019	Approved December 20, 2019	January 2020
Columbia of Maryland	STRIDE - 2019	$ 1.2	$ 19.7	1/19-12/19	November 1, 2018	Approved December 12, 2018	January 2019
Columbia of Maryland	STRIDE - 2020	$ 1.3	$ 15.0	1/20-12/20	January 29, 2020	Approved February 19, 2020	February 2020
NIPSCO - Electric	TDSIC - 5[1]	$ 15.9	$ 58.8	6/18-11/18	January 29, 2019	Approved June 12, 2019	June 2019
NIPSCO - Electric	TDSIC - 6	$ 28.1	$ 131.1	12/18-6/19	August 21, 2019	Approved December 18, 2019	January 2020
NIPSCO - Electric	FMCA - 11[5]	$ 0.9	$ 22.4	9/18-2/19	April 17, 2019	Approved July 29, 2019	August 2019
NIPSCO - Electric	FMCA - 12[5]	$ 1.6	$ 4.7	3/19-8/19	October 18, 2019	Approved January 29, 2020	February 2020

(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 rates.
(4)Incremental revenue is net of amounts included in the step 2 rates and reflects a more typical filing period.
(5)Incremental revenue is inclusive of tracker eligible operations and maintenance expense.
(6)Due to an order from the Massachusetts DPU on October 3, 2019 imposing work restrictions on Columbia of Massachusetts, Columbia of Massachusetts did not meet the approved projected 2019 GSEP spend of $64 million and associated incremental revenue of $10.7 million. In the 2020 GSEP, Columbia of Massachusetts reduced the projected capital spend for calendar year 2019 to $36 million and the associated incremental revenue in 2019 GSEP to $9.6 million.
(7)Incremental capital investment is anticipated to be lower than $75 million in 2020 due to the Massachusetts DPU imposed work restrictions.

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 Incremental Revenue	Filed	Status	Rates Effective
NIPSCO - Gas[(1)]	$ 138.1	$ 105.6	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	$ (53.5)	October 31, 2018	Approved December 4, 2019	January 2020
Columbia of Maryland	$ 2.5	$ (0.1)	May 22, 2019	Approved December 18, 2019	December 2019

[(1)]Rates were 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 were effective on January 1, 2020. The step 3 increase was approved based on actual information and revised from $107.3 million to $105.6 million. 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 was received on December 4, 2019, which included the resolution of outstanding TCJA impacts to rates. Incremental revenues decreased due to a reduction in fuel costs associated with the new industrial service structure. Rates will be implemented in two steps, with implementation of step 1 rates effective January 2, 2020 and step 2 rates effective March 2, 2020.

Additional Regulatory Matters

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. On December 4, 2019, the IURC issued an order in the electric rate case approving the implementation of a new industrial service structure. This resolved the issues included in BP's original petition.

The December 4, 2019 electric rate case order approved the revenue requirement settlement filed in the case, with the exception of a change in the agreed to return on equity; the approved return on equity is 9.75%. The order included approval of the depreciation rates as requested, as well as authorization to create a regulatory asset upon the retirement of R.M. Schahfer Generating Units 14, 15, 17 and 18 and Michigan City Generating Station Unit 12. The order allows for the recovery of and on the net book value of the units by the end of 2032.

9. Risk Management Activities

We are exposed to certain risks relating to 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 interest rate exposure and limit volatility in the price of natural gas.

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

December 31, *(in millions)*	**2019**	2018
Risk Management Assets - Current[1]		
Interest rate risk programs	**$ —**	$ —
Commodity price risk programs	**0.6**	1.1
Total	**$ 0.6**	$ 1.1
Risk Management Assets - Noncurrent[2]		
Interest rate risk programs	**$ —**	$ 18.5
Commodity price risk programs	**3.8**	4.4
Total	**$ 3.8**	$ 22.9
Risk Management Liabilities - Current[3]		
Interest rate risk programs	**$ —**	$ —
Commodity price risk programs	**12.6**	5.0
Total	**$ 12.6**	$ 5.0
Risk Management Liabilities - Noncurrent		
Interest rate risk programs	**$ 76.2**	$ 9.5
Commodity price risk programs	**57.8**	37.2
Total	**$ 134.0**	$ 46.7

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

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 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 December 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 the end of 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 Statements of Consolidated Income (Loss).

The passage of the TCJA and Greater Lawrence Incident led to significant changes to our long-term financing plan. As a result, during 2018, we settled forward-starting interest rate swaps with a notional value of $750.0 million. These derivative contracts were accounted for as cash flow hedges. As part of the transactions, the associated net unrealized gain of $46.2 million was recognized immediately in "Other, net" on the Statements of Consolidated Income (Loss) due to the probability associated with the forecasted borrowing transactions no longer occurring.

There were no amounts excluded from effectiveness testing for derivatives in cash flow hedging relationships at December 31, 2019, 2018 and 2017.

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

10. Income Taxes

Income Tax Expense

The components of income tax expense (benefit) were as follows:

Year Ended December 31, *(in millions)*	**2019**	2018	2017
Income Taxes			
Current			
Federal	**$ —**	$ —	$ —
State	**5.2**	8.2	7.8
Total Current	**5.2**	8.2	7.8
Deferred			
Federal	**110.7**	(209.4)	302.7
State	**9.0**	22.2	5.0
Total Deferred	**119.7**	(187.2)	307.7
Deferred Investment Credits	**(1.4)**	(1.0)	(1.0)
Income Taxes	**$ 123.5**	$ (180.0)	$ 314.5

Statutory Rate Reconciliation

The following table represents a reconciliation of income tax expense at the statutory federal income tax rate to the actual income tax expense from continuing operations:

Year Ended December 31, *(in millions)*	**2019**		2018		2017	
Book income (loss) before income taxes	**$ 506.6**		$ (230.6)		$ 443.0	
Tax expense (benefit) at statutory federal income tax rate	**106.5**	**21.0%**	(48.4)	21.0%	155.0	35.0%
Increases (reductions) in taxes resulting from:						
State income taxes, net of federal income tax benefit	**10.1**	**2.0**	24.7	(10.7)	6.9	1.5
Amortization of regulatory liabilities	**(29.4)**	**(5.8)**	(29.3)	12.7	(2.4)	(0.5)
Goodwill impairment	**43.0**	**8.5**	—	—	—	—
Fines and penalties	**11.5**	**2.3**	0.2	(0.1)	2.8	0.6
Charitable contribution carryover	**(2.5)**	**(0.5)**	—	—	(1.2)	(0.3)
State regulatory proceedings	**(9.5)**	**(1.9)**	(127.8)	55.4	—	—
Remeasurement due to TCJA	**—**	**—**	—	—	161.1	36.4
Employee stock ownership plan dividends and other compensation	**(2.0)**	**(0.4)**	(2.2)	1.0	(6.5)	(1.5)
Other adjustments	**(4.2)**	**(0.8)**	2.8	(1.2)	(1.2)	(0.2)
Income Taxes	**$ 123.5**	**24.4%**	$ (180.0)	78.1%	$ 314.5	71.0%

The effective income tax rates were 24.4%, 78.1% and 71.0% in 2019, 2018 and 2017, respectively. The 53.7% decrease in effective tax rate in 2019 versus 2018 was primarily the result of not having significant income tax decreases resulting from state regulatory proceedings as in 2018. Additionally, there was an increase in the effective tax rate related to the non-cash impairment of goodwill in 2019 related to Columbia of Massachusetts (see Note 6, "Goodwill and Other Intangible Assets" for additional information) and non-deductible fines and penalties related to the Greater Lawrence Incident (see Note 19, "Legal Proceedings" for additional information). The rate is also impacted by the relative impact of permanent differences on higher pre-tax income.

The 7.1% increase in the overall effective tax rate in 2018 versus 2017 was primarily the result of state regulatory proceedings which resulted in a $127.8 million decrease in federal income taxes offset by a related increase in state income taxes of $7.1 million. Additionally, the increase was driven by a $26.9 million decrease in income taxes related to amortization of the regulatory liability primarily associated with excess deferred taxes.

Net Deferred Income Tax Liability Components

Deferred income taxes result from temporary differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. The principal components of our net deferred tax liability were as follows:

At December 31, *(in millions)*	**2019**	2018
Deferred tax liabilities		
Accelerated depreciation and other property differences	**$ 2,516.9**	$ 2,458.0
Other regulatory assets	**381.5**	375.4
Total Deferred Tax Liabilities	**2,898.4**	2,833.4
Deferred tax assets		
Other regulatory liabilities and deferred investment tax credits (including TCJA)	**336.1**	365.5
Pension and other postretirement/postemployment benefits	**152.1**	157.5
Net operating loss carryforward and AMT credit carryforward	**765.9**	849.8
Environmental liabilities	**25.4**	24.4
Other accrued liabilities	**35.3**	37.5
Other, net	**98.3**	68.2
Total Deferred Tax Assets	**1,413.1**	1,502.9
Net Deferred Tax Liabilities	**$ 1,485.3**	$ 1,330.5

At December 31, 2019, we had $657.1 million of federal net operating loss carryforwards. The federal net operating loss carryforwards are available to offset taxable income and will begin to expire in 2028. We also have $1.6 million of federal alternative minimum tax credit carryforwards which do not expire. In addition, we have $1.4 million in charitable contribution carryforwards to offset future taxable income, which begin to expire in 2023. We also have $107.2 million (net) of state net operating loss carryforwards. Depending on the jurisdiction in which the state net operating loss was generated, the carryforwards will begin to expire in 2028. We believe it is more likely than not that we will realize the benefit from the state net operating loss carryforwards.

Unrecognized Tax Benefits

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

Reconciliation of Unrecognized Tax Benefits *(in millions)*	**2019**	2018	2017
Unrecognized Tax Benefits - Opening Balance	**$ 1.2**	$ 1.4	$ 2.6
Gross decreases - tax positions in prior period	**(0.6)**	(0.4)	(1.4)
Gross increases - current period tax positions	**22.6**	0.2	0.2
Unrecognized Tax Benefits - Ending Balance	**$ 23.2**	$ 1.2	$ 1.4
Offset for net operating loss carryforwards	**(22.6)**	—	—
Balance - Less Net Operating Loss Carryforwards	**$ 0.6**	$ 1.2	$ 1.4

In 2019, we resolved prior unrecognized tax benefits of $0.6 million and established new unrecognized tax benefits related to state matters of $22.6 million. We present accrued interest on unrecognized tax benefits, accrued interest on other income tax liabilities and tax penalties in "Income Taxes" on our Statements of Consolidated Income (Loss). Interest expense recorded on unrecognized tax benefits and other income tax liabilities was immaterial for all periods presented. There were no accruals for penalties recorded in the Statements of Consolidated Income (Loss) for the years ended December 31, 2019, 2018 and 2017, and there were no balances for accrued penalties recorded on the Consolidated Balance Sheets as of December 31, 2019 and 2018.

We are subject to income taxation in the United States and various state jurisdictions, primarily Indiana, Pennsylvania, Kentucky, Massachusetts, Maryland and Virginia.

We participate in the IRS CAP which provides the opportunity to resolve tax matters with the IRS before filing each year's consolidated federal income tax return. As of December 31, 2019, tax years through 2018 have been audited and are effectively closed to further assessment. The audit of tax year 2019 under the CAP program is expected to be completed in 2020.

The statute of limitations in each of the state jurisdictions in which we operate remains open until the years are settled for federal income tax purposes, at which time amended state income tax returns reflecting all federal income tax adjustments are filed. As of December 31, 2019, there were no state income tax audits in progress that would have a material impact on the consolidated financial statements.

In December 22, 2017, the TCJA was signed into law. As a result of the implementation of the TCJA, we remeasured deferred taxes and recognized $161.1 million of income tax expense in our Consolidated Statements of Income (Loss) for the year ended December 31, 2017. The result of this remeasurement was a reduction in the net deferred tax liability of approximately $1.3 billion, including approximately $0.4 billion of regulatory "gross up" to account for over collection of past taxes from customers. Offsetting the reduction in net deferred tax liabilities was an increase in regulatory liabilities of approximately $1.5 billion as of December 31, 2017. In 2018, we received regulatory orders on the treatment of excess deferred taxes from the jurisdictions in which we operate. As a result of these orders, we reduced our regulatory liability related to excess deferred income taxes by $120.7 million (net of tax). This adjustment is reflected in "Income Taxes" on our Consolidated Statements of Income (Loss) for the year ended December 31, 2018.

As of December 31, 2019, we received approval from regulators to return excess deferred taxes in all of our jurisdictions in accordance with regulatory proceedings.

On December 22, 2017, the SEC issued Staff Accounting Bulletin 118 ("SAB 118"), which provides guidance on accounting for tax effects of the TCJA. SAB 118 provides a measurement period that should not extend beyond one year from the TCJA enactment date for companies to complete the accounting under ASC 740. There were no adjustments recorded in the SAB 118 remeasurement period in 2018.

11. 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. Current rates of rate-regulated companies include postretirement benefit costs, including amortization of the regulatory assets that arose prior to inclusion of these costs in rates. For most plans, cash contributions are remitted to grantor trusts.

Our Pension and Other Postretirement Benefit Plans' Asset Management. We employ a liability-driven investing strategy for the pension plan, as noted below. A mix of equities and fixed income investments are used to maximize the long-term return of plan assets and hedge the liabilities at a prudent level of risk. We utilize a total return investment approach for the other postretirement benefit plans. Risk tolerance is established through careful consideration of plan liabilities, plan funded status, and asset class volatility. The investment portfolio contains a diversified blend of equity and fixed income investments. Furthermore, equity investments are diversified across U.S. and non-U.S. stocks, as well as growth, value, small and large capitalizations. Other assets such as private equity funds are used judiciously to enhance long-term returns while improving portfolio diversification. Derivatives may be used to gain market exposure in an efficient and timely manner; however, derivatives may not be used to leverage the portfolio beyond the market value of the underlying assets. Investment risk is measured and monitored on an ongoing basis through quarterly investment portfolio reviews, annual liability measurements, and periodic asset/liability studies.

We utilize a building block approach with proper consideration of diversification and rebalancing in determining the long-term rate of return for plan assets. Historical markets are studied and long-term historical relationships between equities and fixed income are analyzed to ensure that they are consistent with the widely accepted capital market principle that assets with higher volatility generate greater return over the long run. Current market factors, such as inflation and interest rates, are evaluated before long-term capital market assumptions are determined. Peer data and historical returns are reviewed to check for reasonability and appropriateness.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

The most important component of an investment strategy is the portfolio asset mix, or the allocation between the various classes of securities available to the pension and other postretirement benefit plans for investment purposes. The asset mix and acceptable minimum and maximum ranges established for our plan assets represents a long-term view and are listed in the table below.

In 2012, a dynamic asset allocation policy for the pension fund was approved. This policy calls for a gradual reduction in the allocation of return-seeking assets (equities, real estate and private equity) and a corresponding increase in the allocation of liability-hedging assets (fixed income) as the funded status of the plans increase above 90% (as measured by the market value of qualified pension plan assets divided by the projected benefit obligations of the qualified pension plans). A new asset-liability study was completed in 2018 resulting in a more conservative glide path and an increase in the allocation to liability-hedging assets held in the portfolio.

As of December 31, 2019, the asset mix and acceptable minimum and maximum ranges established by the policy for the pension and other postretirement benefit plans are as follows:

Asset Mix Policy of Funds:

	Defined Benefit Pension Plan		Postretirement Benefit Plan	
Asset Category	Minimum	Maximum	Minimum	Maximum
Domestic Equities	12%	32%	0%	55%
International Equities	6%	16%	0%	25%
Fixed Income	59%	71%	20%	100%
Real Estate	0%	7%	0%	0%
Short-Term Investments/Other	0%	15%	0%	10%

As of December 31, 2018, the asset mix and acceptable minimum and maximum ranges established by the policy for the pension and other postretirement benefit plans were as follows:

Asset Mix Policy of Funds:

	Defined Benefit Pension Plan		Postretirement Benefit Plan	
Asset Category	Minimum	Maximum	Minimum	Maximum
Domestic Equities	12%	32%	0%	55%
International Equities	6%	16%	0%	25%
Fixed Income	59%	71%	20%	100%
Real Estate	0%	7%	0%	0%
Short-Term Investments/Other	0%	15%	0%	10%

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Pension Plan and Postretirement Plan Asset Mix at December 31, 2019 and December 31, 2018:

	Defined Benefit Pension Assets		December 31, 2019	Postretirement Benefit Plan Assets		December 31, 2019
Asset Class *(in millions)*		Asset Value	% of Total Assets		Asset Value	% of Total Assets
Domestic Equities	$	446.4	21.5%	$	93.8	35.9%
International Equities		205.0	9.9%		40.7	15.6%
Fixed Income		1,337.2	64.2%		119.5	45.7%
Real Estate		53.9	2.6%		—	—
Cash/Other		38.4	1.8%		7.4	2.8%
Total	$	2,080.9	100.0%	$	261.4	100.0%

	Defined Benefit Pension Assets		December 31, 2018	Postretirement Benefit Plan Assets		December 31, 2018
Asset Class *(in millions)*		Asset Value	% of Total Assets		Asset Value	% of Total Assets
Domestic Equities	$	355.5	19.0%	$	78.8	36.4%
International Equities		165.5	8.9%		17.5	8.1%
Fixed Income		1,241.9	66.5%		115.1	53.2%
Real Estate		52.7	2.8%		—	—
Cash/Other		52.1	2.8%		4.9	2.3%
Total	$	1,867.7	100.0%	$	216.3	100.0%

The categorization of investments into the asset classes in the table above are based on definitions established by our Benefits Committee.

Fair Value Measurements. The following table sets forth, by level within the fair value hierarchy, the Master Trust and other postretirement benefits investment assets at fair value as of December 31, 2019 and 2018. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Total Master Trust and other postretirement benefits investment assets at fair value classified within Level 3 were $0 million and $86.1 million as of December 31, 2019 and December 31, 2018, respectively. Such amounts were approximately 0% and 4% of the Master Trust and other postretirement benefits' total investments as reported on the statement of net assets available for benefits at fair value as of December 31, 2019 and 2018, respectively.

Valuation Techniques Used to Determine Fair Value:

Level 1 Measurements

Most common and preferred stocks are traded in active markets on national and international securities exchanges and are valued at closing prices on the last business day of each period presented. Cash is stated at cost which approximates fair value, with the exception of cash held in foreign currencies which fluctuates with changes in the exchange rates. Short-term bills and notes are priced based on quoted market values.

Level 2 Measurements

Most U.S. Government Agency obligations, mortgage/asset-backed securities, and corporate fixed income securities are generally valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. To the extent that quoted prices are not available, fair value is determined based on a valuation model that includes inputs such as interest rate yield curves and credit spreads. Securities traded in markets that are not considered active are valued based on quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Other fixed income includes futures and options which are priced on bid valuation or settlement pricing.

Level 3 Measurements

Investments with unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities are classified as level 3 investments.

Not Classified

Commingled funds, private equity limited partnerships and real estate partnerships hold underlying investments that have prices derived from quoted prices in active markets and are not classified within the fair value hierarchy. Instead, these assets are measured at estimated fair value using the net asset value per share of the investments. Commingled funds' underlying assets are principally marketable equity and fixed income securities. Units held in commingled funds are valued at the unit value as reported by the investment managers. Private equity and real estate funds invest in natural resources, commercial real estate and distressed real estate. The fair value of these investments is determined by reference to the funds' underlying assets.

For the year ended December 31, 2019, there were no significant changes to valuation techniques to determine the fair value of our pension and other postretirement benefits' assets.

Fair Value Measurements at December 31, 2019:

(in millions)	December 31, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension plan assets:				
Cash	$ 6.7	$ 6.7	$ —	$ —
Fixed income securities				
Government	319.6	—	319.6	—
Corporate	651.8	—	651.8	—
Mutual Funds				
U.S. multi-strategy	140.5	140.5	—	—
International equities	56.9	56.9	—	—
Private equity limited partnerships[3]				
U.S. multi-strategy[1]	14.0	—	—	—
International multi-strategy[2]	8.5	—	—	—
Distressed opportunities	0.5	—	—	—
Real estate	53.9	—	—	—
Commingled funds[3]				
Short-term money markets	14.8	—	—	—
U.S. equities	305.9	—	—	—
International equities	148.1	—	—	—
Fixed income	351.8	—	—	—
Pension plan assets subtotal	2,073.0	204.1	971.4	—
Other postretirement benefit plan assets:				
Mutual funds				
U.S. multi-strategy	81.7	81.7	—	—
International equities	20.6	20.6	—	—
Fixed income	119.2	119.2	—	—
Commingled funds[3]				
Short-term money markets	7.7	—	—	—
U.S. equities	12.1	—	—	—
International equities	20.1	—	—	—
Other postretirement benefit plan assets subtotal	261.4	221.5	—	—
Due to brokers, net[4]	(2.8)	—	(2.8)	—
Accrued income/dividends	10.7	10.7	—	—
Total pension and other postretirement benefit plan assets	$ 2,342.3	$ 436.3	$ 968.6	$ —

(1) This class includes limited partnerships/fund of funds that invest in a diverse portfolio of private equity strategies, including buy-outs, venture capital, growth capital, special situations and secondary markets, primarily inside the United States.
(2) This class includes limited partnerships/fund of funds that invest in diverse portfolio of private equity strategies, including buy-outs, venture capital, growth capital, special situations and secondary markets, primarily outside the United States.
(3) This class of investments is measured at fair value using the net asset value per share and has not been classified in the fair value hierarchy.
(4) This class represents pending trades with brokers.

The table below sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended December 31, 2019:

	Balance at January 1, 2019	Transfers out (Level 3)[1]	Balance at December 31, 2019
Private equity limited partnerships			
U.S. multi-strategy	18.5	(18.5)	—
International multi-strategy	12.5	(12.5)	—
Distressed opportunities	2.4	(2.4)	—
Real estate	52.7	(52.7)	—
Total	$ 86.1	$ (86.1)	$ —

[1] Level 3 assets from the prior year were reclassified in the current year presentation and included within the fair value hierarchy table as of December 31, 2019 as "Not Classified" investments for which fair value is measured using net asset value per share, consistent with the definitions described above.

The table below sets forth a summary of unfunded commitments, redemption frequency and redemption notice periods for certain investments that are measured at fair value using the net asset value per share for the year ended December 31, 2019:

(in millions)	Fair Value	Redemption Frequency	Redemption Notice Period
Commingled Funds			
Short-term money markets	$ 22.5	Daily	1 day
U.S. equities	318.0	Monthly	1 day
International equities	168.2	Monthly	10-30 days
Fixed income	351.8	Daily	3 days
Total	$ 860.5		

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Fair Value Measurements at December 31, 2018:

(in millions)	December 31, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension plan assets:				
Cash	$ 9.2	$ 8.8	$ 0.4	$ —
Equity securities				
U.S. equities	0.2	0.2	—	—
Fixed income securities				
Government	250.2	—	250.2	—
Corporate	442.8	—	442.8	—
Mutual Funds				
U.S. multi-strategy	110.3	110.3	—	—
International equities	43.2	43.2	—	—
Fixed income	166.8	166.8	—	—
Private equity limited partnerships				
U.S. multi-strategy[1]	18.5	—	—	18.5
International multi-strategy[2]	12.5	—	—	12.5
Distressed opportunities	2.4	—	—	2.4
Real Estate	52.7	—	—	52.7
Commingled funds[3]				
Short-term money markets	18.3	—	—	—
U.S. equities	245.2	—	—	—
International equities	122.3	—	—	—
Fixed income	365.7	—	—	—
Pension plan assets subtotal	1,860.3	329.3	693.4	86.1
Other postretirement benefit plan assets:				
Mutual funds				
U.S. equities	68.4	68.4	—	—
International equities	17.5	17.5	—	—
Fixed income	114.8	114.8	—	—
Commingled funds[3]				
Short-term money markets	5.2	—	—	—
U.S. equities	10.4	—	—	—
Other postretirement benefit plan assets subtotal	216.3	200.7	—	—
Due to brokers, net[4]	(1.1)	—	(1.1)	—
Accrued investment income/dividends	8.6	8.6	—	—
Total pension and other postretirement benefit plan assets	$ 2,084.1	$ 538.6	$ 692.3	$ 86.1

[1] This class includes limited partnerships/fund of funds that invest in a diverse portfolio of private equity strategies, including buy-outs, venture capital, growth capital, special situations and secondary markets, primarily inside the United States.
[2] This class includes limited partnerships/fund of funds that invest in a diverse portfolio of private equity strategies, including buy-outs, venture capital, growth capital, special situations and secondary markets, primarily outside the United States.
[3] This class of investments is measured at fair value using the net asset value per share and has not been classified in the fair value hierarchy.
[4] This class represents pending trades with brokers.

The table below sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended December 31, 2018:

	Balance at January 1, 2018	Total gains or losses (unrealized / realized)	Purchases	(Sales)	Balance at December 31, 2018
Private equity limited partnerships					
U.S. multi-strategy	26.7	2.4	0.7	(11.3)	18.5
International multi-strategy	19.1	(0.6)	—	(6.0)	12.5
Distress opportunities	3.2	(0.8)	—	—	2.4
Real estate	49.9	1.7	1.8	(0.7)	52.7
Total	$ 98.9	$ 2.7	$ 2.5	$ (18.0)	$ 86.1

The table below sets forth a summary of unfunded commitments, redemption frequency and redemption notice periods for certain investments that are measured at fair value using the net asset value per share for the year ended December 31, 2018:

(in millions)	Fair Value	Redemption Frequency	Redemption Notice Period
Commingled Funds			
Short-term money markets	$ 23.5	Daily	1 day
U.S. equities	255.6	Monthly	3 days
International equities	122.3	Monthly	10-30 days
Fixed income	365.7	Monthly	3 days
Total	$ 767.1		

Our Pension and Other Postretirement Benefit Plans' Funded Status and Related Disclosure. The following table provides a reconciliation of the plans' funded status and amounts reflected in our Consolidated Balance Sheets at December 31 based on a December 31 measurement date:

	Pension Benefits		Other Postretirement Benefits	
(in millions)	**2019**	2018	**2019**	2018
Change in projected benefit obligation[1]				
Benefit obligation at beginning of year	**$ 1,981.3**	$ 2,192.6	**$ 492.5**	$ 556.3
Service cost	**29.2**	31.3	**5.1**	5.0
Interest cost	**72.3**	67.1	**19.2**	17.6
Plan participants' contributions	**—**	—	**4.8**	5.7
Plan amendments	**—**	0.2	**5.1**	0.1
Actuarial (gain) loss	**204.3**	(103.9)	**88.8**	(51.7)
Settlement loss	**—**	0.8	**—**	—
Benefits paid	**(156.6)**	(206.8)	**(39.5)**	(41.1)
Estimated benefits paid by incurred subsidy	**—**	—	**0.5**	0.6
Projected benefit obligation at end of year	**$ 2,130.5**	$ 1,981.3	**$ 576.5**	$ 492.5
Change in plan assets				
Fair value of plan assets at beginning of year	**$ 1,867.7**	$ 2,160.0	**$ 216.3**	$ 262.5
Actual (loss) return on plan assets	**366.8**	(88.4)	**56.9**	(31.8)
Employer contributions	**2.9**	2.9	**23.0**	21.0
Plan participants' contributions	**—**	—	**4.7**	5.7
Benefits paid	**(156.5)**	(206.8)	**(39.5)**	(41.1)
Fair value of plan assets at end of year	**$ 2,080.9**	$ 1,867.7	**$ 261.4**	$ 216.3
Funded Status at end of year	**$ (49.6)**	$ (113.6)	**$ (315.1)**	$ (276.2)
Amounts recognized in the statement of financial position consist of:				
Noncurrent assets	**8.2**	—	**—**	—
Current liabilities	**(3.0)**	(3.0)	**(0.8)**	(0.8)
Noncurrent liabilities	**(54.8)**	(110.6)	**(314.3)**	(275.4)
Net amount recognized at end of year[2]	**$ (49.6)**	$ (113.6)	**$ (315.1)**	$ (276.2)
Amounts recognized in accumulated other comprehensive income or regulatory asset/liability[3]				
Unrecognized prior service credit	**$ 3.0**	$ 3.2	**$ (10.7)**	$ (19.0)
Unrecognized actuarial loss	**652.8**	761.2	**118.4**	75.3
Net amount recognized at end of year	**$ 655.8**	$ 764.4	**$ 107.7**	$ 56.3

[1] The change in benefit obligation for Pension Benefits represents the change in Projected Benefit Obligation while the change in benefit obligation for Other Postretirement Benefits represents the change in accumulated postretirement benefit obligation.
[2] We recognize our Consolidated Balance Sheets underfunded and overfunded status of our various defined benefit postretirement plans, measured as the difference between the fair value of the plan assets and the benefit obligation.
[3] We determined that for certain rate-regulated subsidiaries the future recovery of pension and other postretirement benefits costs is probable. These rate-regulated subsidiaries recorded regulatory assets and liabilities of $739.1 million and $0.1 million, respectively, as of December 31, 2019, and $798.3 million and $0.1 million, respectively, as of December 31, 2018 that would otherwise have been recorded to accumulated other comprehensive loss.

Our accumulated benefit obligation for our pension plans was $2,111.5 million and $1,965.6 million as of December 31, 2019 and 2018, respectively. The accumulated benefit obligation as of a date is the actuarial present value of benefits attributed by the pension benefit formula to employee service rendered prior to that date and based on current and past compensation levels. The accumulated benefit obligation differs from the projected benefit obligation disclosed in the table above in that it includes no assumptions about future compensation levels.

We are required to reflect the funded status of the pension and postretirement benefit plans on the Consolidated Balance Sheet. The funded status of the plans is measured as the difference between the plan assets' fair value and the projected benefit obligation. We present the noncurrent aggregate of all underfunded plans within "Accrued liability for postretirement and postemployment benefits." The portion of the amount by which the actuarial present value of benefits included in the projected benefit obligation exceeds the fair value of plan assets, payable in the next 12 months, is reflected in "Accrued compensation and other benefits." We present the aggregate of all overfunded plans within "Deferred charges and other."

Information for pension plans with a projected benefit obligation in excess of plan assets:

	December 31,	
	2019	2018
Accumulated Benefit Obligation	**$ 1,473.9**	$ 1,965.6
Funded Status		
Projected Benefit Obligation	**1,492.9**	1,981.3
Fair Value of Plan Assets	**1,435.1**	1,867.7
Funded Status of Underfunded Pension Plans at End of Year	**$ (57.8)**	$ (113.6)

Information for pension plans with plan assets in excess of the projected benefit obligation:

	December 31,	
	2019	2018
Accumulated Benefit Obligation	**$ 637.6**	$ —
Funded Status		
Projected Benefit Obligation	**637.6**	—
Fair Value of Plan Assets	**645.8**	—
Funded Status of Overfunded Pension Plans at End of Year	**$ 8.2**	$ —

Our pension plans were underfunded, in aggregate, by $49.6 million at December 31, 2019 compared to being underfunded by $113.6 million at December 31, 2018. The improvement in the funded status was due primarily to favorable asset returns offset by a decrease in discount rates. We contributed $2.9 million to our pension plans in both 2019 and 2018.

Our other postretirement benefit plans were underfunded by $315.1 million at December 31, 2019 compared to being underfunded by $276.2 million at December 31, 2018. The decline in funded status was primarily due to a decrease in discount rates offset by favorable asset returns. We contributed $23.0 million and $21.0 million to our other postretirement benefit plans in 2019 and 2018, respectively.

No amounts of our pension or other postretirement benefit plans' assets are expected to be returned to us or any of our subsidiaries in 2019.

In 2019 and 2018, some of our qualified pension plans paid lump sum payouts in excess of the respective plan's service cost plus interest cost, thereby meeting the requirement for settlement accounting. We recorded settlement charges of $9.5 million and $18.5 million in 2019 and 2018, respectively. Net periodic pension benefit cost for 2019 was decreased by $0.7 million as a result of the interim remeasurement.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

The following table provides the key assumptions that were used to calculate the pension and other postretirement benefits obligations for our various plans as of December 31:

	Pension Benefits		Other Postretirement Benefits	
	2019	2018	**2019**	2018
Weighted-average assumptions to Determine Benefit Obligation				
Discount Rate	**3.12%**	4.26%	**3.21%**	4.31%
Rate of Compensation Increases	**4.00%**	4.00%	**—**	—
Health Care Trend Rates				
Trend for Next Year	**—**	—	**6.68%**	8.48%
Ultimate Trend	**—**	—	**4.50%**	4.50%
Year Ultimate Trend Reached	**—**	—	**2028**	2026

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

(in millions)	1% point increase	1% point decrease
Effect on service and interest components of net periodic cost	$ 1.2	$ (1.1)
Effect on accumulated postretirement benefit obligation	30.1	(26.3)

We expect to make contributions of approximately $3.0 million to our pension plans and approximately $24.0 million to our postretirement medical and life plans in 2020.

The following table provides benefits expected to be paid in each of the next five fiscal years, and in the aggregate for the five fiscal years thereafter. The expected benefits are estimated based on the same assumptions used to measure our benefit obligation at the end of the year and include benefits attributable to the estimated future service of employees:

(in millions)	**Pension Benefits**	**Other Postretirement Benefits**	**Federal Subsidy Receipts**
Year(s)			
2020	$ 178.8	$ 38.1	$ 0.5
2021	177.8	38.6	0.4
2022	175.8	38.4	0.4
2023	168.5	38.1	0.4
2024	164.4	37.9	0.4
2025-2029	723.7	181.0	1.5

The following table provides the components of the plans' actuarially determined net periodic benefits cost for each of the three years ended December 31, 2019, 2018 and 2017:

	Pension Benefits			Other Postretirement Benefits		
(in millions)	**2019**	2018	2017	**2019**	2018	2017
Components of Net Periodic Benefit Cost[1]						
Service cost	**$ 29.2**	$ 31.3	$ 30.0	**$ 5.1**	$ 5.0	$ 4.8
Interest cost	**72.3**	67.1	68.3	**19.2**	17.6	17.8
Expected return on assets	**(108.8)**	(142.3)	(123.1)	**(13.1)**	(14.9)	(15.9)
Amortization of prior service cost (credit)	**0.2**	(0.4)	(0.7)	**(3.2)**	(4.0)	(4.4)
Recognized actuarial loss	**45.2**	40.6	52.9	**2.0**	3.8	3.0
Settlement loss	**9.5**	18.5	13.7	**—**	—	—
Total Net Periodic Benefits Cost	**$ 47.6**	$ 14.8	$ 41.1	**$ 10.0**	$ 7.5	$ 5.3

[1]Service cost is presented in "Operation and maintenance" on the Statements of Consolidated Income (Loss). Non-service cost components are presented within "Other, net."

The following table provides the key assumptions that were used to calculate the net periodic benefits cost for our various plans:

	Pension Benefits			Other Postretirement Benefits		
	2019	2018	2017	**2019**	2018	2017
Weighted-average Assumptions to Determine Net Periodic Benefit Cost						
Discount rate - service cost[1]	**4.48%**	3.79%	4.40%	**4.59%**	3.89%	4.58%
Discount rate - interest cost[1]	**3.84%**	3.15%	3.31%	**3.94%**	3.27%	3.48%
Expected Long-Term Rate of Return on Plan Assets	**6.10%**	7.00%	7.25%	**5.83%**	5.80%	6.99%
Rate of Compensation Increases	**4.00%**	4.00%	4.00%	**—**	—	—

[1] In January 2017, we changed the method used to estimate the service and interest components of net periodic benefit cost for pension and other postretirement benefits. This change, compared to the previous method, resulted in a decrease in the actuarially-determined service and interest cost components. Historically, we estimated service and interest cost utilizing a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation at the beginning of the period. For fiscal 2017 and beyond, we now utilize a full yield curve approach to estimate these components by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows.

We believe it is appropriate to assume a 6.10% and 5.83% rate of return on pension and other postretirement plan assets, respectively, for our calculation of 2019 pension benefits cost. These rates are primarily based on asset mix and historical rates of return and were adjusted in the current year due to anticipated changes in asset allocation and projected market returns.

The following table provides other changes in plan assets and projected benefit obligations recognized in other comprehensive income or regulatory asset or liability:

	Pension Benefits		Other Postretirement Benefits	
(in millions)	**2019**	2018	**2019**	2018
Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Other Comprehensive Income or Regulatory Asset or Liability				
Net prior service cost	**$ —**	$ 0.2	**$ 5.1**	$ 0.1
Net actuarial loss (gain)	**(53.8)**	127.5	**45.1**	(5.0)
Settlements	**(9.5)**	(18.5)	**—**	—
Less: amortization of prior service cost	**(0.2)**	0.4	**3.2**	4.0
Less: amortization of net actuarial loss	**(45.2)**	(40.6)	**(2.0)**	(3.8)
Total Recognized in Other Comprehensive Income or Regulatory Asset or Liability	**$ (108.7)**	$ 69.0	**$ 51.4**	$ (4.7)
Amount Recognized in Net Periodic Benefits Cost and Other Comprehensive Income or Regulatory Asset or Liability	**$ (61.1)**	$ 83.8	**$ 61.4**	$ 2.8

Based on a December 31 measurement date, the estimated net unrecognized actuarial loss, unrecognized prior service cost, and unrecognized transition obligation that will be amortized into net periodic benefit cost during 2020 for the pension plans are $34.7 million, $0.8 million and zero, respectively, and for other postretirement benefit plans are $4.9 million, $(1.8) million and zero, respectively.

12. Equity

We raise equity financing through a variety of programs including traditional common equity issuances and preferred stock issuances. As of December 31, 2019, we had 600,000,000 shares of common stock and 20,000,000 shares of preferred stock authorized for issuance, of which 382,135,680 shares of common stock and 440,000 shares of preferred stock are currently outstanding.

Holders of shares of our common stock are entitled to receive dividends when, as and if declared by the Board out of funds legally available. The policy of the Board has been to declare cash dividends on a quarterly basis payable on or about the 20th day of February, May, August and November. We have paid quarterly common dividends totaling $0.80, $0.78, and $0.70 per share for the years ended December 31, 2019, 2018 and 2017, respectively. Our Board declared a quarterly common dividend of $0.21 per share, payable on February 20, 2020 to holders of record on February 11, 2020. We have certain debt covenants which could potentially limit the amount of dividends the Company could pay in order to maintain compliance with these covenants. Refer to Note 14, "Long-Term Debt," for more information. As of December 31, 2019, these covenants did not restrict the amount of dividends that were available to be paid.

Dividends paid to preferred shareholders vary based on the series of preferred stock owned. Additional information is provided below. Holders of our shares of common stock are subject to the prior dividend rights of holders of our preferred stock or the depositary shares representing such preferred stock outstanding, and if full dividends have not been declared and paid on all outstanding shares of preferred stock in any dividend period, no dividend may be declared or paid or set aside for payment on our common stock.

Common and preferred stock activity for 2019, 2018 and 2017 is described further below:

ATM Program and Forward Sale Agreements. On May 3, 2017, we entered into four separate equity distribution agreements, pursuant to which we were able to sell up to an aggregate of $500.0 million of our common stock.

On November 13, 2017, under the ATM program, we executed a forward agreement, which allowed us to issue a fixed number of shares at a price to be settled in the future. On November 6, 2018, the forward agreement was settled for $26.43 per share, resulting in $167.7 million of net proceeds. The equity distribution agreements entered into on May 3, 2017 expired December 31, 2018.

On November 1, 2018, we entered into five separate equity distribution agreements pursuant to which we were able to sell up to an aggregate of $500.0 million of our common stock. Four of these agreements were then amended on August 1, 2019 and one was terminated, pursuant to which we may sell, from time to time, up to an aggregate of $434.4 million of our common stock.

On December 6, 2018, under the ATM program, we executed a forward agreement, which allowed 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. On November 21, 2019, the forward agreement was settled for $26.01 per share, resulting in $122.5 million of net proceeds.

On August 12, 2019, under the ATM program, we executed a separate forward agreement, which allowed us to issue a fixed number of shares at a price to be settled in the future. From August 12, 2019 to September 13, 2019, 3,714,400 shares were borrowed from third parties and sold by the dealer at a weighted average price of $29.26 per share. On December 11, 2019, the forward agreement was settled for $28.83 per share, resulting in $107.1 million of net proceeds.

As of December 31, 2019, the ATM program had approximately $200.7 million of equity available for issuance. The program expires on December 31, 2020.

The following table summarizes our activity under the ATM program:

Year Ending December 31,	**2019**	2018	2017
Number of shares issued	**8,422,498**	8,883,014	11,931,376
Average price per share	**$ 27.75**	$ 26.85	$ 26.58
Proceeds, net of fees (*in millions*)	**$ 229.1**	$ 232.5	$ 314.7

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.

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 sale expenses. The Series A Preferred Stock was issued in a private placement pursuant to SEC Rule 144A. On December 13, 2018, we filed a registration statement with the SEC 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).

As of December 31, 2019 and 2018, Series A Preferred Stock had $1.0 million of cumulative preferred dividends in arrears, or $2.51 per share.

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.

On December 5, 2018, we completed the sale of 20,000,000 depositary shares with an aggregate liquidation preference of $500,000,000 under the Company’s registration statement on Form S-3. Each depositary share represents 1/1,000th ownership interest in a share of our 6.500% Series B Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25,000 per share (equivalent to $25 per depositary share) (the “Series B Preferred Stock"). The transaction resulted in $500.0 million of gross proceeds or $486.1 million of net proceeds, after deducting commissions and sale expenses.

Dividends on the Series B Preferred Stock accrue and are cumulative from the date the shares of Series B Preferred Stock were originally issued to, but not including, March 15, 2024 at a rate of 6.500% per annum of the $25,000 liquidation preference per share. On and after March 15, 2024, dividends on the Series B Preferred Stock will accumulate for each five year period at a percentage of the $25,000 liquidation preference equal to the five-year U.S. Treasury Rate plus (i) in respect of each five year period commencing on or after March 15, 2024 but before March 15, 2044, a spread of 3.632% (the “Initial Margin”), and (ii) in respect of each five year period commencing on or after March 15, 2044, the Initial Margin plus 1.000%. The Series B Preferred Stock may be redeemed by us at our option on March 15, 2024, 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 B Preferred Stock).

As of December 31, 2019 and 2018, Series B Preferred Stock had $1.4 million and $2.4 million, respectively, of cumulative preferred dividends in arrears, or $72.23 and $121.88 per share, respectively.

In addition, we issued 20,000 shares of “Series B-1 Preferred Stock”, par value $0.01 per share, (“Series B-1 Preferred Stock”), as a distribution with respect to the Series B Preferred Stock. As a result, each of the depositary shares issued on December 5, 2018 now represents a 1/1,000th ownership interest in a share of Series B Preferred Stock and a 1/1,000th ownership interest in a share of Series B-1 Preferred Stock. We issued the Series B-1 Preferred Stock to enhance the voting rights of the Series B Preferred Stock to comply with the minimum voting rights policy of the New York Stock Exchange. 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 a like number of shares of the underlying Series B Preferred Stock.

Holders of Series B 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 B Preferred Stock, (ii) the creation or issuance of any security ranking on a parity with the Series B Preferred Stock if the cumulative dividends payable on then outstanding Series B Preferred Stock are in arrears, or (iii) the creation or issuance of any security ranking senior to the Series B Preferred Stock. In addition, if and whenever dividends on any shares of Series B Preferred Stock shall not have been declared and paid for at least six dividend periods, whether or not consecutive, the number of directors then constituting our Board of Directors shall automatically be increased by two until all accumulated and unpaid dividends on the Series B Preferred Stock shall have been paid in full, and the holders of Series B-1 Preferred Stock, voting as a class together with the holders of any outstanding securities ranking on a parity with the Series B-1 Preferred Stock and having like voting rights that are exercisable at the time and entitled to vote thereon, shall be entitled to elect the two additional directors. The Series B Preferred Stock does not have a stated maturity and is not subject to mandatory redemption or any sinking fund. The Series B 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.

The following table summarizes preferred stock by outstanding series of shares:

			Year ended December 31,			December 31,	December 31,
			2019	2018	2017	2019	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	$ 56.50	$ 28.88	$ —	$ 393.9	$ 393.9
6.500% Series B	$ 25,000.00	20,000	$ 1,674.65	$ —	$ —	$ 486.1	$ 486.1

13. Share-Based Compensation

Our stockholders most recently approved the NiSource Inc. 2010 Omnibus Incentive Plan ("Omnibus Plan") at the Annual Meeting of Stockholders held on May 12, 2015. The Omnibus Plan provides for awards to employees and non-employee directors of incentive and nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units, cash-based awards and other stock-based awards and supersedes the long-term incentive plan approved by stockholders on April 13, 1994 ("1994 Plan") and the Director Stock Incentive Plan ("Director Plan"). The Omnibus Plan provides that the number of shares of common stock of NiSource available for awards is 8,000,000 plus the number of shares subject to outstanding awards that expire or terminate for any reason that were granted under either the 1994 Plan or the Director Plan, plus the number of shares that were awarded as a result of the Separation-related adjustments. At December 31, 2019, there were 3,313,183 shares reserved for future awards under the Omnibus Plan.

We recognized stock-based employee compensation expense of $16.3 million, $15.2 million and $15.3 million, during 2019, 2018 and 2017, respectively, as well as related tax benefits of $4.0 million, $3.7 million and $5.9 million, respectively. We recognized related excess tax benefits from the distribution of vested share-based employee compensation of $0.8 million, $1.0 million and $4.4 million in 2019, 2018 and 2017, respectively.

As of December 31, 2019, the total remaining unrecognized compensation cost related to non-vested awards amounted to $19.5 million, which will be amortized over the weighted-average remaining requisite service period of 1.8 years.

Restricted Stock Units and Restricted Stock. In 2019, we granted 166,031 restricted stock units and shares of restricted stock to employees, subject to service conditions. The total grant date fair value of the restricted stock units and shares of restricted stock was $4.1 million, based on the average market price of our common stock at the date of each grant less the present value of any dividends not received during the vesting period, which will be expensed over the vesting period which is generally three years. As of December 31, 2019, 157,786 non-vested restricted stock units and shares of restricted stock granted in 2019 were outstanding as of December 31, 2019.

In 2018, we granted 158,689 restricted stock units and shares of restricted stock to employees, subject to service conditions. The total grant date fair value of the restricted stock units and shares of restricted stock was $3.5 million, based on the average market price of our common stock at the date of each grant less the present value of any dividends not received during the vesting period, which will be expensed over the vesting period which is generally three years. As of December 31, 2019, 136,820 non-vested restricted stock units and shares of restricted stock granted in 2018 were outstanding as of December 31, 2019.

Restricted stock units and shares of restricted stock granted to employees in 2017 were immaterial.

If an employee terminates employment before the service conditions lapse under the 2017, 2018 or 2019 awards due to (1) retirement or disability (as defined in the award agreement), or (2) death, the service conditions will lapse on the date of such termination with respect to a pro rata portion of the restricted stock units and shares of restricted stock based upon the percentage of the service period satisfied between the grant date and the date of the termination of employment. In the event of a change in control (as defined in the award agreement), all unvested shares of restricted stock and restricted stock units awarded will immediately vest upon termination of employment occurring in connection with a change in control. Termination due to any other reason will result in all unvested shares of restricted stock and restricted stock units awarded being forfeited effective on the employee's date of termination.

(shares)	Restricted Stock Units	Weighted Average Award Date Fair Value Per Unit ($)
Non-vested at December 31, 2018	178,678	21.82
Granted	166,031	24.93
Forfeited	(21,547)	22.99
Vested	(20,556)	21.08
Non-vested at December 31, 2019	**302,606**	**23.49**

Performance Shares. In 2019, we granted 552,389 performance shares subject to service, performance and market conditions. The service conditions for these awards lapse on February 28, 2022. The performance period for the awards is the period beginning January 1, 2019 and ending December 31, 2021. The performance conditions are based on the achievement of one non-GAAP financial measure and additional operational measures as outlined below.

The financial measure is cumulative net operating earnings per share ("NOEPS"), which we define as income from continuing operations adjusted for certain unusual or non-recurring items. The number of cumulative NOEPS shares determined using this measure shall be increased or decreased based on our relative total shareholder return, a market condition which we define as the annualized growth in dividends and share price of a share of our common stock (calculated using a 20 trading day average of our closing price beginning on December 31, 2018 and ending on December 31, 2021) compared to the total shareholder return of a predetermined peer group of companies. A relative shareholder return result within the first quartile will result in an increase to the NOEPS shares of 25%, while a relative shareholder return result within the fourth quartile will result in a decrease of 25%. A Monte Carlo analysis was used to value the portion of these awards dependent on market conditions. The grant date fair value of the awards was $11.7 million, based on the average market price of our common stock at the date of each grant less the present value of dividends not received during the vesting period which will be expensed over the requisite service period of three years. As of December 31, 2019, 422,825 of these non-vested performance shares granted in 2019 remained outstanding.

If a threshold level of cumulative NOEPS financial performance is achieved, additional operational measures which we refer to as the customer value index, which consists of five equally weighted areas of focus including safety, customer satisfaction, financial, culture and environmental apply. Each area of focus represents 20% of the customer value index shares, and the targets for all areas must be met for these awards to be eligible for 100% payout of these awards. The grant date fair value of the awards was $2.5 million, based on the average market price of our common stock on the grant date of each award less the present value of dividends not received during the vesting period which will be expensed over the requisite service period of three years. As of December 31, 2019, 97,574 of these awards that were issued in 2019 remained outstanding.

In 2018, we awarded 514,338 performance shares subject to service, performance and market conditions. The service conditions for these awards lapse on February 26, 2021. The performance period for the awards is the period beginning January 1, 2018 and ending December 31, 2020. The performance conditions are based on the achievement of one non-GAAP financial measure and additional operational measures as outlined below.

The financial measure is cumulative net operating earnings per share ("NOEPS"), which we define as income from continuing operations adjusted for certain unusual or non-recurring items. The number of cumulative NOEPS shares determined using this measure shall be increased or decreased based on our relative total shareholder return, a market condition which we define as the annualized growth in dividends and share price of a share of our common stock (calculated using a 20 trading day average of our closing price beginning on December 31, 2017 and ending on December 31, 2020) compared to the total shareholder return of a predetermined peer group of companies. A relative shareholder return result within the first quartile will result in an increase to the NOEPS shares of 25% while a relative shareholder return result within the fourth quartile will result in a decrease of 25%. A Monte Carlo analysis was used to value the portion of these awards dependent on market conditions. The grant date fair value of the awards was $9.2 million, based on the average market price of our common stock at the date of each grant less the present value of dividends not received during the vesting period which will be expensed over the requisite service period of three years. As of December 31, 2019, 368,811 of these non-vested performance shares granted in 2018 remained outstanding.

If a threshold level of cumulative NOEPS financial performance is achieved, additional operational measures which we refer to as the customer value index, which consists of five equally weighted areas of focus including safety, customer satisfaction, financial, culture and environmental apply. Each area of focus represents 20% of the customer value index shares and the targets for all areas must be met for these awards to be eligible for 100% payout of these awards. Individual payout percentages for these shares may range from 0%-200% as determined by the compensation committee in its sole discretion. Due to this discretion, these shares are not considered to be granted under ASC 718. The service inception date fair value of the awards was $2.4 million, based on the closing market price of our common stock on the service inception date of each award. This value will be reassessed at each reporting period to be based on our closing market price of our common stock at the reporting period date with adjustments to expense recorded as appropriate. As of December 31, 2019, 85,111 of these awards that were issued in 2018 remained outstanding. The service conditions for these awards lapse on February 26, 2021.

In 2017, we granted 660,750 performance shares subject to service, performance and market conditions. The grant date fair value of the awards was $12.9 million, based on the average market price of our common stock at the date of each grant less the present value of dividends not received during the vesting period which will be expensed over the requisite service period of three years. The performance conditions are based on achievement of non-GAAP financial measures similar to those discussed above: cumulative net operating earnings per share for the three-year period ending December 31, 2019 and relative total shareholder return (calculated using a 20 trading day average of our closing price beginning on December 31, 2016 and ending on December 31, 2019). As of December 31, 2019, 528,928 non-vested performance shares granted in 2017 remained outstanding. The service conditions for these awards lapse on February 28, 2020.

(shares)	Performance Awards	Weighted Average Grant Date Fair Value Per Unit ($)[1]
Non-vested at December 31, 2018	1,634,718	20.45
Granted	552,389	25.77
Forfeited	(156,700)	26.72
Vested	(527,156)	28.11
Non-vested at December 31, 2019	**1,503,251**	**22.74**

[1]2018 performance shares awarded based on the customer value index are included at reporting date fair value as these awards have not been granted under ASC 718 as discussed above.

Non-employee Director Awards. As of May 11, 2010, awards to non-employee directors may be made only under the Omnibus Plan. Currently, restricted stock units are granted annually to non-employee directors, subject to a non-employee director's election to defer receipt of such restricted stock unit award. The non-employee director's annual award of restricted stock units vest on the first anniversary of the grant date subject to special pro-rata vesting rules in the event of retirement or disability (as defined in the award agreement), or death. The vested restricted stock units are payable as soon as practicable following vesting except as otherwise provided pursuant to the non-employee director's election to defer. Certain restricted stock units remain outstanding from the Director Plan. All such awards are fully vested and shall be distributed to the directors upon their separation from the Board.

As of December 31, 2019, 165,768 restricted stock units are outstanding to non-employee directors under either the Omnibus Plan or the Director Plan. Of this amount, 49,926 restricted stock units are unvested and expected to vest.

401(k) Match, Profit Sharing and Company Contribution. We have a voluntary 401(k) savings plan covering eligible employees that allows for periodic discretionary matches as a percentage of each participant's contributions payable in cash for nonunion employees and generally payable in shares of NiSource common stock for union employees, subject to collective bargaining. We also have a retirement savings plan that provides for discretionary profit sharing contributions similarly payable in cash or shares of NiSource common stock to eligible employees based on earnings results, and eligible employees hired after January 1, 2010 receive a non-elective company contribution of 3% of eligible pay similarly payable in cash or shares of NiSource common stock. For the years ended December 31, 2019, 2018 and 2017, we recognized 401(k) match, profit sharing and non-elective contribution expense of $37.5 million, $37.6 million and $37.6 million, respectively.

14. Long-Term Debt

Our long-term debt as of December 31, 2019 and 2018 is as follows:

Long-term debt type	Maturity as of December 31, 2019	Weighted average interest rate (%)	Outstanding balance as of December 31, (in millions) 2019	2018
Senior notes:				
NiSource	December 2021	4.45%	**63.6**	63.6
NiSource	November 2022	2.65%	**500.0**	500.0
NiSource	February 2023	3.85%	**250.0**	250.0
NiSource	June 2023	3.65%	**350.0**	350.0
NiSource	November 2025	5.89%	**265.0**	265.0
NiSource	May 2027	3.49%	**1,000.0**	1,000.0
NiSource	December 2027	6.78%	**3.0**	3.0
NiSource	September 2029	2.95%	**750.0**	—
NiSource	December 2040	6.25%	**250.0**	250.0
NiSource	June 2041	5.95%	**400.0**	400.0
NiSource	February 2042	5.80%	**250.0**	250.0
NiSource	February 2043	5.25%	**500.0**	500.0
NiSource	February 2044	4.80%	**750.0**	750.0
NiSource	February 2045	5.65%	**500.0**	500.0
NiSource	May 2047	4.38%	**1,000.0**	1,000.0
NiSource	March 2048	3.95%	**750.0**	750.0
Total senior notes			**$7,581.6**	$6,831.6
Medium term notes:				
NiSource	April 2022 to May 2027	7.99%	**$ 49.0**	$ 49.0
NIPSCO	August 2022 to August 2027	7.61%	**68.0**	68.0
Columbia of Massachusetts	December 2025 to February 2028	6.30%	**40.0**	40.0
Total medium term notes			**$ 157.0**	$ 157.0
Finance leases:				
NiSource Corporate Services	January 2020 to November 2023	3.47%	**22.3**	11.6
Columbia of Ohio	October 2021 to March 2044	6.16%	**94.8**	91.5
Columbia of Virginia	July 2029 to November 2039	6.31%	**19.1**	15.2
Columbia of Kentucky	May 2027	3.79%	**0.3**	0.3
Columbia of Pennsylvania	August 2027 to May 2035	5.67%	**20.7**	30.0
Columbia of Massachusetts	December 2033 to November 2043	5.49%	**44.3**	45.7
Total finance leases			**201.5**	194.3
Pollution control bonds - NIPSCO	April 2019	5.85%	**—**	41.0
Unamortized issuance costs and discounts			**(70.5)**	$ (68.5)
Total Long-Term Debt			**$7,869.6**	$7,155.4

Details of our 2019 long-term debt related activity are summarized below:

- On April 1, 2019, NIPSCO repaid $41.0 million of 5.85% pollution control bonds at maturity.
- On August 12, 2019, we closed our placement of $750.0 million of 2.95% senior unsecured notes maturing in 2029 which resulted in approximately $742.4 million of net proceeds after deducting commissions and expenses.

Details of our 2018 long-term debt related activity are summarized below:

- 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.

See Note 19-A, "Contractual Obligations," for the outstanding long-term debt maturities at December 31, 2019.

Unamortized debt expense, premium and discount on long-term debt applicable to outstanding bonds are being amortized over the life of such bonds.

We are subject to a financial covenant under our revolving credit facility and term loan agreement which requires 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 December 31, 2019, the ratio was 61.7%.

We are also subject to certain other non-financial covenants under the revolving credit facility. Such covenants include a limitation on the creation or existence of new liens on our assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets equal to $150 million. An asset sale covenant generally restricts the sale, conveyance, lease, transfer or other disposition of our assets to those dispositions that are for a price not materially less than fair market of such assets, that would not materially impair our ability to perform obligations under the revolving credit facility, and that together with all other such dispositions, would not have a material adverse effect. The covenant also restricts dispositions to no more than 10% of our consolidated total assets on December 31, 2015. The revolving credit facility also includes a cross-default provision, which triggers an event of default under the credit facility in the event of an uncured payment default relating to any indebtedness of us or any of our subsidiaries in a principal amount of $50.0 million or more.

Our indentures generally do not contain any financial maintenance covenants. However, our indentures are generally subject to cross-default provisions ranging from uncured payment defaults of $5 million to $50 million, and limitations on the incurrence of liens on our assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets capped at 10% of our consolidated net tangible assets.

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 December 31, 2019 and 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 $570.0 million and $978.0 million of commercial paper outstanding as of December 31, 2019 and 2018, respectively.

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Consolidated Balance Sheets. We had $353.2 million and $399.2 million in transfers as of December 31, 2019 and 2018, respectively. Refer to Note 18, "Transfers of Financial Assets," for additional information.

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:

At December 31, *(in millions)*		**2019**		2018
Commercial Paper weighted-average interest rate of 2.03% and 2.96% at December 31, 2019 and 2018, respectively	**$**	**570.0**	$	978.0
Accounts receivable securitization facility borrowings		**353.2**		399.2
Term loan weighted-average interest rate of 2.40% and 3.07% at December 31, 2019 and 2018, respectively		**850.0**	$	600.0
Total Short-Term Borrowings	**$**	**1,773.2**	$	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 Statements of Consolidated Cash Flows 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 Consolidated Balance Sheets as of January 1, 2019. The standard had no material impact on our Statements of Consolidated Income (Loss) or our Statements of Consolidated Cash Flows.

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 24 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 Consolidated Balance Sheets 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 (as that term is defined in ASC 842) 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 year ended December 31, 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:

Year Ended December 31, *(in millions)*	Income Statement Classification		**2019**
Finance lease cost			
Amortization of right-of-use assets	Depreciation and amortization	**$**	**15.5**
Interest on lease liabilities	Interest expense, net		**11.3**
Total finance lease cost			**26.8**
Operating lease cost	Operation and maintenance		**17.9**
Short-term lease cost	Operation and maintenance		**1.0**
Total lease cost		**$**	**45.7**

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

(in millions)	Balance Sheet Classification		**December 31, 2019**
Assets			
Finance leases	Net Property, Plant and Equipment	**$**	**179.5**
Operating leases	Deferred charges and other		**64.2**
Total leased assets			**243.7**
Liabilities			
Current			
Finance leases	Current portion of long-term debt		**13.4**
Operating leases	Other accruals		**13.2**
Noncurrent			
Finance leases	Long-term debt, excluding amounts due within one year		**188.1**
Operating leases	Other noncurrent liabilities		**51.6**
Total lease liabilities		**$**	**266.3**

Other pertinent information related to leases was as follows:

Year Ended December 31, *(in millions)*		2019
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows used for finance leases	**$**	**11.3**
Operating cash flows used for operating leases		**17.9**
Financing cash flows used for finance leases		**10.6**
Right-of-use assets obtained in exchange for lease obligations		
Finance leases		**26.4**
Operating leases	**$**	**13.4**

	December 31, 2019
Weighted-average remaining lease term (years)	
Finance leases	**14.8**
Operating leases	**9.2**
Weighted-average discount rate	
Finance leases	**5.9%**
Operating leases	**4.3%**

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

As of December 31, 2019, *(in millions)*		Total		Finance Leases		Operating Leases
Year 1	$	42.8	$	27.2	$	15.6
Year 2		36.7		27.3		9.4
Year 3		35.0		26.8		8.2
Year 4		30.7		23.1		7.6
Year 5		26.5		19.9		6.6
Thereafter		233.3		201.6		31.7
Total lease payments[(1)]		405.0		325.9		79.1
Less: Imputed interest		(116.6)		(102.3)		(14.3)
Less: Leases not yet commenced		(22.1)		(22.1)		—
Total		266.3		201.5		64.8
Reported as of December 31, 2019						
Short-term lease liabilities		26.6		13.4		13.2
Long-term lease liabilities		239.7		188.1		51.6
Total lease liabilities	$	266.3	$	201.5	$	64.8

[(1)] Expected payments include obligations for leases not yet commenced of approximately $22.1 million for IT assets and interconnection facilities. These leases have terms between 4 years and 20 years, with estimated commencements in the first quarter of 2020 and in the third quarter of 2020.

Disclosures Related to Periods Prior to Adoption of ASC 842. We lease assets in several areas of our operations including fleet vehicles and equipment, rail cars for coal delivery and certain operations centers. Payments made in connection with operating leases were $49.1 million in 2018 and $49.5 million in 2017, and are primarily charged to operation and maintenance expense as incurred.

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. 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 Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of December 31, 2019 and December 31, 2018:

Recurring Fair Value Measurements December 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 December 31, 2019
Assets				
Risk management assets	$ —	$ 4.4	$ —	$ 4.4
Available-for-sale securities	—	154.2	—	154.2
Total	**$ —**	**$ 158.6**	**$ —**	**$ 158.6**
Liabilities				
Risk management liabilities	$ —	$ 146.6	$ —	$ 146.6
Total	**$ —**	**$ 146.6**	**$ —**	**$ 146.6**

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

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 December 31, 2019 and 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 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 9, "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 9, “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 Consolidated Balance Sheets. 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 December 31, 2019 and 2018 were:

December 31, 2019 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities				
U.S. Treasury debt securities	$ 31.4	$ 0.1	$ (0.1)	$ 31.4
Corporate/Other debt securities	118.7	4.2	(0.1)	122.8
Total	**$ 150.1**	**$ 4.3**	**$ (0.2)**	**$ 154.2**

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 year-ended December 31, 2019 and 2018.

The cost of maturities sold is based upon specific identification. At December 31, 2019, approximately $7.7 million of U.S. Treasury debt securities and approximately $6.0 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 years ended December 31, 2019 and 2018.

Non-recurring Fair Value Measurements. We measure the fair value of certain assets on a non-recurring basis, typically annually or when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. These assets include goodwill and other intangible assets.

At December 31, 2019, we recorded an impairment charge of $204.8 million for goodwill and an impairment charge of $209.7 million for franchise rights, in each case related to Columbia of Massachusetts. For additional information, see Note 6, "Goodwill and Other Intangible Assets."

B. Other Fair Value Disclosures for Financial Instruments. The carrying amount of cash and cash equivalents, restricted cash, notes receivable, customer deposits and short-term borrowings is a reasonable estimate of fair value due to their liquid or short-term nature. 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 years ended December 31, 2019 and 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:

At December 31, *(in millions)*	**Carrying Amount 2019**	**Estimated Fair Value 2019**	Carrying Amount 2018	Estimated Fair Value 2018
Long-term debt (including current portion)	**$ 7,869.6**	**$ 8,764.4**	$ 7,155.4	$ 7,228.3

18. 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 2020 and October 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 Consolidated Balance Sheets. As of December 31, 2019, the maximum amount of debt that could be recognized related to our accounts receivable programs is $465.0 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 December 31, 2019 and 2018:

At December 31, *(in millions)*	**2019**	2018
Gross receivables	**$ 569.1**	$ 694.4
Less: receivables not transferred	**215.9**	295.2
Net receivables transferred	**$ 353.2**	$ 399.2
Short-term debt due to asset securitization	**$ 353.2**	$ 399.2

During 2019, $46.0 million was recorded as cash flows used for financing activities related to the change in short-term borrowings due to securitization transactions. During 2018, $62.5 million was recorded as cash flows from financing activities related to the change in short-term borrowings due to securitization transactions. Fees associated with the securitization transactions were $2.6 million, $2.6 million and $2.5 million for the years ended December 31, 2019, 2018 and 2017, respectively. Columbia of Ohio, NIPSCO and Columbia of Pennsylvania remain responsible for collecting on the receivables securitized, and the receivables cannot be transferred to another party.

19. Other Commitments and Contingencies

A. Contractual Obligations. We have certain contractual obligations requiring payments at specified periods. The obligations include long-term debt, lease obligations, energy commodity contracts and obligations for various services including pipeline capacity and outsourcing of IT services. The total contractual obligations in existence at December 31, 2019 and their maturities were:

(in millions)	Total	2020	2021	2022	2023	2024	After
Long-term debt [(1)]	$ 7,738.6	$ —	$ 63.6	$ 530.0	$ 600.0	$ —	$ 6,545.0
Interest payments on long-term debt	6,214.2	342.0	340.7	337.1	311.1	299.9	4,583.4
Finance leases[(2)]	325.9	27.2	27.3	26.8	23.1	19.9	201.6
Operating leases[(3)]	79.1	15.6	9.4	8.2	7.6	6.6	31.7
Energy commodity contracts[(4)]	95.9	65.5	30.4	—	—	—	—
Service obligations:							
Pipeline service obligations	3,450.7	605.0	590.1	546.8	357.2	237.5	1,114.1
IT service obligations	153.2	63.6	49.4	38.0	1.1	1.1	—
Other service obligations[(5)]	59.8	45.8	14.0	—	—	—	—
Other liabilities	27.3	27.3	—	—	—	—	—
Total contractual obligations	$ 18,144.7	$ 1,192.0	$ 1,124.9	$ 1,486.9	$ 1,300.1	$ 565.0	$ 12,475.8

(1) Long-term debt balance excludes unamortized issuance costs and discounts of $70.5 million.
(2) Finance lease payments shown above are inclusive of interest totaling $108.3 million.
(3) Operating lease payments shown above are inclusive of interest totaling $14.3 million. 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 (as that term is defined in ASC 842) to do so. If we were to continue the fleet vehicle leases outstanding at December 31, 2019, payments would be $34.5 million in 2020, $28.3 million in 2021, $23.4 million in 2022, $19.9 million in 2023, $15.2 million in 2024 and $15.2 million thereafter.
(4) In January 2020, NIPSCO signed new coal contract commitments of $14.4 million for 2020. These contracts are not included above.
(5) In February 2020, NIPSCO signed a new railcar coal transportation contract commitment of $12.0 million for 2020. This contract is not included above.

Operating and Finance Lease Commitments. We lease assets in several areas of our operations including corporate and field offices, railcars, fleet vehicles and certain IT assets. Payments made in connection with operating and month-to-month leases were $52.5 million in 2019, $49.1 million in 2018 and $49.5 million in 2017, and are primarily charged to operation and maintenance expense as incurred. See Note 16, "Leases" for additional details.

Purchase and Service Obligations. We have entered into various purchase and service agreements whereby we are contractually obligated to make certain minimum payments in future periods. Our purchase obligations are for the purchase of physical quantities of natural gas, electricity and coal. Our service agreements encompass a broad range of business support and maintenance functions which are generally described below.

Our subsidiaries have entered into various energy commodity contracts to purchase physical quantities of natural gas, electricity and coal. These amounts represent minimum quantities of these commodities we are obligated to purchase at both fixed and variable prices. To the extent contractual purchase prices are variable, obligations disclosed in the table above are valued at market prices as of December 31, 2019.

In July 2008, the IURC issued an order approving NIPSCO's purchase power agreements with subsidiaries of Iberdrola Renewables, Buffalo Ridge I LLC and Barton Windpower LLC. These agreements provide NIPSCO the opportunity and obligation to purchase up to 100 MW of wind power generated commencing in early 2009. The contracts extend 15 and 20 years, representing 50 MW of wind power each. No minimum quantities are specified within these agreements due to the variability of electricity generation from wind, so no amounts related to these contracts are included in the table above. Upon any termination of the agreements by NIPSCO for any reason (other than material breach by Buffalo Ridge I LLC or Barton Windpower LLC), NIPSCO may be required to pay a termination charge that could be material depending on the events giving rise to termination and the timing of the termination. NIPSCO began purchasing wind power in April 2009.

We have pipeline service agreements that provide for pipeline capacity, transportation and storage services. These agreements, which have expiration dates ranging from 2020 to 2045, require us to pay fixed monthly charges.

NIPSCO has contracts with three major rail operators providing for coal transportation services for which there are certain minimum payments. These service contracts extend for various periods through 2021.

We have executed agreements with multiple IT service providers. The agreements extend for various periods through 2024.

B. Guarantees and Indemnities. We and certain subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries as 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. At December 31, 2019 and 2018, we had issued stand-by letters of credit of $10.2 million for the benefit of third parties.

C. 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 for approximately 7,500 gas meters, the majority of which served residences and approximately 700 of which served 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 " - E. Other Matters - Greater Lawrence Pipeline Replacement" below for more information.

We are subject to inquiries and investigations by government authorities and regulatory agencies regarding the Greater Lawrence Incident, including the Massachusetts DPU and the Massachusetts Attorney General's Office, as described below. We are cooperating with all inquiries and investigations. In addition, on February 26, 2020, the Company and Columbia of Massachusetts entered into agreements with the U.S. Attorney's Office to resolve the U.S. Attorney's Office's investigation relating to the Greater Lawrence Incident, as described below.

NTSB Investigation. As previously disclosed, the NTSB concluded its investigation into the Greater Lawrence Incident, and we are implementing the one remaining safety recommendation resulting from the investigation.

Massachusetts Investigations. Under Massachusetts law, the DPU is authorized to investigate potential violations of pipeline safety regulations and to assess a civil penalty of up to $218,647 for a violation of federal pipeline safety regulations. A separate violation occurs for each day of violation up to $2.2 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 is investigating Columbia of Massachusetts as described below. Columbia of Massachusetts will likely be subject to potential compliance actions related to the Greater Lawrence Incident and the restoration work following the incident, the timing and outcomes of which are uncertain at this time.

After the Greater Lawrence Incident, the Massachusetts DPU 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 has directed all natural gas distribution companies operating in the Commonwealth to fund the statewide examination. The statewide examination is complete. The Phase I report, which was issued in May 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. Phase II, which was focused on field assessments of each Massachusetts gas company, concluded in December 2019. The Phase II report made several observations about and recommendations to Massachusetts gas companies, including Columbia of Massachusetts, with regard to safety culture and assets. The final report was issued in late January 2020, and the DPU directed each natural gas distribution company operating in Massachusetts to submit a plan in response to the report no later than February 28, 2020.

On September 11, 2019, the Massachusetts DPU issued an order directing Columbia of Massachusetts to take several specific actions to address concerns related to service lines abandoned during the restoration work following the Greater Lawrence Incident and to furnish certain information and periodic reports to the DPU.

On October 1, 2019, the Massachusetts DPU issued four orders to Columbia of Massachusetts in connection with the service lines abandoned during the Greater Lawrence Incident restoration, which require: (1) the submission of a detailed work plan to the DPU, (2) the completion of quality control work on certain abandoned services, (3) the payment for a third-party independent audit, to be contracted through the DPU, of all gas pipeline work completed as part of the incident restoration effort, and (4) prompt and full response to any requests for information by the third-party auditor. The Massachusetts DPU retained an independent evaluator to conduct this audit, and that third party is currently evaluating compliance with Massachusetts and federal law, as well as any other operational or safety risks that may be posed by the pipeline work. The audit scope also includes Columbia of Massachusetts' operations in the Lawrence Division and other service territories as appropriate.

Also in October 2019, the Massachusetts DPU issued three additional orders requiring: (1) daily leak surveillance and reporting in areas where abandoned services are located, (2) completion by November 15, 2019 of the work plan previously submitted describing how Columbia of Massachusetts would address the estimated 2,200 locations at which an inside meter set was moved outside the property as part of the abandoned service work completed during the Greater Lawrence Incident restoration, and (3) submission of a report by December 2, 2019 showing any patterns, trends or correlations among the non-compliant work related to the abandonment of service lines, gate boxes and curb boxes during the incident restoration.

On October 3, 2019, the Massachusetts DPU notified Columbia of Massachusetts that, absent DPU approval, it is currently allowed to perform only emergency work on its gas distribution system throughout its service territories in Massachusetts. The restrictions do not apply to Columbia of Massachusetts’ work to address the previously identified issues with abandoned service lines and valve boxes in the Greater Lawrence, Massachusetts area. Columbia of Massachusetts is subject to daily monitoring by the DPU on any work that Columbia of Massachusetts conducts in Massachusetts. Such restrictions on work remain in place until modified by the DPU.

On October 25, 2019, the Massachusetts DPU issued two orders opening public investigations into Columbia of Massachusetts with respect to the Greater Lawrence Incident. The Massachusetts DPU opened the first investigation under its authority to determine compliance with federal and state pipeline safety laws and regulations, and to investigate Columbia of Massachusetts’ responsibility for and response to the Greater Lawrence Incident and its restoration efforts following the incident. The Massachusetts DPU opened the second investigation under its authority to determine whether a gas distribution company has violated established standards regarding acceptable performance for emergency preparedness and restoration of service to investigate efforts by Columbia of Massachusetts to prepare for and restore service following the Greater Lawrence Incident. Separate penalties are applicable under each exercise of authority.

On December 23, 2019, the Massachusetts DPU issued an order defining the scope of its investigation into the response of Columbia of Massachusetts related to the Greater Lawrence Incident. The DPU identified three distinct time frames in which Columbia of Massachusetts handled emergency response and restoration directly: (1) September 13-14, 2018, (2) September 21 through December 16, 2018 (the Phase I restoration), and (3) September 27, 2019 through completion of restoration of outages resulting from the gas release event in Lawrence, Massachusetts that occurred on September 27, 2019. The DPU determined that it is appropriate to investigate separately, for each time period described above, the areas of response, recovery and restoration for which Columbia of Massachusetts was responsible. The DPU noted that it also may investigate the continued restoration and related repair work that took place after December 16, 2018 and, depending on the outcome of that investigation, may deem it appropriate to consider that period of restoration as an additional separate time period.

The DPU also noted that its investigation into all of the above described time periods is ongoing and that if the DPU determines, based on its investigation, that it is appropriate to treat the separate time frames as separate emergency events, it may impose up to the maximum statutory penalty for each event, pursuant to Mass. G.L. c. 164 Section 1J. This provision authorizes the DPU 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. The DPU noted that at this preliminary stage of the investigation, it does not have the factual basis to make those determinations.

In connection with its investigation related to the Greater Lawrence Incident, on February 4, 2020, the Massachusetts Attorney General's Office issued a request for documents primarily focused on the restoration work following the incident.

Columbia of Massachusetts is cooperating with the investigations set forth above as well as other inquiries resulting from an increased amount of enforcement activity, for all of which the outcomes are uncertain at this time.

Massachusetts Legislative Matters. On November 12, 2019, the Joint Committee on Telecommunications, Utilities and Energy held a hearing that focused on gas safety, but the Committee has not taken action on any bills. Increased scrutiny related to gas system safety and regulatory oversight in Massachusetts, including additional legislative oversight hearings and new legislative proposals, is expected to continue during the current two-year legislative session that ends in December 2020.

U.S. Department of Justice Investigation. As previously disclosed, 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. The initial grand jury subpoenas were served on the Company and Columbia of Massachusetts on September 24, 2018.

On February 26, 2020, the Company and Columbia of Massachusetts entered into agreements with the U.S. Attorney's Office to resolve the U.S. Attorney's Office's investigation relating to the Greater Lawrence Incident. Columbia of Massachusetts agreed to plead guilty in the United States District Court for the District of Massachusetts (the "Court") to violating the Natural Gas Pipeline Safety Act (the "Plea Agreement"), and the Company entered into a DPA.

Under the Plea Agreement, which must be approved by the Court, Columbia of Massachusetts will be subject to the following terms, among others: (i) a criminal fine in the amount of $53,030,116 paid within 30 days of sentencing; (ii) a three year probationary period that will early terminate upon a sale of Columbia of Massachusetts or a sale of its gas distribution business to a qualified third-party buyer consistent with certain requirements; (iii) compliance with each of the NTSB recommendations stemming from the Greater Lawrence Incident; and (iv) employment of an in-house monitor during the term of the probationary period.

Under the DPA, the U.S. Attorney's Office agreed to defer prosecution of the Company in connection with the Greater Lawrence Incident for a three-year period (which three-year period may be extended for twelve (12) months upon the U.S. Attorney's Office's determination of a breach of the DPA) subject to certain obligations of the Company, including, but not limited to, the following: (i) the Company will use reasonable best efforts to sell Columbia of Massachusetts or Columbia of Massachusetts' gas distribution business to a qualified third-party buyer consistent with certain requirements, and, upon the completion of any such sale, the Company will cease and desist any and all gas pipeline and distribution activities in the District of Massachusetts; (ii) the Company will forfeit and pay, within 30 days of the later of the sale becoming final or the date on which post-closing adjustments to the purchase price are finally determined in accordance with the agreement to sell Columbia Gas of Massachusetts or its gas distribution business, a fine equal to the total amount of any profit or gain from any sale of Columbia of Massachusetts or its gas distribution business, with the amount of profit or gain determined as provided in the DPA; and (iii) the Company agrees as to each of the Company's subsidiaries involved in the distribution of gas through pipeline facilities in Massachusetts, Indiana, Ohio, Pennsylvania, Maryland, Kentucky and Virginia to implement and adhere to each of the recommendations from the NTSB stemming from the Greater Lawrence Incident. Pursuant to the DPA, if the Company complies with all of its obligations under the DPA, including, but not limited to those identified above, the U.S. Attorney's Office will not file any criminal charges against the Company related to the Greater Lawrence Incident. If Columbia of Massachusetts' guilty plea is not accepted by the Court or is withdrawn for any reason, or if Columbia of Massachusetts should fail to perform an obligation under the Plea Agreement prior to the sale of Columbia of Massachusetts or its gas distribution business, the U.S. Attorney's Office may, at its sole option, render the DPA null and void.

U.S. Congressional Activity. On September 30, 2019, the U.S. Pipeline Safety Act expired. There is no effect on PHMSA's authority. Action on past re-authorization bills has extended past the expiration date and action on this re-authorization is expected to continue well into 2020. Pipeline safety jurisdiction resides with the U.S. Senate Commerce Committee, and is divided between two committees in the U.S. House of Representatives (Energy and Commerce, and Transportation and Infrastructure). Legislative proposals are currently in various stages of committee development and the timing of further action is uncertain. Certain legislative proposals, if enacted into law, may increase costs for natural gas industry companies, including the Company and Columbia of Massachusetts.

SEC Investigation. On November 27, 2019, the SEC staff notified the Company that it concluded its investigation related to disclosures made by the Company prior to the Greater Lawrence Incident and, based on the information provided as of such date, it does not intend to recommend an enforcement action against the Company.

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 have been 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 motion for preliminary approval and the settlement documents were filed on September 25, 2019. The preliminary approval court hearing was held on October 7, 2019 and the court issued an order granting preliminary approval of the settlement on October 11, 2019. The proposed settlement is subject to final court approval, and a hearing occurred on February 27, 2020. The court took the matter under advisement.

Many residents and business owners have submitted individual damage claims to Columbia of Massachusetts. Most of the wrongful death and bodily injury claims that have been asserted have been settled, and we continue to discuss potential settlements with plaintiffs asserting such claims. 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.

Financial Impact. Since the Greater Lawrence Incident, we have recorded expenses of approximately $1,041 million for third-party claims and fines, penalties and settlements associated with government investigations. We estimate that total costs related to third-party claims and fines, penalties and settlements associated with government investigations resulting from the incident will range from $1,041 million to $1,065 million, depending on the number, nature, final outcome and value of third-party claims and the final outcome of government investigations. With regard to third-party claims, these costs include, but are not limited to, personal injury and property damage claims, damage to infrastructure, business interruption claims, and mutual aid payments to other utilities assisting with the restoration effort. These costs do not include costs of certain third-party claims and fines, penalties or settlements associated with government investigations that we are not able to estimate, nor do they include non-claims related and government investigation-related legal expenses resulting from the incident and the capital cost of the pipeline replacement, which are set forth in " - E. Other Matters - Greater Lawrence Incident Restoration" and "- Greater Lawrence Incident Pipeline Replacement," respectively, below.

The process for estimating costs associated with third-party claims and fines, penalties, and settlements associated with government investigations 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 regarding ongoing investigations, management's estimates and assumptions regarding the financial impact of the Greater Lawrence Incident may change.

The aggregate amount of third-party liability insurance coverage available for losses arising from the Greater Lawrence Incident is $800 million. We have collected the entire $800 million as of December 31, 2019. Total expenses related to the incident have exceeded the total amount of insurance coverage available under our policies. Refer to "- E. 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.

We are also party to certain other claims, regulatory and legal proceedings arising in the ordinary course of business in each state in which we have operations, 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, proceeding or investigation related to the Greater Lawrence Incident or otherwise would not have a material adverse effect on our results of operations, financial position or liquidity. Certain matters in connection with the Greater Lawrence Incident have had or may have a material impact as described above. If one or more of such additional or other 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.

D. 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, improvement and remediation costs to be recoverable through rates for certain of our companies.

As of December 31, 2019 and 2018, we had recorded a liability of $104.4 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 Consolidated Balance Sheets. 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.

Electric Operations' compliance estimates disclosed below are reflective of NIPSCO's Integrated Resource Plan submitted to the IURC on October 31, 2018. See section " - E. 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 require further GHG reductions or impose additional requirements for natural gas facilities could impose additional costs. NiSource will carefully monitor all GHG reduction proposals and regulations.

ACE Rule. On July 8, 2019, the EPA published the final ACE rule, which 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 Consolidated Financial Statements.

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 $102.2 million and $97.5 million at December 31, 2019 and 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.

To comply with the rule, NIPSCO completed capital expenditures to modify its infrastructure and manage CCRs during 2019. 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 obligation due to the uncertainty about the requirements that will be established by environmental authorities, compliance strategies that will be used and the preliminary nature of available data used to estimate costs. As allowed by the rule, 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. Based upon a study performed in 2016 of the final rule, capital compliance costs were expected to be approximately $170.0 million. The EPA has proposed revisions to the final rule, and public comments were due on January 21, 2020. 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).

E. 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 Plans 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 MWh. 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 scheduled to be complete by the end of 2020 for one facility. NIPSCO has filed a notice with the IURC of its intention not to move forward with one of its approved PPAs due to the failure to meet a condition precedent in the agreement as a result of local zoning restrictions.

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 joint venture owned by NIPSCO, the developer and an unrelated tax equity partner. The aforementioned joint venture is expected to be fully owned by NIPSCO 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, successful execution of an agreement with a tax equity partner, and timely completion of construction. NIPSCO submitted the BTA to the IURC for approval in February 2019 and the IURC approved the BTA on August 7, 2019. Required FERC filings occurred after receiving the IURC order and the related approvals were received. Construction of the facility is expected to be completed by the end of 2020.

On October 1, 2019, NIPSCO announced the opening of its next round of RFP to consider potential resources to meet the future electric needs of its customers. The RFP closed on November 20, 2019, and NIPSCO continues to evaluate the results. NIPSCO is considering all sources in the RFP process.

In October 2019, NIPSCO executed a BTA with a developer to construct an additional renewable generation facility with a nameplate capacity of approximately 300 MW. Once complete, ownership of the facility would be transferred to a joint venture owned by NIPSCO, the developer and an unrelated tax equity partner. The aforementioned joint venture is expected to be fully owned by NIPSCO 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, successful execution of an agreement with a tax equity partner, and timely completion of construction. NIPSCO submitted the BTA to the IURC for approval on October 22, 2019, and the IURC approved the BTA on February 19, 2020. Required FERC filings are expected to be filed by the end of June 2020. Construction of the facility is expected to be completed by the end of 2021.

Greater Lawrence Incident Restoration. In addition to the amounts estimated for third-party claims and fines, penalties and settlements associated with government investigations described above, since the Greater Lawrence Incident, we have recorded expenses of approximately $420 million for other incident-related costs. We estimate that total other incident-related costs will range from $450 million to $460 million, depending on the incurrence of costs associated with resolving outstanding inquiries and investigations discuss above in " - C. Legal Proceedings." Such costs include certain consulting costs, legal costs, vendor 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 capital cost of the pipeline replacement, which is set forth below, or any estimates for fines and penalties, which are discussed above in " - C. Legal Proceedings."

As discussed in "- C. Legal Proceedings," the aggregate amount of third-party liability insurance coverage available for losses arising from the Greater Lawrence Incident is $800 million. We have collected the entire $800 million as of December 31, 2019. Expenses related to the incident have exceeded the total amount of insurance coverage available under our policies.

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

(in millions)	Year Ended December 31, 2018	**Year Ended December 31, 2019**	Incident to Date
Third-party claims and government fines, penalties and settlements	$ 757	**$ 284**	$ 1,041
Other incident-related costs	266	**154**	420
Total	1,023	**438**	1,461
Insurance recoveries recorded	(135)	**(665)**	(800)
Loss (benefit) to income before income taxes	$ 888	**$ (227)**	$ 661

The following table presents activity related to our Greater Lawrence Incident insurance recovery, which we have recovered in full as of December 31, 2019.

(in millions)	Insurance receivable[(1)]
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	**$ 260**
Insurance recoveries recorded in third quarter of 2019	—
Cash collected from insurance recoveries in the third quarter of 2019	(260)
Balance, September 30, 2019	**$ —**
Insurance recoveries recorded in the fourth quarter of 2019	130
Cash collected from insurance recoveries in the fourth quarter of 2019	(130)
Balance, December 31, 2019	**$ —**

(1) $5 million of insurance recoveries were collected during 2018.

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.

Since the Greater Lawrence Incident and through December 31, 2019, we have invested approximately $258 million of capital spend for the pipeline replacement; this work was completed in 2019. We maintain property insurance for gas pipelines and other applicable property. Columbia of Massachusetts has filed a proof of loss with its property insurer for the full cost of the pipeline replacement. In January 2020, we filed a lawsuit against the property insurer, seeking payment of our property claim. We are currently unable to predict the timing or amount of any insurance recovery under the property policy. The recovery of any capital investment not reimbursed through insurance will be addressed in a future regulatory proceeding; a future regulatory proceeding is dependent on the outcome of the sale of the Massachusetts Business. The outcome of such a proceeding (if any) 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.

State Income Taxes Related to Greater Lawrence Incident Expenses. As of December 31, 2018, expenses related to the Greater Lawrence Incident were $1,023 million. In the fourth quarter of 2019, we filed an application for Alternative Apportionment with the MA DOR to request an allocable approach to these expenses for purposes of Massachusetts state income taxes, which, if approved, would result in a state deferred tax asset of approximately $50 million, net. The MA DOR is expected to review the application within nine months from the date of filing, and we believe it is reasonably possible that the application will be accepted, or an alternative method proposed.

20. Accumulated Other Comprehensive Loss

The following table displays the activity of Accumulated Other Comprehensive Loss, net of tax:

(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	0.6	(24.2)	1.9	(21.7)
Amounts reclassified from accumulated other comprehensive loss	0.2	1.7	1.5	3.4
Net current-period other comprehensive income (loss)	0.8	(22.5)	3.4	(18.3)
Balance as of December 31, 2017	**$ 0.2**	**$ (29.4)**	**$ (14.2)**	**$ (43.4)**
Other comprehensive income (loss) before reclassifications	(3.0)	55.8	(4.4)	48.4
Amounts reclassified from accumulated other comprehensive loss	0.4	(33.1)	—	(32.7)
Net current-period other comprehensive income (loss)	(2.6)	22.7	(4.4)	15.7
Reclassification due to adoption of ASU 2018-02	—	(6.3)	(3.2)	(9.5)
Balance as of December 31, 2018	**$ (2.4)**	**$ (13.0)**	**$ (21.8)**	**$ (37.2)**
Other comprehensive income (loss) before reclassifications	6.1	(64.3)	2.3	(55.9)
Amounts reclassified from accumulated other comprehensive loss	(0.4)	0.1	0.8	0.5
Net current-period other comprehensive income (loss)	5.7	(64.2)	3.1	(55.4)
Balance as of December 31, 2019	**$ 3.3**	**$ (77.2)**	**$ (18.7)**	**$ (92.6)**

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

21. Other, Net

Year Ended December 31, *(in millions)*	**2019**	2018	2017
Interest income	**$ 7.7**	$ 6.6	$ 4.6
AFUDC equity	**8.0**	14.2	12.6
Charitable contributions[(1)]	**(5.1)**	(45.3)	(19.9)
Pension and other postretirement non-service cost[(2)]	**(16.5)**	18.0	(10.6)
Interest rate swap settlement gain[(3)]	**—**	46.2	—
Miscellaneous	**0.7**	3.8	(0.2)
Total Other, net	**$ (5.2)**	$ 43.5	$ (13.5)

[(1)] 2018 charitable contributions include $20.7 million related to the Greater Lawrence Incident and $20.0 million of discretionary contributions made to the Nisource Charitable Foundation. See Note 19, "Other Commitments and Contingencies" for additional information on the Greater Lawrence Incident.
[(2)] See Note 11, "Pension and Other Postretirement Benefits" for additional information.
[(3)] See Note 9, "Risk Management Activities" for additional information.

22. Interest Expense, Net

Year Ended December 31, *(in millions)*	**2019**	2018	2017
Interest on long-term debt	**$ 327.7**	$ 342.2	$ 354.8
Interest on short-term borrowings	**50.8**	31.8	14.9
Debt discount/cost amortization	**8.3**	7.7	7.2
Accounts receivable securitization fees	**2.6**	2.6	2.5
Allowance for borrowed funds used and interest capitalized during construction	**(7.5)**	(9.1)	(6.2)
Debt-based post-in-service carrying charges	**(18.7)**	(35.0)	(36.4)
Other	**15.7**	13.1	16.4
Total Interest Expense, net	**$ 378.9**	$ 353.3	$ 353.2

23. Segments of Business

At December 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.

The following table provides information about our reportable 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.

Year Ended December 31, *(in millions)*	**2019**	2018	2017
Operating Revenues			
Gas Distribution Operations			
Unaffiliated	**$ 3,509.7**	$ 3,406.4	$ 3,087.9
Intersegment	**13.1**	13.1	14.2
Total	**3,522.8**	3,419.5	3,102.1
Electric Operations			
Unaffiliated	**1,698.4**	1,707.4	1,785.7
Intersegment	**0.8**	0.8	0.8
Total	**1,699.2**	1,708.2	1,786.5
Corporate and Other			
Unaffiliated	**0.8**	0.7	1.0
Intersegment	**468.1**	517.6	510.8
Total	**468.9**	518.3	511.8
Eliminations	**(482.0)**	(531.5)	(525.8)
Consolidated Operating Revenues	**$ 5,208.9**	$ 5,114.5	$ 4,874.6

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Year Ended December 31, *(in millions)*		**2019**		2018		2017
Operating Income (Loss)						
Gas Distribution Operations	**$**	**675.4**	$	(254.1)	$	550.1
Electric Operations		**406.8**		386.1		367.4
Corporate and Other[(2)]		**(191.5)**		(7.3)		3.7
Consolidated Operating Income	**$**	**890.7**	$	124.7	$	921.2
Depreciation and Amortization						
Gas Distribution Operations	**$**	**403.2**	$	301.0	$	269.3
Electric Operations		**277.3**		262.9		277.8
Corporate and Other		**36.9**		35.7		23.2
Consolidated Depreciation and Amortization	**$**	**717.4**	$	599.6	$	570.3
Assets						
Gas Distribution Operations	**$**	**14,224.5**	$	13,527.0	$	12,048.8
Electric Operations		**6,027.6**		5,735.2		5,478.6
Corporate and Other		**2,407.7**		2,541.8		2,434.3
Consolidated Assets	**$**	**22,659.8**	$	21,804.0	$	19,961.7
Capital Expenditures[(1)]						
Gas Distribution Operations	**$**	**1,380.3**	$	1,315.3	$	1,125.6
Electric Operations		**468.9**		499.3		592.4
Corporate and Other		**18.6**		—		35.8
Consolidated Capital Expenditures	**$**	**1,867.8**	$	1,814.6	$	1,753.8

(1) Amounts differ from those presented on the Statements of Consolidated Cash Flows primarily due to the inclusion of capital expenditures included in current liabilities and AFUDC Equity.
(2) In 2019, Corporate and Other reflects an impairment charge of $204.8 million for goodwill related to Columbia of Massachusetts. For additional information, see Note 6, "Goodwill and Other Intangible Assets."

24. Quarterly Financial Data (Unaudited)

Quarterly financial data does not always reveal the trend of our business operations due to nonrecurring items and seasonal weather patterns, which affect earnings and related components of revenue and operating income.

(in millions, except per share data)	First Quarter[(1)]	Second Quarter[(2)]	Third Quarter[(3)]	Fourth Quarter[(4)]
2019				
Operating Revenues	$ 1,869.8	$ 1,010.4	$ 931.5	$ 1,397.2
Operating Income (Loss)	374.2	463.5	91.0	(38.0)
Net Income (Loss)	218.9	296.9	6.6	(139.3)
Preferred Dividends	(13.8)	(13.8)	(13.8)	(13.7)
Net Income (Loss) Available to Common Shareholders	205.1	283.1	(7.2)	(153.0)
Earnings (Loss) Per Share				
Basic Earnings (Loss) Per Share	$ 0.55	$ 0.76	$ (0.02)	$ (0.41)
Diluted Earnings (Loss) Per Share	$ 0.55	$ 0.75	$ (0.02)	$ (0.41)
2018				
Operating Revenues	$ 1,750.8	$ 1,007.0	$ 895.0	$ 1,461.7
Operating Income (Loss)	400.6	118.4	(315.9)	(78.4)
Net Income (Loss)	276.1	24.5	(339.5)	(11.7)
Preferred Dividends	—	(1.3)	(5.6)	(8.1)
Net Income (Loss) Available to Common Shareholders	276.1	23.2	(345.1)	(19.8)
Earnings (Loss) Per Share				
Basic Earnings (Loss) Per Share	$ 0.82	$ 0.07	$ (0.95)	$ (0.05)
Diluted Earnings (Loss) Per Share	$ 0.81	$ 0.07	$ (0.95)	$ (0.05)

(1) Net income for the first quarter of 2019 was impacted by $108.0 million in insurance recoveries (pretax) related to the Greater Lawrence Incident. See Note 19-E, "Other Matters" for additional information.
(2) Net income for the second quarter of 2019 was impacted by $297.0 million in insurance recoveries (pretax) related to the Greater Lawrence Incident. See Note 19-E, "Other Matters" for additional information.
(3) Net loss for the third quarter of 2018 was impacted by approximately $462 million in expenses (pretax) related to the Greater Lawrence Incident restoration and a $33.0 million loss (pretax) on an early extinguishment of long-term debt. See Note 19-E, "Other Matters" and Note 14, "Long-Term Debt" for additional information.
(4) Net loss for the fourth quarter of 2019 was impacted by an impairment charge of $204.8 million for goodwill and an impairment charge of $209.7 million for franchise rights, in each case related to Columbia of Massachusetts. For additional information, see Note 6, "Goodwill and Other Intangible Assets."

25. Supplemental Cash Flow Information

The following table provides additional information regarding our Consolidated Statements of Cash Flows for the years ended December 31, 2019, 2018 and 2017:

Year Ended December 31, *(in millions)*	**2019**	2018	2017
Supplemental Disclosures of Cash Flow Information			
Non-cash transactions:			
Capital expenditures included in current liabilities	**$ 223.6**	$ 152.0	$ 173.0
Assets acquired under a finance lease	**26.4**	54.6	11.5
Assets acquired under an operating lease	**13.4**	—	—
Reclassification of other property to regulatory assets[(1)]	**—**	245.3	—
Assets recorded for asset retirement obligations[(2)]	**54.6**	78.1	11.4
Schedule of interest and income taxes paid:			
Cash paid for interest, net of interest capitalized amounts	**$ 349.7**	$ 354.2	$ 339.9
Cash paid for income taxes, net of refunds	**10.8**	3.3	5.5

(1)See Note 8 "Regulatory Matters" for additional information.
(2)See Note 7 "Asset Retirement Obligations" for additional information.

26. Subsequent Event

On February 26, 2020, NiSource and Columbia of Massachusetts entered into the Asset Purchase Agreement with Eversource. Upon the terms and subject to the conditions set forth in the Asset Purchase Agreement, NiSource and Columbia of Massachusetts agreed to sell to Eversource, with certain additions and exceptions: (1) substantially all of the assets of Columbia of Massachusetts and (2) all of the assets held by any of Columbia of Massachusetts' affiliates that primarily relate to the Massachusetts Business, and Eversource agreed to assume certain liabilities of Columbia of Massachusetts and its affiliates. The liabilities assumed by Eversource under the Asset Purchase Agreement do not include, among others, any liabilities arising out of the Greater Lawrence Incident or liabilities of Columbia of Massachusetts or its affiliates pursuant to civil claims for injury of persons or damage to property to the extent such injury or damage occurs prior to the closing in connection with the Massachusetts Business. The Asset Purchase Agreement provides for a purchase price of $1,100 million in cash, subject to adjustment based on Columbia of Massachusetts' net working capital as of the closing. The closing of the transactions contemplated by the Asset Purchase Agreement is subject to Hart-Scott Rodino Antitrust Improvements Act of 1976 and regulatory approvals, resolution of certain proceedings before governmental bodies and other conditions. The Massachusetts Business did not meet the requirements under GAAP to be classified as held-for-sale as of December 31, 2019. When the Massachusetts Business meets the requirements to be classified as held-for-sale, in each period leading up to the closing date of the transaction, the assets and liabilities of the Massachusetts Business will be measured at fair value, less costs to sell. The final pre-tax gain or loss on the transaction will be determined as of the closing date. Assuming the Massachusetts Business is classified as held-for-sale at March 31, 2020, we estimate that the total pre-tax loss to be measured in the quarter ended March 31, 2020 will be approximately $360 million, based on December 31, 2019 asset and liability balances and estimated transaction costs. This estimated pre-tax loss is subject to change based on estimated transaction costs, working capital adjustments and asset and liability balances at each measurement date leading up to the closing date. The sale is expected to close by September 30, 2020, subject to closing conditions.

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NISOURCE INC.

SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS

Twelve months ended December 31, 2019

		Additions			
($ in millions)	Balance Jan. 1, 2019	Charged to Costs and Expenses	Charged to Other Account [1]	Deductions for Purposes for which Reserves were Created	Balance Dec. 31, 2019
Reserves Deducted in Consolidated Balance Sheet from Assets to Which They Apply:					
Reserve for accounts receivable	$ 21.1	$ 21.6	$ 41.3	$ 64.8	$ 19.2
Reserve for other investments	3.0	—	—	—	3.0

Twelve months ended December 31, 2018

		Additions			
($ in millions)	Balance Jan. 1, 2018	Charged to Costs and Expenses	Charged to Other Account [1]	Deductions for Purposes for which Reserves were Created	Balance Dec. 31, 2018
Reserves Deducted in Consolidated Balance Sheet from Assets to Which They Apply:					
Reserve for accounts receivable	$ 18.3	$ 20.2	$ 43.7	$ 61.1	$ 21.1
Reserve for other investments	3.0	—	—	—	3.0

Twelve months ended December 31, 2017

		Additions			
($ in millions)	Balance Jan. 1, 2017	Charged to Costs and Expenses	Charged to Other Account [1]	Deductions for Purposes for which Reserves were Created	Balance Dec. 31, 2017
Reserves Deducted in Consolidated Balance Sheet from Assets to Which They Apply:					
Reserve for accounts receivable	$ 23.3	$ 14.8	$ 39.1	$ 58.9	$ 18.3
Reserve for other investments	3.0	—	—	—	3.0

[1] Charged to Other Accounts reflects the deferral of bad debt expense to a regulatory asset.

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NISOURCE INC.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our chief executive officer and chief financial officer are responsible for evaluating the effectiveness of 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 the Company in reports that are filed or submitted under the Exchange Act are accumulated and communicated to 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, disclosure controls and procedures were effective to provide reasonable assurance that financial information was processed, recorded and reported accurately.

Management's Annual Report on Internal Control over Financial Reporting

Our management, including our chief executive officer and chief financial officer, are responsible for establishing and maintaining internal control over financial reporting, as such term is defined under Rule 13a-15(f) or Rule 15d-15(f) promulgated under the Exchange Act. However, management would note that a control system can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Our management has adopted the 2013 framework set forth in the Committee of Sponsoring Organizations of the Treadway Commission report, Internal Control - Integrated Framework, the most commonly used and understood framework for evaluating internal control over financial reporting, as its framework for evaluating the reliability and effectiveness of internal control over financial reporting. During 2019, we conducted an evaluation of our internal control over financial reporting. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of the end of the period covered by this annual report.

Deloitte & Touche LLP, our independent registered public accounting firm, issued an attestation report on our internal controls over financial reporting which is included herein.

Changes in Internal Controls

There have been no changes in our internal control over financial reporting during the most recently completed 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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ITEM 9A. CONTROLS AND PROCEDURES

NISOURCE INC.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of NiSource Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of NiSource Inc. and subsidiaries (the "Company") as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2019, of the Company and our report dated February 27, 2020, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP
Columbus, Ohio
February 27, 2020

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ITEM 9B. OTHER INFORMATION

NISOURCE INC.

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Except for the information required by this item with respect to our executive officers included at the end of Part I of this report on Form 10-K, the information required by this Item 10 is incorporated herein by reference to the discussion in "Proposal 1 Election of Directors," and "Corporate Governance" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 19, 2020.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item 11 is incorporated herein by reference to the discussion in "Corporate Governance - Compensation Committee Interlocks and Insider Participation," "Director Compensation," "Executive Compensation," and "Executive Compensation - Compensation Committee Report," of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 19, 2020.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item 12 is incorporated herein by reference to the discussion in "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 19, 2020.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item 13 is incorporated herein by reference to the discussion in "Corporate Governance - Policies and Procedures with Respect to Transactions with Related Persons" and "Corporate Governance - Director Independence" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 19, 2020.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item 14 is incorporated herein by reference to the discussion in "Independent Auditor Fees" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 19, 2020.

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PART IV

NISOURCE INC.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

Financial Statements and Financial Statement Schedules
The following financial statements and financial statement schedules filed as a part of the Annual Report on Form 10-K are included in Item 8, "Financial Statements and Supplementary Data."

Exhibits
The exhibits filed herewith as a part of this report on Form 10-K are listed on the Exhibit Index below. Each management contract or compensatory plan or arrangement of ours, listed on the Exhibit Index, is separately identified by an asterisk.

Pursuant to Item 601(b), paragraph (4)(iii)(A) of Regulation S-K, certain instruments representing long-term debt of our subsidiaries have not been included as Exhibits because such debt does not exceed 10% of the total assets of ours and our subsidiaries on a consolidated basis. We agree to furnish a copy of any such instrument to the SEC upon request.

EXHIBIT NUMBER	DESCRIPTION OF ITEM
(1.1)	Form of Equity Distribution Agreement (incorporated by reference to Exhibit 1.1 to the NiSource Inc. Form 8-K filed on November 1, 2018).
(1.2)	Form of Master Forward Sale Confirmation (incorporated by reference to Exhibit 1.2 to the NiSource Inc. Form 8-K filed on November 1, 2018).
(2.1)	Separation and Distribution Agreement, dated as of June 30, 2015, by and between NiSource Inc. and Columbia Pipeline Group, Inc. (incorporated by reference to Exhibit 2.1 to the NiSource Inc. Form 8-K filed on July 2, 2015).
(2.2)	Asset Purchase Agreement, dated as of February 26, 2020, by and among NiSource Inc., Bay State Gas Company d/b/a Columbia Gas of Massachusetts and Eversource Energy (incorporated by reference to Exhibit 2.1 of the NiSource Inc. Form 8-K filed on February 27, 2020).***
(3.1)	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Registrant's Form 10-Q, filed with the Commission on August 3, 2015).
(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).
(3.3)	Bylaws of NiSource Inc., as amended and restated through January 26, 2018 (incorporated by reference to Exhibit 3.1 to the NiSource Inc. Form 8-K filed on January 26, 2018).
(3.4)	Certificate of Designations of 5.65% Series A Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock (incorporated by reference to Exhibit 3.1 of the NiSource Inc. Form 8-K filed on June 12, 2018).
(3.5)	Form of Certificate of Designations of 6.50% Series B Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock (incorporated by reference to Exhibit 3.1 of the NiSource Inc. Form 8-K filed on November 29, 2018).
(3.6)	Certificate of Designations of 6.50% Series B Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock (incorporated by reference to Exhibit 3.1 of the NiSource Inc. Form 8-K filed on December 6, 2018).

(3.7) Certificate of Designations of Series B-1 Preferred Stock (incorporated by reference to Exhibit 3.1 to the NiSource Inc. Form 8-K filed on December 27, 2018).

(4.1) Indenture, dated as of March 1, 1988, by and between Northern Indiana Public Service Company ("NIPSCO") and Manufacturers Hanover Trust Company, as Trustee (incorporated by reference to Exhibit 4 to the NIPSCO Registration Statement (Registration No. 33-44193)).

(4.2) First Supplemental Indenture, dated as of December 1, 1991, by and between Northern Indiana Public Service Company and Manufacturers Hanover Trust Company, as Trustee (incorporated by reference to Exhibit 4.1 to the NIPSCO Registration Statement (Registration No. 33-63870)).

(4.3) Indenture Agreement, dated as of February 14, 1997, by and between NIPSCO Industries, Inc., NIPSCO Capital Markets, Inc. and Chase Manhattan Bank as trustee (incorporated by reference to Exhibit 4.1 to the NIPSCO Industries, Inc. Registration Statement (Registration No. 333-22347)).

(4.4) Second Supplemental Indenture, dated as of November 1, 2000, by and among NiSource Capital Markets, Inc., NiSource Inc., New NiSource Inc., and The Chase Manhattan Bank, as trustee (incorporated by reference to Exhibit 4.45 to the NiSource Inc. Form 10-K for the period ended December 31, 2000).

(4.5) Indenture, dated November 14, 2000, among NiSource Finance Corp., NiSource Inc., as guarantor, and The Chase Manhattan Bank, as Trustee (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form S-3, dated November 17, 2000 (Registration No. 333-49330)).

(4.6) Form of 3.490% Notes due 2027 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on May 17, 2017).

(4.7) Form of 4.375% Notes due 2047 (incorporated by reference to Exhibit 4.2 to the NiSource Inc. Form 8-K filed on May 17, 2017).

(4.8) Form of 3.950% Notes due 2048 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on September 8, 2017).

(4.9) Form of 2.650% Notes due 2022 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on November 14, 2017).

(4.10) Second Supplemental Indenture, dated as of November 30, 2017, between NiSource Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.4 to Post-Effective Amendment No. 1 to Form S-3 filed November 30, 2017 (Registration No. 333-214360)).

(4.11) Third Supplemental Indenture, dated as of November 30, 2017, between NiSource Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 to the NiSource Inc. Form 8-K filed on December 1, 2017).

(4.12) Second Supplemental Indenture, dated as of February 12, 2018, between Northern Indiana Public Service Company and The Bank of New York Mellon, solely as successor trustee under the Indenture dated as of March 1, 1988 between the Company and Manufacturers Hanover Trust Company, as original trustee. (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 10-Q filed on May 2, 2018).

(4.13) Third Supplemental Indenture, dated as of June 11, 2018, by and between NiSource Inc. and The Bank of New York Mellon, as trustee (including form of 3.650% Notes due 2023) (incorporated by reference to Exhibit 4.1 of the NiSource Inc. Form 8-K filed on June 12, 2018).

(4.14) Deposit Agreement, dated as of December 5, 2018, among NiSource, Inc., Computershare Inc. and Computershare Trust Company, N.A., acting jointly as depositary, and the holders from time to time of the depositary receipts described therein (incorporated by reference to Exhibit 4.1 of the NiSource Inc. Form 8-K filed on December 6, 2018).

(4.15) Form of Depositary Receipt (incorporated by reference to Exhibit 4.1 of the NiSource Inc. Form 8-K filed on December 6, 2018).

(4.16) Amended and Restated Deposit Agreement, dated as of December 27, 2018, among NiSource, Inc., Computershare Inc. and Computershare Trust Company, N.A., acting jointly as depositary, and the holders from time to time of the depositary receipts described therein (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on December 27, 2018).

(4.17) Form of Depositary Receipt (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on December 27, 2018).

(4.18) Form of 2.950% Notes due 2029 (incorporated by reference to Exhibit 4.1 to NiSource Inc. Form 8-K filed on August 12, 2019).

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(4.19)	Amended and Restated NiSource Inc. Employee Stock Purchase Plan (incorporated by reference to Exhibit C to the Registrant's Definitive Proxy Statement on Schedule 14A, filed with the Commission on April 1, 2019).
(4.20)	Description of NiSource Inc.'s Securities Registered Under Section 12 of the Exchange Act. **
(10.1)	2010 Omnibus Incentive Plan (incorporated by reference to Exhibit B to the NiSource Inc. Definitive Proxy Statement to Stockholders for the Annual Meeting held on May 11, 2010, filed on April 2, 2010).*
(10.2)	First Amendment to the 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.2 to the NiSource Inc. Form 10-K filed on February 18, 2014.)*
(10.3)	2010 Omnibus Incentive Plan (incorporated by reference to Exhibit C to the NiSource Inc. Definitive Proxy Statement to Stockholders for the Annual Meeting held on May 12, 2015, filed on April 7, 2015).*
(10.4)	Second Amendment to the NiSource Inc. 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Form 8-K filed October 23, 2015.)*
(10.5)	Form of Amended and Restated 2013 Performance Share Agreement effective on implementation of the spin-off on July 1, 2015, (under the 2010 Omnibus Incentive Plan)(incorporated by reference to Exhibit 10.1 to the NiSource Inc. Form 10-Q filed on November 3, 2015).*
(10.6)	Form of Amended and Restated 2014 Performance Share Agreement effective on the implementation of the spin-off on July 1, 2015, (under the 2010 Omnibus Incentive Plan)(incorporated by reference to Exhibit 10.2 to the NiSource Inc. Form 10-Q filed on November 3, 2015).*
(10.7)	Form of Amendment to Restricted Stock Unit Award Agreement related to Vested but Unpaid NiSource Restricted Stock Unit Awards for Nonemployee Directors of NiSource entered into as of July 13, 2015 (incorporated by reference to Exhibit 10.3 to the NiSource Inc. Form 10-Q filed on November 3, 2015).*
(10.8)	NiSource Inc. Nonemployee Director Retirement Plan, as amended and restated effective May 13, 2008 (incorporated by reference to Exhibit 10.2 to the NiSource Inc. Form 10-K filed on February 27, 2009).*
(10.9)	Supplemental Life Insurance Plan effective January 1, 1991, as amended, (incorporated by reference to Exhibit 2 to the NIPSCO Industries, Inc. Form 8-K filed on March 25, 1992).*
(10.10)	Revised Form of Change in Control and Termination Agreement (incorporated by reference to Exhibit 10.2 to the NiSource Inc. Form 8-K filed on October 23, 2015.)*
(10.11)	Form of Restricted Stock Agreement under the 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.18 to the NiSource Inc. Form 10-K filed on February 28, 2011).*
(10.12)	Form of Restricted Stock Unit Award Agreement for Non-employee directors under the Non-employee Director Stock Incentive Plan (incorporated by reference to Exhibit 10.19 to the NiSource Inc. Form 10-K filed on February 28, 2011).*
(10.13)	Form of Restricted Stock Unit Award Agreement for Nonemployee Directors under the 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to NiSource Inc. Form 10-Q filed on August 2, 2011).*
(10.14)	Form of Restricted Stock Unit Award Agreement under the 2010 Omnibus Incentive Plan.* (incorporated by reference to Exhibit 10.17 to the NiSource Inc. Form 10-K filed on February 22, 2017)
(10.15)	Form of Restricted Stock Unit Award Agreement for Nonemployee Directors under the 2010 Omnibus Incentive Plan. (incorporated by reference to Exhibit 10.18 to the NiSource Inc. Form 10-K filed on February 22, 2017) *
(10.16)	Amended and Restated NiSource Inc. Executive Deferred Compensation Plan effective November 1, 2012 (incorporated by reference to Exhibit 10.21 to the NiSource Inc. Form 10-K filed on February 19, 2013).*
(10.17)	NiSource Inc. Executive Severance Policy, as amended and restated, effective January 1, 2015 (incorporated by reference to Exhibit 10.21 to the NiSource Inc. Form 10-K filed on February 18, 2015).*
(10.18)	Note Purchase Agreement, dated as of August 23, 2005, by and among NiSource Finance Corp., as issuer, NiSource Inc., as guarantor, and the purchasers named therein (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Current Report on Form 8-K filed on August 26, 2005).
(10.19)	Amendment No. 1, dated as of November 10, 2008, to the Note Purchase Agreement by and among NiSource Finance Corp., as issuer, NiSource Inc., as guarantor, and the purchasers whose names appear on the signature page thereto (incorporated by reference to Exhibit 10.30 to the NiSource Inc. Form 10-K filed on February 27, 2009).

(10.20)	Letter Agreement, dated as of March 17, 2015, by and between NiSource Inc. and Donald Brown. (incorporated by reference Exhibit 10.1 to the NiSource Inc. Form 10-Q filed on April 30, 2015).*
(10.21)	Letter Agreement, dated as of February 23, 2016, by and between NiSource Inc. and Pablo A. Vegas. (incorporated by reference Exhibit 10.29 to the NiSource Inc. Form 10-K filed on February 22, 2017).*
(10.22)	Employee Matters Agreement, dated as of June 30, 2015, by and between NiSource Inc. and Columbia Pipeline Group, Inc. (incorporated by reference to Exhibit 10.2 of the NiSource Inc. Form 8-K filed on July 2, 2015).
(10.23)	Form of Change in Control and Termination Agreement (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Form 10-Q filed on August 2, 2017).
(10.24)	Form of Performance Share Award Agreement under the 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.33 to the NiSource Form 10-K filed on February 20, 2018).*
(10.25)	Form of Restricted Stock Unit Award Agreement under the 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.34 to the NiSource Form 10-K filed on February 20, 2018).*
(10.26)	Common Stock Subscription Agreement, dated as of May 2, 2018, by and among NiSource Inc. and the purchasers named therein (incorporated by reference to Exhibit 10.1 of the NiSource Inc. Form 8-K filed on May 2, 2018).
(10.27)	Registration Rights Agreement, dated as of May 2, 2018, by and among NiSource Inc. and the purchasers named therein (incorporated by reference to Exhibit 10.2 of the NiSource Inc. Form 8-K filed on May 2, 2018).
(10.28)	Purchase Agreement, dated as of June 6, 2018, by and among NiSource Inc. and Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and MUFG Securities Americas Inc., as representatives, relating to the 5.650% Series A Preferred Stock (incorporated by reference to Exhibit 10.1 of the NiSource Inc. Form 8-K filed on June 12, 2018).
(10.29)	Purchase Agreement, dated as of June 6, 2018, by and among NiSource Inc. and Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and MUFG Securities Americas Inc., as representatives, relating to the 3.650% Notes due 2023 (incorporated by reference to Exhibit 10.2 of the NiSource Inc. Form 8-K filed on June 12, 2018).
(10.30)	Registration Rights Agreement, dated as of June 11, 2018, by and among NiSource Inc. and Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and MUFG Securities Americas Inc., as representatives, relating to the 5.650% Series A Preferred Stock (incorporated by reference to Exhibit 10.3 of the NiSource Inc. Form 8-K filed on June 12, 2018).
(10.31)	Registration Rights Agreement, dated as of June 11, 2018, by and among NiSource Inc. and Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and MUFG Securities Americas Inc., as representatives, relating to the 3.650% Notes due 2023 (incorporated by reference to Exhibit 10.4 of the NiSource Inc. Form 8-K filed on June 12, 2018).
(10.32)	Amended and Restated NiSource Inc. Supplemental Executive Retirement Plan effective August 10, 2017 (incorporated by reference to Exhibit 10.1 of the NiSource Inc. Form 10-Q filed on November 1, 2018).
(10.33)	Amended and Restated Pension Restoration Plan for NiSource Inc. and Affiliates effective August 10, 2017 (incorporated by reference to Exhibit 10.2 of the NiSource Inc. Form 10-Q filed on November 1, 2018).
(10.34)	Amended Restated Savings Restoration Plan for NiSource Inc. and Affiliates effective August 10, 2017 (incorporated by reference to Exhibit 10.3 of the NiSource Inc. Form 10-Q filed on November 1, 2018).
(10.35)	Form of 2019 Performance Share Award Agreement under the 2010 Omnibus Incentive Plan. (incorporated by reference to Exhibit 10.45 of the NiSource Inc. Form 10-K filed on February 20, 2019).
(10.36)	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).
(10.37)	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).

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(10.38)	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).
(10.39)	Form of Performance Share Award Agreement* **
(10.40)	Form of Restricted Stock Unit Award Agreement* **
(10.41)	Form of Cash-Based Award Agreement* **
(10.42)	Columbia Gas of Massachusetts Plea Agreement dated February 26, 2020 (incorporated by reference to Exhibit 10.2 of the NiSource Inc. Form 8-K filed on February 27, 2020).
(10.43)	NiSource Deferred Prosecution Agreement dated February 26, 2020 (incorporated by reference to Exhibit 10.1 of the NiSource Inc. Form 8-K filed on February 27, 2020).
(21)	List of Subsidiaries.**
(23)	Consent of Deloitte & Touche LLP.**
(31.1)	Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.**
(31.2)	Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.**
(32.1)	Certification of Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).**
(32.2)	Certification of Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).**
(101.INS)	Inline 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)	Inline XBRL Schema Document.**
(101.CAL)	Inline XBRL Calculation Linkbase Document.**
(101.LAB)	Inline XBRL Labels Linkbase Document.**
(101.PRE)	Inline XBRL Presentation Linkbase Document.**
(101.DEF)	Inline XBRL Definition Linkbase Document.**
(104)	Cover page Interactive Data File (formatted as inline XBRL, and contained in Exhibit 101.)

* Management contract or compensatory plan or arrangement of NiSource Inc.

** Exhibit filed herewith.

*** Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. NiSource agrees to furnish supplementally a copy of any omitted schedules or exhibits to the SEC upon request.

References made to NIPSCO filings can be found at Commission File Number 001-04125. References made to NiSource Inc. filings made prior to November 1, 2000 can be found at Commission File Number 001-09779.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

NiSource Inc.
(Registrant)

Date: February 27, 2020

By: /s/ JOSEPH HAMROCK
Joseph Hamrock
President, Chief Executive Officer and Director
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ JOSEPH HAMROCK Joseph Hamrock	President, Chief Executive Officer and Director (Principal Executive Officer)	Date: February 27, 2020
/s/ DONALD E. BROWN Donald E. Brown	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	Date: February 27, 2020
/s/ JOSEPH W. MULPAS Joseph W. Mulpas	Vice President and Chief Accounting Officer (Principal Accounting Officer)	Date: February 27, 2020
/s/ KEVIN T. KABAT Kevin T. Kabat	Chairman and Director	Date: February 27, 2020
/s/ PETER A. ALTABEF Peter A. Altabef	Director	Date: February 27, 2020
/s/ THEODORE H. BUNTING, JR. Theodore H. Bunting, Jr.	Director	Date: February 27, 2020
/s/ ERIC L. BUTLER Eric L. Butler	Director	Date: February 27, 2020
/s/ ARISTIDES S. CANDRIS Aristides S. Candris	Director	Date: February 27, 2020
/s/ WAYNE S. DEVEYDT Wayne S. DeVeydt	Director	Date: February 27, 2020
/s/ DEBORAH A. HENRETTA Deborah A. Henretta	Director	Date: February 27, 2020
/s/ DEBORAH A.P. HERSMAN Deborah A. P. Hersman	Director	Date: February 27, 2020
/s/ MICHAEL E. JESANIS Michael E. Jesanis	Director	Date: February 27, 2020
/s/ CAROLYN Y. WOO Carolyn Y. Woo	Director	Date: February 27, 2020

STOCKHOLDER INFORMATION

Forward-Looking Statements

This document 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 press release include, but are not limited to, statements and expectations regarding NiSource's or any of its subsidiaries' 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 press release include, among other things, NiSource's debt obligations; any changes in NiSource's credit rating or the credit rating of certain of NiSource's subsidiaries; 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; compliance with the agreements entered into with the U.S. Attorney's Office for the District of Massachusetts to settle the U.S. Attorney's Office investigation relating to the Greater Lawrence Incident; the pending sale of the Columbia Gas of Massachusetts business, including the terms and closing conditions under the asset purchase agreement; 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 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; NiSource's ability to manage new initiatives and organizational changes; the performance of third-party suppliers and service providers; changes in the method for determining LIBOR and the potential replacement of 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, 2019, 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 press release, whether as a result of new information, subsequent events or otherwise, except as required by applicable law.

Regulation G Disclosure Statement

This document 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. The company 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.

Investor Relations
(614) 460-4638

Media Relations
(614) 460-5544
media@nisource.com

Anticipated Dividend Record and Payment Dates (NiSource common stock)

Record Date	Payment Date
02/11/20	02/20/20
04/30/20	05/20/20
07/31/20	08/20/20
10/30/20	11/20/20
02/09/21	02/19/21

Common Stock Dividend Declared
On February 20, 2020, the company paid a quarterly dividend of $0.21 per share to stockholders of record as of the close of business on February 11, 2020, equivalent to $0.84 per share on an annual basis. Dividends are subject to board approval.

Stockholder Services
Questions about stockholder accounts, stock certificates, transfer of shares, dividend payments, automatic dividend reinvestment and stock purchase plan, and electronic deposit may be directed to Computershare at the following:

Computershare
c/o Shareholder Services
P.O. Box 505000
Louisville, Kentucky 40233
(888) 884-7790
- TDD for Hearing Impaired: (800) 231-5469
- Foreign Stockholders: (201) 680-6578
- TDD Foreign Stockholders: (201) 680-6610
- Computershare.com/investor

Investor and Financial Information
Financial analysts and investment professionals should direct written and telephone inquiries to NiSource Investor Relations, 801 East 86th Avenue, Merrillville, Indiana 46410 or (614) 460-4638. Copies of NiSource's financial reports are available at NiSource.com, or by writing or calling the Investor Relations department at the address or phone number listed above.

Stock Listing
NiSource Inc. common stock is listed on the New York Stock Exchange under the ticker symbol "NI."

Annual Meeting
The 2020 Annual Meeting of Shareholders will be held at 10:00 a.m., Central Time, on Tuesday, May 19, 2020, at The Rose Hotel Chicago O'Hare, 5200 Pearl Street, Rosemont, Illinois 60018. All shareholders of record, as of March 24, 2020, are invited to attend. A formal notice of meeting, proxy statement and proxy have been mailed or made available electronically to shareholders of record.

Independent Registered Public Accounting Firm
Deloitte & Touche

Sustainability
While addressed in the 2019 Integrated Annual Report, additional details on sustainability and environmental, social and governance (ESG) issues and related policies can be found under the Sustainability tab at www.nisource.com.

Board of Directors
Communications with the Board of Directors may be made generally, to any director individually, to the non-management directors as a group or the lead director of the non-management group by writing to the following address:
NiSource Inc.
Attention: Board of Directors or any Board Member or non-management directors or Chairman
c/o Corporate Secretary
801 East 86th Avenue
Merrillville, Indiana 46410

Corporate Governance
At www.nisource.com, shareholders can view the company's corporate governance guidelines, code of business conduct, political spending policy and charters of all board-level committees. Copies of these documents are available to shareholders without charge upon written request to Corporate Secretary at the above address.

COMPANY LOCATIONS

Corporate Headquarters
NiSource Inc.
801 E. 86th Avenue
Merrillville, Indiana 46410
(219) 647-5990

NiSource Corporate Services
240 W. Nationwide Boulevard
Columbus, Ohio 43215
(614) 460-6000

Columbia Gas of Kentucky
2001 Mercer Road
Lexington, Kentucky 40511
Emergency: (800) 432-9515
Customer Care: (800) 432-9345
ColumbiaGasKY.com

Columbia Gas of Maryland
121 Champion Way
Canonsburg, Pennsylvania 15317
Emergency: (888) 460-4332
Customer Care: (888) 460-4332
ColumbiaGasMD.com

Columbia Gas of Massachusetts
4 Technology Drive
Westborough, Massachusetts 01581
Emergency: (800) 525-8222
Customer Care: (800) 688-6160
ColumbiaGasMA.com

Columbia Gas of Ohio
290 W. Nationwide Boulevard
Columbus, Ohio 43215
Emergency: (800) 344-4077
Customer Care: (800) 344-4077
ColumbiaGasOhio.com

Columbia Gas of Pennsylvania
121 Champion Way
Canonsburg, Pennsylvania 15317
Emergency: (888) 460-4332
Customer Care: (888) 460-4332
ColumbiaGasPA.com

Columbia Gas of Virginia
1809 Coyote Drive
Chester, Virginia 2383
Emergency: (800) 544-5606
Customer Care: (800) 543-8911
ColumbiaGasVA.com

NIPSCO
801 E. 86th Avenue
Merrillville, Indiana 46410
(800) 4NIPSCO
NIPSCO.com

NiSource

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

FORM 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)**
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 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)

DE	35-2108964
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
801 East 86th Avenue Merrillville, IN	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	NYSE
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	NYSE

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☑

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 definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12-b-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 Act). Yes ☐ No ☑

The aggregate market value of the registrant's common stock, par value $0.01 per share (the "Common Stock") held by non-affiliates was approximately $10,713,311,150 based upon the June 28, 2019, closing price of $28.80 on the New York Stock Exchange.

There were 382,263,348 shares of Common Stock outstanding as of February 18, 2020.

Documents Incorporated by Reference

Part III of this report incorporates by reference specific portions of the Registrant's Notice of Annual Meeting and Proxy Statement relating to the Annual Meeting of Stockholders to be held on May 19, 2020.

CONTENTS

DEFINED TERMS

The following is a list of abbreviations or acronyms that are used 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.
Company	NiSource Inc. and its subsidiaries, unless otherwise indicated by the context
CPG (former subsidiary)	Columbia Pipeline Group, Inc.
NIPSCO	Northern Indiana Public Service Company LLC
NiSource ("we," "us" or "our")	NiSource Inc.
NiSource Corporate Services	NiSource Corporate Services Company

Abbreviations	
ACE	Affordable clean energy
AFUDC	Allowance for funds used during construction
AMR	Automatic meter reading
AMRP	Accelerated Main Replacement Program
AMT	Alternative Minimum Tax
AOCI	Accumulated Other Comprehensive Income
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
ATM	At-the-market
Board	Board of Directors
BTA	Build-transfer agreement
CAP	Compliance Assurance Process
CCGT	Combined Cycle Gas Turbine
CCRs	Coal Combustion Residuals
CEP	Capital Expenditure Program
CERCLA	Comprehensive Environmental Response Compensation and Liability Act (also known as Superfund)
DPA	Deferred prosecution agreement
DPU	Department of Public Utilities
DSIC	Distribution System Investment Charge
DSM	Demand Side Management
ECT	Environmental Cost Tracker
EERM	Environmental Expense Recovery Mechanism
ELG	Effluent Limitation Guidelines
EPA	United States Environmental Protection Agency
EPS	Earnings per share
FAC	Fuel adjustment clause
FASB	Financial Accounting Standards Board

DEFINED TERMS

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 gas
GSEP	Gas System Enhancement Program
GWh	Gigawatt hours
IRIS	Infrastructure Replacement and Improvement Surcharge
IRP	Infrastructure Replacement Program
IRS	Internal Revenue Service
IURC	Indiana Utility Regulatory Commission
LDCs	Local distribution companies
LIBOR	London inter-bank offered rate
LIFO	Last-in, first-out
MA DOR	Massachusetts Department of Revenue
Massachusetts Business	All of the assets being sold to, and liabilities being assumed by, Eversource pursuant to the Asset Purchase Agreement
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator
MMDth	Million dekatherms
MW	Megawatts
MWh	Megawatt hours
NOL	Net Operating Loss
NTSB	National Transportation Safety Board
NYMEX	The New York Mercantile Exchange
NYSE	The New York Stock Exchange
OPEB	Other Postretirement and Postemployment Benefits
PCB	Polychlorinated biphenyls
PHMSA	U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration
PISCC	Post-in-service carrying charges
PPA	Power Purchase Agreement
PSC	Public Service Commission
PTC	Production Tax Credits
PUC	Public Utility Commission
PUCO	Public Utilities Commission of Ohio
RCRA	Resource Conservation and Recovery Act
ROU	Right of use
SAB	Staff accounting bulletin
SAVE	Steps to Advance Virginia's Energy Plan
Separation	The separation of our natural gas pipeline, midstream and storage business from our natural gas and electric utility business accomplished through a pro rata distribution to holders of our outstanding common stock of all the outstanding shares of common stock of CPG. The separation was completed on July 1, 2015.
SEC	Securities and Exchange Commission

DEFINED TERMS

SMRP	Safety Modification and Replacement Program
STRIDE	Strategic Infrastructure Development and Enhancement
Sugar Creek	Sugar Creek electric generating plant
TCJA	Tax Cuts and Jobs Act of 2017
TDSIC	Transmission, Distribution and Storage System Improvement Charge
U.S. Attorney's Office	U.S. Attorney's Office for the District of Massachusetts
VSCC	Virginia State Corporation Commission
WCE	Whiting Clean Energy

Note regarding forward-looking statements

This Annual Report on Form 10-K 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 our 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 Annual Report on Form 10-K include, among other things, our debt obligations; any changes to our credit rating or the credit rating of 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; compliance with the agreements entered into with the U.S. Attorney’s Office to settle the U.S. Attorney’s Office’s investigation relating to the Greater Lawrence Incident; the pending sale of the Columbia of Massachusetts business, including the terms and closing conditions under the Asset Purchase Agreement; potential incidents and other operating risks associated with our business; our ability to obtain sufficient insurance coverage and whether such coverage will protect us against significant losses; 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 applicable laws, regulations and tariffs; 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; our ability to manage new initiatives and organizational changes; the performance of third-party suppliers and service providers; changes in the method for determining LIBOR and the potential replacement of the LIBOR benchmark interest rate; and other matters set forth in Item 1A, “Risk Factors” of this report, 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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ITEM 1. BUSINESS

NISOURCE INC.

NiSource Inc. is an energy holding company under the Public Utility Holding Company Act of 2005 whose subsidiaries are fully regulated natural gas and electric utility companies serving approximately 4.0 million customers in seven states. NiSource is the successor to an Indiana corporation organized in 1987 under the name of NIPSCO Industries, Inc., which changed its name to NiSource on April 14, 1999.

NiSource is one of the nation’s largest natural gas distribution companies, as measured by number of customers. NiSource’s principal subsidiaries include NiSource Gas Distribution Group, Inc., a natural gas distribution holding company, and NIPSCO, a gas and electric company. NiSource derives substantially all of its revenues and earnings from the operating results of these rate-regulated businesses.

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 for approximately 7,500 gas meters, the majority of which served residences and approximately 700 of which served 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. Refer to Note 6, "Goodwill and Other Intangible Assets," Note 19-C. "Legal Proceedings," and E. "Other Matters," in the Notes to Consolidated Financial Statements for more information.

On February 26, 2020, NiSource and Columbia of Massachusetts (together with NiSource, “Seller”) entered into an Asset Purchase Agreement (the "Asset Purchase Agreement") with Eversource, a Massachusetts voluntary association. Upon the terms and subject to the conditions set forth in the Asset Purchase Agreement, NiSource and Columbia of Massachusetts agreed to sell to Eversource, with certain additions and exceptions: (1) substantially all of the assets of Columbia of Massachusetts and (2) all of the assets held by any of Columbia of Massachusetts’ affiliates that primarily relate to the business of storing, distributing or transporting natural gas to residential, commercial and industrial customers in Massachusetts, as conducted by Columbia of Massachusetts, and Eversource agreed to assume certain liabilities of Columbia of Massachusetts and its affiliates. The liabilities assumed by Eversource under the Asset Purchase Agreement do not include, among others, any liabilities arising out the Greater Lawrence Incident or liabilities of Columbia of Massachusetts or its affiliates pursuant to civil claims for injury of persons or damage to property to the extent such injury or damage occurs prior to the closing in connection with the Massachusetts Business. The Asset Purchase Agreement provides for a purchase price of $1,100 million in cash, subject to adjustment based on Columbia of Massachusetts’ net working capital as of the closing. The closing of the transactions contemplated by the Asset Purchase Agreement is subject to Hart-Scott-Rodino Antitrust Improvements Act of 1976 and regulatory approvals, resolution of certain proceedings before governmental bodies and other conditions. For additional information, see Note 26, “Subsequent Event,” in the Notes to Consolidated Financial Statements.

NiSource’s reportable segments are: Gas Distribution Operations and Electric Operations. The following is a summary of the business for each reporting segment. Refer to Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Note 23, "Segments of Business," in the Notes to Consolidated Financial Statements for additional information for each segment.

Gas Distribution Operations
Our natural gas distribution operations serve approximately 3.5 million customers in seven states and operate approximately 60,000 miles of pipeline located in our service areas described below. Through our wholly-owned subsidiary NiSource Gas Distribution Group, Inc., we own six distribution subsidiaries that provide natural gas to approximately 2.7 million residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland and Massachusetts. Additionally, we distribute natural gas to approximately 839,000 customers in northern Indiana through our wholly-owned subsidiary NIPSCO.

Electric Operations
We generate, transmit and distribute electricity through our subsidiary NIPSCO to approximately 476,000 customers in 20 counties in the northern part of Indiana and engage in wholesale and transmission transactions. NIPSCO owns and operates two coal-fired electric generating stations: four units at R.M. Schahfer located in Wheatfield, IN and one unit at Michigan City located in Michigan City, IN. The two operating facilities have a generating capacity of 2,080 MW. NIPSCO also owns and operates Sugar Creek, a CCGT plant located in West Terre Haute, IN with generating capacity of 571 MW, three gas-fired generating units located at NIPSCO’s coal-fired electric generating stations with a generating capacity of 186 MW and two hydroelectric generating plants with a generating capacity of 10 MW: Oakdale located at Lake Freeman in Carroll County, IN and Norway located at Lake Schahfer in White County, IN. These facilities provide for a total system operating generating capacity of 2,847 MW.

In May 2018, NIPSCO completed the retirement of two coal-burning units (Units 7 and 8) at Bailly Generating Station, located in Chesterton, IN. These units had a generating capacity of approximately 460 MW.

NIPSCO's transmission system, with voltages from 69,000 to 765,000 volts, consists of 3,005 circuit miles. NIPSCO is interconnected with five neighboring electric utilities. During the year ended December 31, 2019, NIPSCO generated 62.4% and purchased 37.6% of its electric requirements.

NIPSCO participates in the MISO transmission service and wholesale energy market. MISO is a nonprofit organization created in compliance with FERC regulations to improve the flow of electricity in the regional marketplace and to enhance electric reliability. Additionally, MISO is responsible for managing energy markets, transmission constraints and the day-ahead, real-time, FTR and ancillary markets. NIPSCO transferred functional control of its electric transmission assets to MISO, and transmission service for NIPSCO occurs under the MISO Open Access Transmission Tariff.

Business Strategy

We focus our business strategy on our core, rate-regulated asset-based businesses with most of our operating income generated from the rate-regulated businesses. Our utilities continue to move forward on core infrastructure and environmental investment programs supported by complementary regulatory and customer initiatives across all seven states in which we operate. 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.

In its 2018 Integrated Resource Plan submission to the IURC, NIPSCO laid out a plan to retire the 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 19-E, "Other Matters," in the Notes to Consolidated Financial Statements for further discussion of these plans.

Competition and Changes in the Regulatory Environment

The regulatory frameworks applicable to our operations, at both the state and federal levels, continue to evolve. These changes have had and will continue to have an impact on our operations, structure and profitability. Management continually seeks new ways to be more competitive and profitable in this environment.

The Gas Distribution Operations companies have pursued non-traditional revenue sources within the evolving natural gas marketplace. These efforts include the sale of products and services upstream of the companies' service territory, the sale of products and services in the companies' service territories, and gas supply cost incentive mechanisms for service to their core markets. The upstream products are made up of transactions that occur between an individual Gas Distribution Operations company and a buyer for the sales of unbundled or rebundled gas supply and capacity. The on-system services are offered by us to customers and include products such as the transportation and balancing of gas on the Gas Distribution Operations company system. The incentive mechanisms give the Gas Distribution Operations companies an opportunity to share in the savings created from such situations as gas purchase prices paid below an agreed upon benchmark and their ability to reduce pipeline capacity charges with their customers.

Increased efficiency of natural gas appliances and improvements in home building codes and standards has contributed to a long-term trend of declining average use per customer. Residential usage for the year ended December 31, 2019 decreased primarily due to warmer weather in our operating area compared to the prior year. While historically rate design at the distribution level has been structured such that a large portion of cost recovery is based upon throughput rather than in a fixed charge, operating costs are largely incurred on a fixed basis and do not fluctuate due to changes in customer usage. As a result, Gas Distribution Operations have pursued changes in rate design to more effectively match recoveries with costs incurred. Each of the states in which Gas Distribution Operations operate has different requirements regarding the procedure for establishing changes to rate design. Columbia of Ohio restructured its rate design through a base rate proceeding and has adopted a decoupled rate design which more closely links the recovery of fixed costs with fixed charges. Columbia of Massachusetts received regulatory approval of a decoupling mechanism which adjusts revenues to an approved benchmark level through a volumetric adjustment factor. Columbia of Maryland and Columbia of Virginia have regulatory approval for a revenue normalization adjustment for certain customer classes, a decoupling mechanism whereby monthly revenues that exceed or fall short of approved levels are reconciled in subsequent months. In a prior base rate proceeding, Columbia of Pennsylvania implemented a pilot residential weather normalization adjustment. Columbia of Maryland, Columbia of Virginia and Columbia of Kentucky have had approval for a weather normalization adjustment for many years. In a prior gas base rate proceeding, NIPSCO implemented a higher fixed customer charge for residential and small customer classes moving toward full straight fixed variable rate design.

Natural Gas Competition. Open access to natural gas supplies over interstate pipelines and the deregulation of the commodity price of gas has led to tremendous change in the energy markets. LDC customers and marketers can purchase gas directly from producers and marketers as an open, competitive market for gas supplies has emerged. This separation or "unbundling" of the transportation and other services offered by pipelines and LDCs allows customers to purchase the commodity independent of services provided by the pipelines and LDCs. The LDCs continue to purchase gas and recover the associated costs from their customers. Our Gas Distribution Operations' subsidiaries are involved in programs that provide customers the opportunity to purchase their natural gas requirements from third parties and use our Gas Distribution Operations' subsidiaries for transportation services.

Gas Distribution Operations competes with investor-owned, municipal, and cooperative electric utilities throughout its service areas as well as other regulated and unregulated natural gas intra and interstate pipelines and other alternate fuels, such as propane and fuel oil. Gas Distribution Operations continues to be a strong competitor in the energy market as a result of strong customer preference for natural gas. Competition with providers of electricity has traditionally been the strongest in the residential and commercial markets of Kentucky, southern Ohio, central Pennsylvania and western Virginia due to comparatively low electric rates. Natural gas competes with fuel oil and propane in the Massachusetts market mainly due to the installed base of fuel oil and propane-based heating which has comprised a declining percentage of the overall market over the last few years. However, fuel oil and propane are more viable in today's oil market.

Electric Competition. Indiana electric utilities generally have exclusive service areas under Indiana regulations, and retail electric customers in Indiana do not have the ability to choose their electric supplier. NIPSCO faces non-utility competition from other energy sources, such as self-generation by large industrial customers and other distributed energy sources.

Seasonality

A significant portion of our operations are subject to seasonal fluctuations in sales. During the heating season, which is primarily from November through March, revenues from gas sales are more significant, and during the cooling season, which is primarily June through September, revenues from electric sales are more significant, than in other months.

Other Relevant Business Information

Our customer base is broadly diversified, with no single customer accounting for a significant portion of revenues.

As of December 31, 2019, we had 8,363 employees of whom 3,219 were subject to collective bargaining agreements. Collective bargaining agreements for 96 employees are set to expire within one year.

For a listing of certain subsidiaries of NiSource refer to Exhibit 21.

We electronically file various reports with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to such reports, as well as our proxy statements for the Company's annual meetings of stockholders at *http://www.sec.gov*. Additionally, we make all SEC filings available without charge to the public on our web site at *http://www.nisource.com*.

ITEM 1A. RISK FACTORS

NISOURCE INC.

Our operations and financial results are subject to various risks and uncertainties, including those described below, that could adversely affect our business, financial condition, results of operations, cash flows, and the trading price of our common stock.

We have substantial indebtedness which could adversely affect our financial condition.

Our business is capital intensive and we rely significantly on long-term debt to fund a portion of our capital expenditures and repay outstanding debt, and on short-term borrowings to fund a portion of day-to-day business operations. We had total consolidated indebtedness of $9,642.8 million outstanding as of December 31, 2019. Our substantial indebtedness could have important consequences. For example, it could:

- limit our ability to borrow additional funds or increase the cost of borrowing additional funds;
- reduce the availability of cash flow from operations to fund working capital, capital expenditures and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in the business and the industries in which we operate;
- lead parties with whom we do business to require additional credit support, such as letters of credit, in order for us to transact such business;
- place us at a competitive disadvantage compared to competitors that are less leveraged;
- increase vulnerability to general adverse economic and industry conditions; and
- limit our ability to execute on our growth strategy, which is dependent upon access to capital to fund our substantial infrastructure investment program.

Some of our debt obligations contain financial covenants related to debt-to-capital ratios and cross-default provisions. Our failure to comply with any of these covenants could result in an event of default, which, if not cured or waived, could result in the acceleration of outstanding debt obligations.

A drop in our credit ratings could adversely impact our cash flows, results of operation, financial condition and liquidity.

The availability and cost of credit for our businesses may be greatly affected by credit ratings. The credit rating agencies periodically review our ratings, taking into account factors such as our capital structure, earnings profile, and, in 2018 and 2019, the impacts of the TCJA and the Greater Lawrence Incident. We are committed to maintaining investment grade credit ratings; however, there is no assurance we will be able to do so in the future. Our credit ratings could be lowered or withdrawn entirely by a rating agency if, in its judgment, the circumstances warrant. Any negative rating action could adversely affect our ability to access capital at rates and on terms that are attractive. A negative rating action could also adversely impact our business relationships with suppliers and operating partners, who may be less willing to extend credit or offer us similarly favorable terms as secured in the past under such circumstances.

Certain of our subsidiaries have agreements that contain “ratings triggers” that require increased collateral in the form of cash, a letter of credit or other forms of security for new and existing transactions if the credit ratings of our or certain of our subsidiaries are dropped below investment grade. These agreements are primarily for insurance purposes and for the physical purchase or sale of gas or power. As of December 31, 2019, the collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately $72.1 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.

If our or certain of our subsidiaries' credit ratings were downgraded, especially below investment grade, financing costs and the principal amount of borrowings would likely increase due to the additional risk of our debt and because certain counterparties may require additional credit support as described above. Such amounts may be material and could adversely affect our cash flows, results of operations and financial condition. Losing investment grade credit ratings may also result in more restrictive covenants and reduced flexibility on repayment terms in debt issuances, lower share price and greater stockholder dilution from common equity issuances, in addition to reputational damage within the investment community.

We may not be able to execute our business plan or growth strategy, including utility infrastructure investments.

Business or regulatory conditions may result in us not being able to execute our business plan or growth strategy, including identified, planned and other utility infrastructure investments. Our customer and regulatory initiatives may not achieve planned results. Utility infrastructure investments may not materialize, may cease to be achievable or economically viable and may not be successfully completed. Natural gas may cease to be viewed as an economically and environmentally attractive fuel. Certain groups and governmental entities may continue to oppose natural gas delivery and infrastructure investments because of perceived environmental impacts associated with the natural gas supply chain and end use. Energy conservation, energy efficiency, distributed generation, energy storage, policies favoring electric heat over gas heat and other factors may reduce demand for natural gas and energy. Any of these developments could adversely affect our results of operations and growth prospects. Even if our business plan and growth strategy are executed, there is still risk of, among other things, human error in maintenance, installation or operations, shortages or delays in obtaining equipment, and performance below expected levels (in addition to the other risks discussed in this section).

Adverse economic and market conditions or increases in interest rates could materially and adversely affect our results of operations, cash flows, financial condition and liquidity.

While the national economy is experiencing modest growth, we cannot predict how robust future growth will be or whether it will be sustained. Deteriorating or sluggish economic conditions in our operating jurisdictions could adversely impact our ability to maintain or grow our customer base and collect revenues from customers, which could reduce revenue growth and increase operating costs. In addition, a rising interest rate environment may lead to higher borrowing costs, which may adversely impact reported earnings, cost of capital and capital holdings. Rising interest rates and negative market or company events may also result in a decrease in the price of our shares of common stock.

We rely on access to the capital markets to finance our liquidity and long-term capital requirements, including expenditures for our utility infrastructure and to comply with future regulatory requirements, to the extent not satisfied by the cash flow generated by our operations. We have historically relied on long-term debt and on the issuance of equity securities to fund a portion of our capital expenditures and repay outstanding debt, and on short-term borrowings to fund a portion of day-to-day business operations. Successful implementation of our long-term business strategies, including capital investment, is dependent upon our ability to access the capital and credit markets, including the banking and commercial paper markets, on competitive terms and rates. An economic downturn or uncertainty, market turmoil, changes in tax policy, challenges faced by financial institutions, changes in our credit ratings, or a change in investor sentiment toward us or the utilities industry generally could adversely affect our ability to raise additional capital or refinance debt. Reduced access to capital markets and/or increased borrowing costs could reduce future net income and cash flows. Refer to Note 14, “Long-Term Debt,” in the Notes to Consolidated Financial Statements for information related to outstanding long-term debt and maturities of that debt.

If any of these risks or uncertainties limit our access to the credit and capital markets or significantly increase our cost of capital, it could limit our ability to implement, or increase the costs of implementing, our business plan, which, in turn, could materially and adversely affect our results of operations, cash flows, financial condition and liquidity.

Capital market performance and other factors may decrease the value of benefit plan assets, which then could require significant additional funding and impact earnings.

The performance of the capital markets affects the value of the assets that are held in trust to satisfy future obligations under defined benefit pension and other postretirement benefit plans. We have significant obligations in these areas and hold significant assets in these trusts as noted in Note 11, "Pension and Other Postretirement Benefits," in the Notes to Consolidated Financial Statements. These assets are subject to market fluctuations and may yield uncertain returns, which fall below our projected rates of return. A decline in the market value of assets may increase the funding requirements of the obligations under the defined benefit pension and other postretirement benefit plans. Additionally, changes in interest rates affect the liabilities under these benefit plans; as interest rates decrease, the liabilities increase, which could potentially increase funding requirements. Further, the funding requirements of the obligations related to these benefits plans may increase due to changes in governmental regulations and participant demographics, including increased numbers of retirements or changes in life expectancy assumptions. In addition, lower asset returns result in increased expenses. Ultimately, significant funding requirements and increased pension or other postretirement benefit plan expense could negatively impact our results of operations and financial position.

ITEM 1A. RISK FACTORS

NISOURCE INC.

The majority of our revenues are subject to economic regulation and are exposed to the impact of regulatory rate reviews and proceedings.

Most of our revenues are subject to economic regulation at either the federal or state level. As such, the revenues generated by us are subject to regulatory review by the applicable federal or state authority. These rate reviews determine the rates charged to customers and directly impact revenues. Our financial results are dependent on frequent regulatory proceedings in order to ensure timely recovery of costs and investments. In addition to our ongoing regulatory proceedings, the recovery of the Greater Lawrence pipeline replacement capital investment will be addressed in a future regulatory proceeding as discussed in Note 19, "Other Commitments and Contingencies - E. Other Matters" in the Notes to Consolidated Financial Statements.

The outcomes of these proceedings are uncertain, potentially lengthy and could be influenced by many factors, some of which may be outside of our control, including the cost of providing service, the necessity of expenditures, the quality of service, regulatory interpretations, customer intervention, economic conditions and the political environment. Further, the rate orders are subject to appeal, which creates additional uncertainty as to the rates that will ultimately be allowed to be charged for services. Additionally, the costs of complying with current and future changes in environmental and federal pipeline safety laws and regulations are expected to be significant, and their recovery through rates will also be contingent on regulatory approval.

Failure to adapt to advances in technology and manage the related costs could make us less competitive and negatively impact our results of operations and financial condition.

A key element of our business model is that generating power at central station power plants achieves economies of scale and produces power at a competitive cost. We continue to research, plan for, and implement new technologies that produce power or reduce power consumption. These technologies include renewable energy, distributed generation, energy storage, and energy efficiency. Advances in technology and changes in laws or regulations (including subsidization) are reducing the cost of these or other alternative methods of producing power to a level that is competitive with that of most central station power electric production or result in smaller-scale, more fuel efficient, and/or more cost-effective distributed generation. This could cause power sales to decline and the value of our generating facilities to decline. New technologies may require us to make significant expenditures to remain competitive and may result in the obsolescence of certain operating assets.

In addition, customers are increasingly expecting enhanced communications regarding their electric and natural gas services, which, in some cases, may involve additional investments in technology. We also rely on technology to adequately maintain key business records.

Our future success will depend, in part, on our ability to anticipate and successfully adapt to technological changes, to offer services that meet customer demands and evolving industry standards, and to recover all, or a significant portion of, any unrecovered investment in obsolete assets. A failure by us to effectively adapt to changes in technology and manage the related costs could harm our ability to remain competitive in the marketplace for our products, services and processes and could have a material adverse impact on our results of operations and financial condition.

The Greater Lawrence Incident has materially adversely affected and may continue to materially adversely affect our financial condition, results of operations and cash flows.

In connection with the Greater Lawrence Incident, we have incurred and will incur various costs and expenses as set forth in Note 6, "Goodwill and Other Intangible Assets," Note 19, "Other Commitments and Contingencies - C. Legal Proceedings," and "- E. Other Matters" in the Notes to Consolidated Financial Statements.

We are subject to inquiries and investigations by government authorities and regulatory agencies regarding the Greater Lawrence Incident, including the Massachusetts DPU and the Massachusetts Attorney General's Office. We are cooperating with all inquiries and investigations. In addition, on February 26, 2020, the Company and Columbia of Massachusetts entered into agreements with the U.S. Attorney's Office to resolve the U.S. Attorney's Office's investigation relating to the Greater Lawrence Incident, as described further below.

As more information becomes known, management's estimates and assumptions regarding the costs and expenses to be incurred and 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 our financial condition, results of operations and cash flows during the period in which such change occurred.

While we have recovered the full amount of our liability insurance coverage available under our policies, total expenses related to the incident have exceeded such amount. Expenses in excess of our liability insurance coverage have materially adversely affected and may continue to materially adversely affect our results of operations, cash flows and financial position.

We may also incur additional costs associated with the Greater Lawrence Incident, beyond the amount currently anticipated, including in connection with investigations by regulators as well as civil litigation. Further, state or federal legislation may be enacted that would require us to incur additional costs by mandating various changes, including changes to our operating practice standards for natural gas distribution operations and safety. If we are unable to recover the capital cost of the gas pipeline replacement in the impacted area or we incur a material amount of other costs that we are unable to recover through rates or offset through operational or other cost savings, our financial condition, results of operations, and cash flows could be materially and adversely affected.

Further, if it is determined in other matters that we 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 our natural gas system, and we are ordered to pay additional amounts in customer refunds, penalties, or other amounts, our financial condition, results of operations, and cash flows could be materially and adversely affected.

Our settlement with the U.S. Attorney's Office in respect of federal charges in connection with the Greater Lawrence Incident may expose us to further penalties, liabilities and private litigation, and may impact our operations.

On February 26, 2020, the Company entered into a DPA and Columbia of Massachusetts entered into a plea agreement with the U.S. Attorney's Office to resolve the U.S. Attorney's Office's investigation relating to the Greater Lawrence Incident. Columbia of Massachusetts' plea agreement with the U.S. Attorney's Office is subject to approval by the United States District Court for the District of Massachusetts (the "Court"). If Columbia of Massachusetts' guilty plea is not accepted by the Court or is withdrawn for any reason, the U.S. Attorney's Office may, at its sole option, render the DPA null and void. See Note 19, "Other Commitments and Contingencies - C. Legal Proceedings" in the Notes to Consolidated Financial Statements. The agreements impose various compliance and remedial obligations on the Company and Columbia of Massachusetts. Failure to comply with the terms of these agreements could result in further enforcement action by the U.S. Attorney's Office, expose the Company and Columbia of Massachusetts to penalties, financial or otherwise, and subjects the Company to further private litigation, each of which could impact our operations and have a material adverse effect on our business.

The closing of the sale of the Massachusetts Business is subject to receipt of clearance and approval from various governmental entities and other closing conditions that may not be satisfied or waived, and, in order to receive such clearance, consent or approval, governmental entities may impose conditions, terms, obligations or restrictions that Eversource is not obligated to accept in order to complete the transaction.

On February 26, 2020, NiSource, Columbia of Massachusetts and Eversource entered into the Asset Purchase Agreement providing for the sale of the Massachusetts Business to Eversource. The Asset Purchase Agreement provides for various closing conditions, including (a) the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, (b) the receipt of the approval of the Massachusetts DPU (the "MDPU Approval") and (c) the final resolution or termination of all pending actions, claims and proceedings against Seller and its affiliates under the jurisdiction of the Massachusetts DPU and all future, actions, claims and proceedings against Seller and its affiliates relating to the Greater Lawrence Incident under the jurisdiction of the Massachusetts DPU.

The satisfaction of many of the closing conditions is beyond our control. We may not receive the required clearance and approvals for the transaction or the required resolution with the Massachusetts DPU, or we may not receive them in a timely manner. In addition, governmental entities could impose conditions, terms, obligations or restrictions as conditions for their approvals and as conditions to resolve certain proceedings, and these may include substantial payments by us. Moreover, Eversource is not required to agree to any conditions, terms, obligations or restrictions to obtain required clearance and approvals if such conditions, terms, obligations or restrictions would reasonably be expected to constitute a "burdensome condition" as defined in the Asset Purchase Agreement. There can be no assurance that regulators will not seek to impose conditions, terms, obligations or restrictions that would constitute burdensome conditions.

If the closing conditions are not satisfied or there is a substantial delay in obtaining the required clearance and approvals, or otherwise satisfying the closing conditions, the sale of the Massachusetts Business may not be completed, and we may lose some or all of the intended benefits of the sale.

The sale of the Massachusetts Business poses risks and challenges that could negatively impact our business, and we may not realize the expected benefits of the sale of the Massachusetts Business.

The sale of the Massachusetts Business involves separation or carve-out activities and costs and possible disputes with Eversource. Following the sale, we may have continued financial liabilities with respect to the business conducted by Columbia of Massachusetts, as we will be required to retain responsibility for, and indemnify Eversource against, certain liabilities, including liabilities for any fines arising out of the Greater Lawrence Incident and liabilities of Columbia of Massachusetts or its affiliates pursuant to civil claims for injury of persons or damage to property to the extent such injury or damage occurs prior to the closing in connection with Columbia of Massachusetts' business. It may also be difficult to determine whether a claim from a third party is our responsibility, and we may expend substantial resources trying to determine whether we or Eversource has responsibility for the claim.

If we do not realize the expected benefits of the sale of the Massachusetts Business, our consolidated financial condition, results of operations and cash flows could be negatively impacted. The sale of the Massachusetts Business may result in a dilutive impact to our future earnings if we are unable to offset the dilutive impact from the loss of revenue associated with the sale, which could have a material adverse effect on our results of operations and financial condition.

The failure to complete the transactions contemplated by the Asset Purchase Agreement within the expected time frame or at all could adversely affect our business, financial condition and results of operations and the price of our common stock.

If the sale of the Massachusetts Business is not completed by October 26, 2020 (subject to up to two automatic 45-day extensions under certain circumstances related to obtaining required regulatory approvals and resolution with the Massachusetts DPU), we or Eversource may choose not to proceed with the transaction. Completion of the transaction is subject to risks, including the risks that approval of the transaction by governmental entities will not be obtained or that certain other closing conditions will not be satisfied. A failure to complete the transaction may result in negative publicity and a negative impression of us in the investment community. Moreover, under the terms of the settlement with the U.S. Attorney's Office, we will be obligated to use reasonable best efforts to sell Columbia of Massachusetts' business, and there is no assurance that we will be able to sell such business to a third party on as favorable terms, if at all. The occurrence of any of these events, individually or in combination, could have a material adverse effect on our results of operations, financial condition or the trading price of our common stock.

Our gas distribution activities, as well as generation, transmission and distribution of electricity, involve a variety of inherent hazards and operating risks, including potential public safety risks.

Our gas distribution activities, as well as generation, transmission, and distribution of electricity, involve a variety of inherent hazards and operating risks, including, but not limited to, gas leaks and over-pressurization, downed power lines, damage to our infrastructure by third parties, outages, environmental spills, mechanical problems and other incidents, which could cause substantial financial losses, as demonstrated in part by the Greater Lawrence Incident. In addition, these hazards and risks have resulted and may in the future result in serious injury or loss of life to employees and/or the general public, significant damage to property, environmental pollution, impairment of our operations, adverse regulatory rulings and reputational harm, which in turn could lead to substantial losses for us. The location of pipeline facilities, or generation, transmission, substation and distribution facilities near populated areas, including residential areas, commercial business centers and industrial sites, could increase the level of damages resulting from such incidents. As with the Greater Lawrence Incident, certain incidents have subjected and may in the future subject us to litigation or administrative or other legal proceedings from time to time, both civil and criminal, which could result in substantial monetary judgments, fines, or penalties against us, be resolved on unfavorable terms, and require us to incur significant operational expenses. The occurrence of incidents has in certain instances adversely affected and could in the future adversely affect our reputation, cash flows, financial position and/or results of operations. We maintain insurance against some, but not all, of these risks and losses.

We may be unable to obtain insurance on acceptable terms or at all. Our liability insurance coverage did not provide protection against all significant losses as a result of the Greater Lawrence Incident and may not provide protection against all significant losses in the future.

Our ability to obtain insurance, as well as the cost and coverage of such insurance, are affected by developments affecting our business; international, national, state, or local events; and the financial condition of insurers. The insurance market is experiencing a hardening environment due to reductions in commercial suppliers and the capacity they are willing to issue, increases in overall demand for capacity, and a prevalence of severe losses. NiSource has been particularly affected by the current market conditions. We have not been able to obtain liability insurance coverage at previously procured limits at rates that are acceptable to us. Insurance coverage may not continue to be available at limits, rates or terms acceptable to us. The premiums we pay for our insurance coverage have significantly increased as a result of market conditions and the accumulated loss ratio over the history of NiSource operations, and we expect that they will continue to increase as a result of market conditions. In addition, our insurance is not sufficient or effective under all circumstances and against all hazards or liabilities to which we are subject. For example, total expenses related to the Greater Lawrence Incident have exceeded the total amount of liability coverage available under our policies.

Also, certain types of damages, expenses or claimed costs, such as fines and penalties, may be excluded under the policies. In addition, insurers providing insurance to us may raise defenses to coverage under the terms and conditions of the respective insurance policies that could result in a denial of coverage or limit the amount of insurance proceeds available to us. Any losses for which we are not fully insured or that are not covered by insurance at all could materially adversely affect our results of operations, cash flows, and financial position. For example, expenses related to the Greater Lawrence Incident that we are unable to recover from liability or property insurance have materially adversely affected and may continue to materially adversely affect our results of operations. For more information regarding our insurance programs in the context of the Greater Lawrence Incident, see Note 19, "Other Commitments and Contingencies - C. Legal Proceedings," and " - E. Other Matters" in the Notes to Consolidated Financial Statements.

The outcome of legal and regulatory proceedings, investigations, inquiries, claims and litigation related to our business operations, including those related to the Greater Lawrence Incident, may have a material adverse effect on our results of operations, financial position or liquidity.

We are involved in legal and regulatory proceedings, investigations, inquiries, claims and litigation in connection with our business operations, including the Greater Lawrence Incident, the most significant of which are summarized in Note 19, “Other Commitments and Contingencies” in the Notes to Consolidated Financial Statements. Our insurance does not cover all costs and expenses that we have incurred and that we may incur in the future relating to the Greater Lawrence Incident, and may not fully cover other incidents that may occur in the future. Due to the inherent uncertainty of the outcomes of such matters, 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. Certain matters in connection with the Greater Lawrence Incident have had or may have a material impact as described in Note 19, "Other Commitments and Contingencies" in the Notes to Consolidated Financial Statements. If one or more of such additional or other 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.

We are exposed to significant reputational risks, which make us vulnerable to a loss of cost recovery, increased litigation and negative public perception.

As a utility company, we are subject to adverse publicity focused on the reliability of our services, the speed with which we are able to respond effectively to electric outages, natural gas leaks or events and related accidents and similar interruptions caused by storm damage or other unanticipated events, as well as our own or third parties' actions or failure to act. We are also subject to adverse publicity related to actual or perceived environmental impacts. If customers, legislators, or regulators have or develop a negative opinion of us, this could result in less favorable legislative and regulatory outcomes or increased regulatory oversight, increased litigation and negative public perception. The adverse publicity and investigations we experienced as a result of the Greater Lawrence Incident may have an ongoing negative impact on the public’s perception of us. It is difficult to predict the ultimate impact of this adverse publicity. The foregoing may have continuing adverse effects on our business, results of operations, cash flow and financial condition.

Our businesses are subject to various laws, regulations and tariffs. We could be materially adversely affected if we fail to comply with such laws, regulations and tariffs or with any changes in or new interpretations of such laws, regulations and tariffs.

Our businesses are subject to various laws, regulations and tariffs, including, but not limited to, those relating to natural gas pipeline safety, employee safety, the environment and our energy infrastructure. Existing laws, regulations and tariffs may be revised or become subject to new interpretations, and new laws, regulations and tariffs may be adopted or become applicable to us and our operations. In some cases, compliance with new laws, regulations and tariffs increases our costs. If we fail to comply with laws, regulations and tariffs applicable to us or with any changes in or new interpretations of such laws, regulations or tariffs, our financial condition, results of operations, regulatory outcomes and cash flows may be materially adversely affected.

Our businesses are regulated under numerous environmental laws. The cost of compliance with these laws, and changes to or additions to, or reinterpretations of the laws, could be significant. Liability from the failure to comply with existing or changed laws could have a material adverse effect on our business, results of operations, cash flows and financial condition.

Our businesses are subject to extensive federal, state and local environmental laws and rules that regulate, among other things, air emissions, water usage and discharges, GHG and waste products such as coal combustion residuals. Compliance with these legal obligations require us to make expenditures for installation of pollution control equipment, remediation, environmental monitoring, emissions fees, and permits at many of our facilities. These expenditures are significant, and we expect that they will continue to be significant in the future. Furthermore, if we fail to comply with environmental laws and regulations or are found to have caused damage to the environment or persons, that failure or harm may result in the assessment of civil or criminal penalties and damages against us and injunctions to remedy the failure or harm.

Existing environmental laws and regulations may be revised and new laws and regulations seeking to change environmental regulation of the energy industry may be adopted or become applicable to us, with an increased focus on both coal and natural gas in recent years. Revised or additional laws and regulations may result in significant additional expense and operating restrictions on our facilities or increased compliance costs, which may not be fully recoverable from customers through regulated rates and could, therefore, impact our financial position, financial results and cash flow. Moreover, such costs could materially affect the continued economic viability of one or more of our facilities.

An area of significant uncertainty and risk are the laws concerning emission of GHG. While we continue to reduce GHG emissions through the retirement of coal-fired electric generation, priority pipeline replacement, energy efficiency, leak detection and repair, and other programs, and expect to further reduce GHG emissions through increased use of renewable energy, GHG emissions are currently an expected aspect of the electric and natural gas business. Revised or additional future GHG legislation and/or regulation related to the generation of electricity or the extraction, production, distribution, transmission, storage and end use of natural gas could materially impact our gas supply, financial position, financial results and cash flows.

Even in instances where legal and regulatory requirements are already known or anticipated, the original cost estimates for environmental improvements, remediation of past environmental impact, or pollution reduction strategies and equipment can differ materially from the amount ultimately expended. The actual future expenditures depend on many factors, including the nature and extent of impact, the method of improvement, the cost of raw materials, contractor costs, and requirements established by environmental authorities. Changes in costs and the ability to recover under regulatory mechanisms could affect our financial position, financial results and cash flows.

A significant portion of the gas and electricity we sell is used by residential and commercial customers for heating and air conditioning. Accordingly, fluctuations in weather, gas and electricity commodity costs and economic conditions impact demand of our customers and our operating results.

Energy sales are sensitive to variations in weather. Forecasts of energy sales are based on “normal” weather, which represents a long-term historical average. Significant variations from normal weather could have, and have had, a material impact on energy sales. Additionally, residential usage, and to some degree commercial usage, is sensitive to fluctuations in commodity costs for gas and electricity, whereby usage declines with increased costs, thus affecting our financial results. Lastly, residential and commercial customers’ usage is sensitive to economic conditions and factors such as unemployment, consumption and consumer confidence. Therefore, prevailing economic conditions affecting the demand of our customers may in turn affect our financial results.

Our business operations are subject to economic conditions in certain industries.

Business operations throughout our service territories have been and may continue to be adversely affected by economic events at the national and local level where it operates. In particular, sales to large industrial customers, such as those in the steel, oil refining, industrial gas and related industries, may be impacted by economic downturns and geographic or technological shifts in production or production methods. The U.S. manufacturing industry continues to adjust to changing market conditions including international competition, increasing costs, and fluctuating demand for its products.

The implementation of NIPSCO’s electric generation strategy, including the retirement of its coal generation units, may not achieve intended results.

On October 31, 2018, NIPSCO submitted its 2018 Integrated Resource Plan with the IURC setting forth its short- and long-term electric generation plans in an effort to maintain affordability while providing reliable, flexible and cleaner sources of power. 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 sets forth a schedule to retire R.M. Schahfer Generating Station (Units 14, 15, 17, and 18) in 2023 and Michigan City Generating Station (Unit 12) in 2028. The current replacement plan includes renewable sources of energy, including wind, solar, and battery storage.

As part of this plan, NIPSCO has IURC approval for the Jordan Creek PPA for 400 MW, the Indiana Crossroads BTA for 300 MW and the Rosewater BTA for 100 MW. Each is a separate facility and all MW are nameplate capacity. NIPSCO has filed a notice with the IURC of its intention not to move forward with one of its approved PPAs due to the failure to meet a condition precedent in the agreement as a result of local zoning restrictions.

There are inherent risks and uncertainties in executing the Integrated Resource Plan, including changes in market conditions, regulatory approvals, environmental regulations, commodity costs and customer expectations, which may impede NIPSCO's ability to achieve the intended results. NIPSCO's future success will depend, in part, on its ability to successfully implement its long-term electric generation plans, to offer services that meet customer demands and evolving industry standards, and to recover all, or a significant portion of, any unrecovered investment in obsolete assets. NIPSCO's electric generation strategy could require significant future capital expenditures, operating costs and charges to earnings that may negatively impact our financial position, financial results and cash flows.

Fluctuations in the price of energy commodities or their related transportation costs or an inability to obtain an adequate, reliable and cost-effective fuel supply to meet customer demands may have a negative impact on our financial results.

Our electric generating fleet is dependent on coal and natural gas for fuel, and our gas distribution operations purchase and resell much of the natural gas we deliver to our customers. These energy commodities are vulnerable to price fluctuations and fluctuations in associated transportation costs. From time to time, we have also used hedging in order to offset fluctuations in commodity supply prices. We rely on regulatory recovery mechanisms in the various jurisdictions in order to fully recover the commodity costs incurred in providing service. However, while we have historically been successful in the recovery of costs related to such commodity prices, there can be no assurance that such costs will be fully recovered through rates in a timely manner.

In addition, we depend on electric transmission lines, natural gas pipelines, and other transportation facilities owned and operated by third parties to deliver the electricity and natural gas we sell to wholesale markets, supply natural gas to our gas storage and electric generation facilities, and provide retail energy services to customers. If transportation is disrupted, or if capacity is inadequate, we may be unable to sell and deliver our gas and electric services to some or all of our customers. As a result, we may be required to procure additional or alternative electricity and/or natural gas supplies at then-current market rates, which, if recovery of related costs is disallowed, could have a material adverse effect on our businesses, financial condition, cash flows, results of operations and/or prospects.

We are exposed to risk that customers will not remit payment for delivered energy or services, and that suppliers or counterparties will not perform under various financial or operating agreements.

Our extension of credit is governed by a Corporate Credit Risk Policy, involves considerable judgment by our employees and is based on an evaluation of a customer or counterparty's financial condition, credit history and other factors. We monitor our credit risk exposure by obtaining credit reports and updated financial information for customers and suppliers, and by evaluating the financial status of our banking partners and other counterparties by reference to market-based metrics such as credit default swap pricing levels, and to traditional credit ratings provided by the major credit rating agencies. Adverse economic conditions could result in an increase in defaults by customers, suppliers and counterparties.

We have significant goodwill and definite-lived intangible assets. Impairments of goodwill and definite-lived intangible assets related to Columbia of Massachusetts have resulted in significant charges to earnings for the quarter and year ended December 31, 2019. Any future impairments of other goodwill could result in a significant charge to earnings in a future period and negatively impact our compliance with certain covenants under financing agreements.

In accordance with GAAP, we test goodwill for impairment at least annually and review our definite-lived intangible assets for impairment when events or changes in circumstances indicate its fair value might be below its carrying value. Goodwill is also tested for impairment when factors, examples of which include reduced cash flow estimates, a sustained decline in stock price or market capitalization below book value, indicate that the carrying value may not be recoverable.

We are required to record a charge in our financial statements for a period in which any impairment of our goodwill or definite-lived intangible assets is determined, negatively impacting our results of operations. In connection with the preparation of our financial statements for the year ended December 31, 2019, we conducted an impairment analysis for the goodwill and definite-lived intangible assets (franchise rights) related to Columbia of Massachusetts and concluded that such goodwill and franchise rights were impaired. As a result, we recorded an impairment charge of \$204.8 million for such goodwill and an impairment charge of \$209.7 million for such franchise rights at December 31, 2019. For additional information, see Note 6, "Goodwill and Other Intangible Assets," in the Notes to Consolidated Financial Statements.

A significant charge in the future could impact the capitalization ratio covenant under certain financing agreements. We are subject to a financial covenant 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 December 31, 2019, the ratio was 61.7%.

Changes in taxation and the ability to quantify such changes as well as challenges to tax positions could adversely affect our financial results.

We are subject to taxation by the various taxing authorities at the federal, state and local levels where we do business. Legislation or regulation which could affect our tax burden could be enacted by any of these governmental authorities. For example, the TCJA includes numerous provisions that affect businesses, including changes to U.S. corporate tax rates, business-related exclusions, and deductions and credits. The outcome of regulatory proceedings regarding the extent to which the effect of a change in corporate tax rate will impact customers and the time period over which the impact will occur could significantly impact future earnings and cash flows. Separately, a challenge by a taxing authority, changes in taxing authorities' administrative interpretations, decisions, policies and positions, our ability to utilize tax benefits such as carryforwards or tax credits, or a deviation from other tax-related assumptions may cause actual financial results to deviate from previous estimates.

Changes in accounting principles may adversely affect our financial results.

Future changes in accounting rules and associated changes in regulatory accounting may negatively impact the way we record revenues, expenses, assets and liabilities. These changes in accounting standards may adversely affect our financial condition and results of operations.

Aging infrastructure may lead to disruptions in operations and increased capital expenditures and maintenance costs, all of which could negatively impact our financial results.

We have risks associated with aging infrastructure, including our gas infrastructure assets. These risks can be driven by threats such as, but not limited to, internal corrosion, external corrosion and stress corrosion cracking. The age of these assets may result in a need for replacement, a higher level of maintenance costs, or unscheduled outages, despite efforts by us to properly maintain or upgrade these assets through inspection, scheduled maintenance and capital investment. In addition, the nature of the information available on aging infrastructure assets, which in some cases is incomplete, may make inspections, maintenance, upgrading and replacement of the assets particularly challenging. Additionally, missing or incorrect infrastructure data may lead to (1) difficulty properly locating facilities, which can result in excavator damage and operational or emergency response issues, and (2) configuration and control risks associated with the modification of system operating pressures in connection with turning off or turning on service to customers, which can result in unintended outages or operating pressures. Also, additional maintenance and inspections are required in some instances in order to improve infrastructure information and records and address emerging regulatory or risk management requirements, which increases our costs. The failure to operate these assets as desired could result in gas leaks and other incidents and in our inability to meet firm service obligations, which could adversely impact revenues, and could also result in increased capital expenditures and maintenance costs, which, if not fully recovered from customers, could negatively impact our financial results.

The impacts of climate change, natural disasters, acts of terrorism, accidents or other catastrophic events may disrupt operations and reduce the ability to service customers.

A disruption or failure of natural gas distribution systems, or within electric generation, transmission or distribution systems, in the event of a major hurricane, tornado, terrorist attack, cyber-attack (as further detailed below), accident or other catastrophic event could cause delays in completing sales, providing services, or performing other critical functions. We have experienced disruptions in the past from hurricanes and tornadoes and other events of this nature. The occurrence of such events could adversely affect our financial position and results of operations. In accordance with customary industry practice, we maintain insurance against some, but not all, of these risks and losses. There is also a concern that climate change may exacerbate the risks to physical infrastructure. Such risks include heat stresses to power lines, storms that damage infrastructure, lake and sea level changes that affect the manner in which services are currently provided, droughts or other stresses on water used to supply services, and other extreme weather conditions. Climate change and the costs that may be associated with its impacts have the potential to affect our business in many ways, including increasing the costs we incur in providing our products and services, impacting the demand for and consumption of our products and services (due to change in both costs and weather patterns), and affecting the economic health of the regions in which we operate.

A cyber-attack on any of our or certain third-party computer systems upon which we rely may adversely affect our ability to operate and could lead to a loss or misuse of confidential and proprietary information or potential liability.

We are reliant on technology to run our business, which is dependent upon financial and operational computer systems to process critical information necessary to conduct various elements of our business, including the generation, transmission and distribution of electricity, operation of our gas pipeline facilities and the recording and reporting of commercial and financial transactions to regulators, investors and other stakeholders. In addition to general information and cyber risks that all large corporations face (e.g., malware, unauthorized access attempts, phishing attacks, malicious intent by insiders and inadvertent disclosure of sensitive information), the utility industry faces evolving and increasingly complex cybersecurity risks associated with protecting sensitive and confidential customer information, electric grid infrastructure, and natural gas infrastructure. Deployment of new business technologies represents a new and large-scale opportunity for attacks on our information systems and confidential customer information, as well as on the integrity of the energy grid and the natural gas infrastructure. Increasing large-scale corporate attacks in conjunction with more sophisticated threats continue to challenge power and utility companies. Any failure of our computer systems, or those of our customers, suppliers or others with whom we do business, could materially disrupt our ability to operate our business and could result in a financial loss and possibly do harm to our reputation.

Additionally, our information systems experience ongoing, often sophisticated, cyber-attacks by a variety of sources, including foreign sources, with the apparent aim to breach our cyber-defenses. Although we attempt to maintain adequate defenses to these attacks and work through industry groups and trade associations to identify common threats and assess our countermeasures, a security breach of our information systems, or a security breach of the information systems of our customers, suppliers or others with whom we do business, could (i) impact the reliability of our generation, transmission and distribution systems and potentially negatively impact our compliance with certain mandatory reliability standards, (ii) subject us to reputational and other harm or liabilities associated with theft or inappropriate release of certain types of information such as system operating information or information, personal or otherwise, relating to our customers or employees, (iii) impact our ability to manage our businesses, and/or (iv) subject us to legal and regulatory proceedings and claims from third parties, in addition to remediation costs, any of which, in turn, could have a material adverse effect on our businesses, cash flows, financial condition, results of operations and/or prospects. Although we do maintain cyber insurance, it is possible that such insurance will not adequately cover any losses or liabilities we may incur as a result of any cybersecurity-related litigation.

Our capital projects and programs subject us to construction risks and natural gas costs and supply risks, and require numerous permits, approvals and certificates from various governmental agencies.

Our business requires substantial capital expenditures for investments in, among other things, capital improvements to our electric generating facilities, electric and natural gas distribution infrastructure, natural gas storage, and other projects, including projects for environmental compliance. We are engaged in intrastate natural gas pipeline modernization programs to maintain system integrity and enhance service reliability and flexibility. NIPSCO also is currently engaged in a number of capital projects, including environmental improvements to its electric generating stations, the construction of new transmission facilities, and new projects related to renewable energy. As we undertake these projects and programs, we may be unable to complete them on schedule or at the anticipated costs. Additionally, we may construct or purchase some of these projects and programs to capture anticipated future growth in natural gas production, which may not materialize, and may cause the construction to occur over an extended period of time.

Our existing and planned capital projects require numerous permits, approvals and certificates from federal, state, and local governmental agencies. If there is a delay in obtaining any required regulatory approvals or if we fail to obtain or maintain any required approvals or to comply with any applicable laws or regulations, we may not be able to construct or operate our facilities, we may be forced to incur additional costs, or we may be unable to recover any or all amounts invested in a project. We also may not receive the anticipated increases in revenue and cash flows resulting from such projects and programs until after their completion. Other construction risks include changes in costs of materials, equipment, commodities or labor (including changes to tariffs on materials), delays caused by construction incidents or injuries, work stoppages, shortages in qualified labor, poor initial cost estimates, unforeseen engineering issues, the ability to obtain necessary rights-of-way, easements and transmissions connections and general contractors and subcontractors not performing as required under their contracts.

To the extent that delays occur, costs become unrecoverable, or we otherwise become unable to effectively manage and complete our capital projects, our results of operations, cash flows, and financial condition may be adversely affected.

Sustained extreme weather conditions may negatively impact our operations.

We conduct our operations across a wide geographic area subject to varied and potentially extreme weather conditions, which may from time to time persist for sustained periods of time. Despite preventative maintenance efforts, persistent weather related stress on our infrastructure may reveal weaknesses in our systems not previously known to us or otherwise present various operational challenges across all business segments. Further, adverse weather may affect our ability to conduct operations in a manner that satisfies customer expectations or contractual obligations, including by causing service disruptions.

Failure to attract and retain an appropriately qualified workforce, and maintain good labor relations, could harm our results of operations.

We operate in an industry that requires many of our employees to possess unique technical skill sets. Events such as an aging workforce without appropriate replacements, the mismatch of skill sets to future needs, or the unavailability of contract resources may lead to operating challenges or increased costs. These operating challenges include lack of resources, loss of knowledge, and a lengthy time period associated with skill development. In addition, current and prospective employees may determine that they do not wish to work for us due to market, economic, employment and other conditions. Failure to hire and retain qualified employees, including the ability to transfer significant internal historical knowledge and expertise to the new employees, may adversely affect our ability to manage and operate our business. If we are unable to successfully attract and retain an appropriately qualified workforce, safety, service reliability, customer satisfaction and our results of operations could be adversely affected.

Some of our employees are subject to collective bargaining agreements. Our collective bargaining agreements are generally negotiated on an operating company basis. Any failure to reach an agreement on new labor contracts or to negotiate these labor contracts might result in strikes, boycotts or other labor disruptions. Labor disruptions, strikes or significant negotiated wage and benefit increases, whether due to union activities, employee turnover or otherwise, could have a material adverse effect on our businesses, results of operations and/or cash flows.

We are a holding company and are dependent on cash generated by our subsidiaries to meet our debt obligations and pay dividends on our stock.

We are a holding company and conduct our operations primarily through our subsidiaries, which are separate and distinct legal entities. Substantially all of our consolidated assets are held by our subsidiaries. Accordingly, our ability to meet our debt obligations or pay dividends on our common stock and preferred stock is largely dependent upon cash generated by these subsidiaries. In the event a major subsidiary is not able to pay dividends or transfer cash flows to us, our ability to service our debt obligations or pay dividends could be negatively affected.

If we cannot effectively manage new initiatives and organizational changes, we will be unable to address the opportunities and challenges presented by our strategy and the business and regulatory environment.

In order to execute on our sustainable growth strategy and enhance our culture of ongoing continuous improvement, we must effectively manage the complexity and frequency of new initiatives and organizational changes. If we are unable to make decisions quickly, assess our opportunities and risks, and implement new governance, managerial and organizational processes as needed to execute our strategy in this increasingly dynamic and competitive business and regulatory environment, our financial condition, results of operations and relationships with our business partners, regulators, customers and stockholders may be negatively impacted.

We outsource certain business functions to third-party suppliers and service providers, and substandard performance by those third parties could harm our business, reputation and results of operations.

Utilities rely on extensive networks of business partners and suppliers to support critical enterprise capabilities across their organizations. Global metrics indicate that deliveries from suppliers are slowing and that labor shortages are occurring in the energy sector. We outsource certain services to third parties in areas including construction services, information technology, materials, fleet, environmental, operational services and other areas. Outsourcing of services to third parties could expose us to inferior service quality or substandard deliverables, which may result in non-compliance (including with applicable legal requirements and industry standards), interruption of service or accidents, or reputational harm, which could negatively impact our results of operations. If any difficulties in the operations of these third-party suppliers and service providers, including their systems, were to occur, they could adversely affect our results of operations, or adversely affect our ability to work with regulators, unions, customers or employees.

Changes in the method for determining LIBOR and the potential replacement of the LIBOR benchmark interest rate could adversely affect our business, financial condition, results of operations and cash flows.

Some of our indebtedness, including borrowings under our revolving credit agreement and term loan agreement, bears interest at a variable rate based on LIBOR. From time to time, we also enter into hedging instruments to manage our exposure to fluctuations in the LIBOR benchmark interest rate. In addition, these hedging instruments, as well as hedging instruments that our subsidiaries use for hedging natural gas price and basis risk, rely on LIBOR-based rates to calculate interest accrued on certain payments that may be required to be made under these agreements, such as late payments or interest accrued if any cash collateral should be held by a counterparty. Any changes announced by regulators in the method pursuant to which the LIBOR rates are determined may result in a sudden or prolonged increase or decrease in the reported LIBOR rates. If that were to occur, the level of interest payments we incur may change.

In July 2017, the United Kingdom Financial Conduct Authority (“FCA”), which regulates LIBOR, announced that the FCA intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. It is not possible to predict the effect of these changes, other reforms or the establishment of alternative reference rates in the United Kingdom or elsewhere. In the United States, efforts to identify a set of alternative U.S. dollar reference interest rates include proposals by the Alternative Reference Rates Committee of the Federal Reserve Board and the Federal Reserve Bank of New York. The Alternative Reference Rates Committee has proposed the Secured Overnight Financing Rate ("SOFR") as its recommended alternative to LIBOR, and the Federal Reserve Bank of New York began publishing SOFR rates in April 2018. SOFR is intended to be a broad measure of the cost of borrowing cash overnight that is collateralized by U.S. Treasury securities. However, because SOFR is a broad U.S. Treasury repurchase agreement financing rate that represents overnight secured funding transactions, it differs fundamentally from LIBOR. For example, SOFR is a secured overnight rate, while LIBOR is an unsecured rate that represents interbank funding over different maturities. In addition, because SOFR is a transaction-based rate, it is backward-looking, whereas LIBOR is forward-looking. Because of these and other differences, there is no assurance that SOFR will perform in the same way as LIBOR would have performed at any time, and there is no guarantee that it is a comparable substitute for LIBOR. SOFR may fail to gain market acceptance.

In addition, although certain of our LIBOR based obligations provide for alternative methods of calculating the interest rate payable on certain of our obligations if LIBOR is not reported, which include, without limitation, requesting certain rates from major reference banks in London or New York, uncertainty as to the extent and manner of future changes may result in interest rates and/or payments that are higher than, lower than or that do not otherwise correlate over time with, the interest rates or payments that would have been made on our obligations if a LIBOR-based rate was available in its current form.

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ITEM 1B. UNRESOLVED STAFF COMMENTS

NISOURCE INC.

None.

ITEM 2. PROPERTIES

Discussed below are the principal properties held by us and our subsidiaries as of December 31, 2019.

Gas Distribution Operations
Refer to Item 1, "Business - Gas Distribution Operations" of this report for further information on Gas Distribution Operations properties.

Electric Operations
Refer to Item 1, "Business - Electric Operations" of this report for further information on Electric Operations properties.

Corporate and Other Operations
We own the Southlake Complex, our 325,000 square foot headquarters building located in Merrillville, Indiana.

Character of Ownership
Our principal properties and our subsidiaries principal properties are owned free from encumbrances, subject to minor exceptions, none of which are of such a nature as to impair substantially the usefulness of such properties. Many of our subsidiary offices in various communities served are occupied under leases. All properties are subject to routine liens for taxes, assessments and undetermined charges (if any) incidental to construction. It is our practice to regularly pay such amounts, as and when due, unless contested in good faith. In general, the electric lines, gas pipelines and related facilities are located on land not owned by us or our subsidiaries, but are covered by necessary consents of various governmental authorities or by appropriate rights obtained from owners of private property. We do not, however, generally have specific easements from the owners of the property adjacent to public highways over, upon or under which our electric lines and gas distribution pipelines are located. At the time each of the principal properties were purchased, a title search was made. In general, no examination of titles as to rights-of-way for electric lines, gas pipelines or related facilities was made, other than examination, in certain cases, to verify the grantors' ownership and the lien status thereof.

ITEM 3. LEGAL PROCEEDINGS

For a description of our legal proceedings, see Note 19-C "Legal Proceedings" in the Notes to Consolidated Financial Statements.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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SUPPLEMENTAL ITEM. INFORMATION ABOUT OUR EXECUTIVE OFFICERS

NISOURCE INC.

The following is a list of our executive officers, including their names, ages, offices held and other recent business experience.

Name	Age	Office(s) Held in Past 5 Years
Joseph Hamrock	56	President and Chief Executive Officer of NiSource since July 2015.
		Executive Vice President and Group Chief Executive Officer of NiSource from May 2012 to July 2015.
Donald E. Brown	48	Executive Vice President of NiSource since May 2015.
		Chief Financial Officer of NiSource since July 2015.
		Treasurer of NiSource from July 2015 to June 2016.
		Vice President and Chief Financial Officer of UGI Utilities, a division of UGI Corporation (gas and electric utility company) from 2010 to March 2015.
Peter T. Disser	51	Vice President, Internal Audit of NiSource since January 2019.
		Chief Operating Officer of NiSource from September 2018 to December 2018.
		Vice President, Audit of NiSource from November 2017 to September 2018.
		Vice President, Planning and Analysis of NiSource from June 2016 to November 2017.
		Vice President, Strategy and Planning of NiSource Corporate Services Company from July 2015 to May 2016.
		Chief Financial Officer of NIPSCO from 2012 to June 2015.
Carrie J. Hightman	62	Executive Vice President and Chief Legal Officer of NiSource since 2007.
Kenneth E. Keener	55	Senior Vice President and Chief Human Resources Officer of NiSource since August 2019.
		Vice President, Talent and Organizational Effectiveness of NiSource Corporate Services Company from June 2012 to July 2019.
Charles E. Shafer, II	50	Senior Vice President and Chief Safety Officer of NiSource since October 2019.
		Senior Vice President, Gas Engineering and Gas Support Services of NiSource Corporate Services Company from January 2019 to September 2019.
		Senior Vice President, Customer Services and New Business of NiSource Corporate Services Company from May 2016 through December 2018.
		Vice President, Engineering and Construction of NiSource Corporate Services Company from June 2012 to May 2016.
Violet G. Sistovaris	58	Executive Vice President and President, NIPSCO of NiSource since July 2015.
		Senior Vice President and Chief Information Officer of NiSource from May 2014 to June 2015.
Suzanne K. Surface	55	Chief Services Officer of NiSource since January 2019.

		Vice President, Audit of NiSource from September 2018 to December 2018.
		Vice President, Transformation Office of NiSource from August 2018 to September 2018.
		Vice President, Corporate Services Customer Value of NiSource from November 2017 to August 2018.
		Vice President, Audit of NiSource from July 2015 to November 2017.
		Vice President, Regulatory Strategy and Support of NiSource Corporate Services Company from July 2009 to June 2015.
Pablo A. Vegas	46	Executive Vice President and President, Gas Utilities of NiSource since January 2019.
		Executive Vice President and Chief Restoration Officer of NiSource from September 2018 to December 2018.
		Executive Vice President, Gas Business Segment and Chief Customer Officer of NiSource from May 2017 to September 2018.
		Executive Vice President and President, Columbia Gas Group from May 2016 to May 2017.
		President and Chief Operating Officer of American Electric Power Company of Ohio from May 2012 to May 2016.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

NiSource Inc.

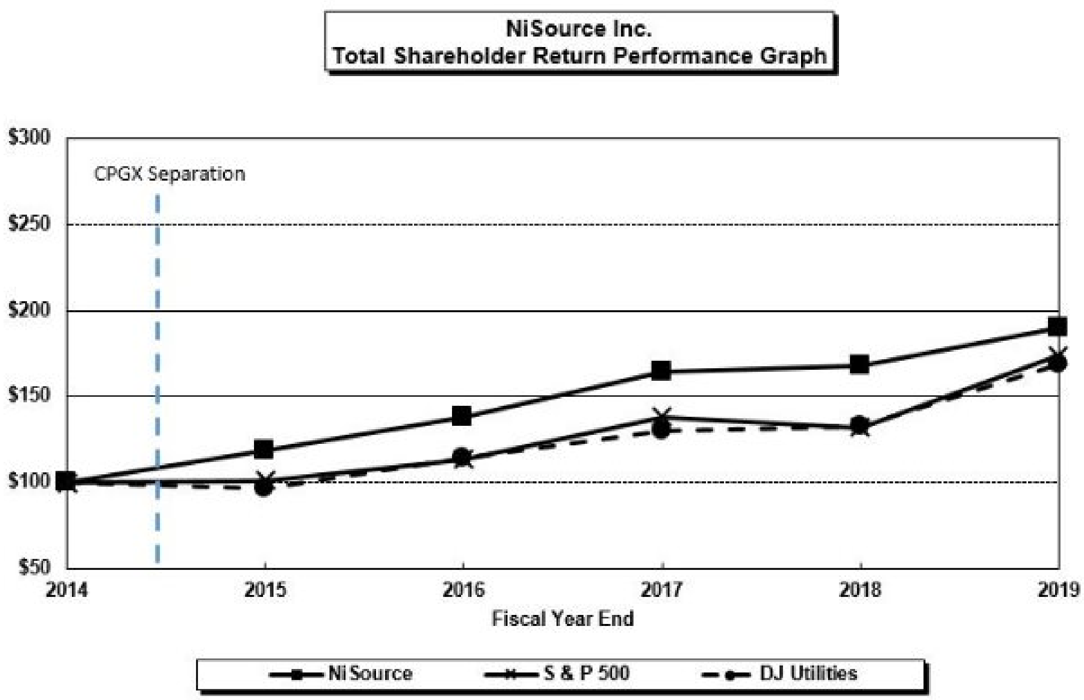
NiSource's common stock is listed and traded on the New York Stock Exchange under the symbol "NI."

Holders of shares of NiSource's common stock are entitled to receive dividends if and when declared by NiSource's Board out of funds legally available, subject to the prior dividend rights of holders of our preferred stock or the depositary shares representing such preferred stock outstanding, and if full dividends have not been declared and paid on all outstanding shares of preferred stock in any dividend period, no dividend may be declared or paid or set aside for payment on our common stock. The policy of the Board has been to declare cash dividends on a quarterly basis payable on or about the 20th day of February, May, August, and November. At its January 31, 2020 meeting, the Board declared a quarterly common dividend of $0.21 per share, payable on February 20, 2020 to holders of record on February 11, 2020.

Although the Board currently intends to continue the payment of regular quarterly cash dividends on common shares, the timing and amount of future dividends will depend on the earnings of NiSource's subsidiaries, their financial condition, cash requirements, regulatory restrictions, any restrictions in financing agreements and other factors deemed relevant by the Board. There can be no assurance that NiSource will continue to pay such dividends or the amount of such dividends.

As of February 18, 2020, NiSource had 18,868 common stockholders of record and 382,263,348 shares outstanding.

The graph below compares the cumulative total shareholder return of NiSource's common stock for the last five years with the cumulative total return for the same period of the S&P 500 and the Dow Jones Utility indices. On July 1, 2015, NiSource completed the Separation. Following the Separation, NiSource retained no ownership interest in CPG. The Separation is treated as a special dividend for purposes of calculating the total shareholder return, with the then-current market value of the distributed shares being deemed to have been reinvested on the Separation date in shares of NiSource common stock. A vertical line is included on the graph below to identify the periods before and after the Separation.



PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

NISOURCE INC.

The foregoing performance graph is being furnished as part of this annual report solely in accordance with the requirement under Rule 14a-3(b)(9) to furnish stockholders with such information, and therefore, shall not be deemed to be filed or incorporated by reference into any filings by NiSource under the Securities Act or the Exchange Act.

The total shareholder return for NiSource common stock and the two indices is calculated from an assumed initial investment of $100 and assumes dividend reinvestment, including the impact of the distribution of CPG common stock in the Separation.

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ITEM 6. SELECTED FINANCIAL DATA

NISOURCE INC.

The selected data presented below as of and for the five years ended December 31, 2019, are derived from our Consolidated Financial Statements. The data should be read together with the Consolidated Financial Statements including the related notes thereto included in Item 8 of this Form 10-K.

Year Ended December 31, (*in millions except per share data*)	**2019**	2018	2017	2016	2015
Statement of Income Data:					
Total Operating Revenues	**$ 5,208.9**	$ 5,114.5	$ 4,874.6	$ 4,492.5	$ 4,651.8
Net Income (Loss) Available to Common Shareholders	**328.0**	(65.6)	128.5	331.5	198.6
Balance Sheet Data:					
Total Assets	**22,659.8**	21,804.0	19,961.7	18,691.9	17,492.5
Capitalization					
Stockholders' equity	**5,986.7**	5,750.9	4,320.1	4,071.2	3,843.5
Long-term debt, excluding amounts due within one year	**7,856.2**	7,105.4	7,512.2	6,058.2	5,948.5
Total Capitalization	**$ 13,842.9**	$ 12,856.3	$ 11,832.3	$ 10,129.4	$ 9,792.0
Per Share Data:					
Basic Earnings (Loss) Per Share ($)	**$ 0.88**	$ (0.18)	$ 0.39	$ 1.02	$ 0.63
Diluted Earnings (Loss) Per Share ($)	**$ 0.87**	$ (0.18)	$ 0.39	$ 1.01	$ 0.63
Other Data:					
Dividends declared per common share ($)	**$ 0.80**	$ 0.78	$ 0.70	$ 0.64	$ 0.83
Common shares outstanding at the end of the year (in thousands)	**382,136**	372,363	337,016	323,160	319,110
Number of common stockholders	**18,725**	19,889	21,009	22,272	30,190
Dividends declared per Series A preferred share ($)	**$ 56.50**	$ 28.88	$ —	$ —	$ —
Dividends declared per Series B preferred share ($)	**$ 1,674.65**	$ —	$ —	$ —	$ —
Capital expenditures	**$ 1,867.8**	$ 1,814.6	$ 1,753.8	$ 1,490.4	$ 1,367.5
Number of employees	**8,363**	8,087	8,175	8,007	7,596

- During 2019, we recorded a loss of approximately $284 million for third-party claims and approximately $154 million for other incident-related expenses in connection with the Greater Lawrence Incident. Columbia of Massachusetts recorded $665 million for insurance recoveries through December 31, 2019. For additional information, see Note 19-C, "Legal Proceedings," and E, "Other Matters" in the Notes to Consolidated Financial Statements.
- During the fourth quarter of 2019, we recorded an impairment charge of $204.8 million for goodwill and an impairment charge of $209.7 million for franchise rights, in each case related to Columbia of Massachusetts. For additional information, see Note 6, "Goodwill and Other Intangible Assets," in the Notes to Consolidated Financial Statements.
- During the third quarter of 2019, we closed our placement of $750.0 million of 2.95% senior unsecured notes maturing in 2029.
- During the second quarter of 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 and issued 400,000 shares of Series A preferred stock resulting in $400.0 million of gross proceeds or $393.9 million of net proceeds, after deducting commissions and sales expenses. Additionally, in the fourth quarter of 2018, we issued 20,000 shares of Series B preferred stock resulting in $500.0 million of gross proceeds or $486.1 million of net proceeds, after deducting commissions and sales expenses.
- During 2018, we recorded a loss of approximately $757 million for third-party claims and approximately $266 million for other incident-related expenses in connection with the Greater Lawrence Incident. Columbia of Massachusetts recorded $135 million for insurance recoveries through December 31, 2018. For additional information, see Note 19-C, "Legal Proceedings," and E, Other Matters." in the Notes to Consolidated Financial Statements.
- During the second quarter of 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. During the third quarter of 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. In conjunction with our debt retired, we recorded a $45.5 million loss on early extinguishment of long-term debt primarily attributable to early redemption premiums.

NISOURCE INC.

- The decrease in net income during 2017 was due primarily to increased tax expense as a result of the impact of adopting the provisions of the TCJA and a loss on early extinguishment of long-term debt, as discussed below.
- During the second quarter of 2017, we executed a tender offer for $990.7 million of outstanding notes consisting of a combination of our 6.40% notes due 2018, 6.80% notes due 2019, 5.45% notes due 2020, and 6.125% notes due 2022. In conjunction with the debt retired, we recorded a $111.5 million loss on early extinguishment of long-term debt, primarily attributable to early redemption premiums.
- Prior to the Separation, CPG closed the placement of $2,750.0 million in aggregate principal amount of senior notes. Using the proceeds from this offering, CPG made cash payments to us representing the settlement of inter-company borrowings and the payment of a one-time special dividend. In May 2015, using proceeds from the cash payments from CPG, we settled two bank term loans in the amount of $1,075.0 million and executed a tender offer for $750.0 million consisting of a combination of its 5.25% notes due 2017, 6.40% notes due 2018 and 4.45% notes due 2021. In conjunction with the debt retired, we recorded a $97.2 million loss on early extinguishment of long-term debt, primarily attributable to early redemption premiums.

ITEM 7. 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 Consolidated Financial Statements and related Notes to Consolidated Financial Statements in this annual report.

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 under Item 1 of this annual report and Note 23, "Segments of Business," in the Notes to Consolidated Financial Statements 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, develops more contemporary pricing structures and embarks on long-term infrastructure investment and safety programs. These strategies are intended to improve reliability and safety, enhance customer services 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. Refer also to the discussion of *Electric Supply* within our Electric Operations Segment discussion for additional information on our long term electric generation strategy.

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 capital cost of the pipeline replacement described below and as set forth in Note 19, "Other Commitments and Contingencies - E. Other Matters - Greater Lawrence Pipeline Replacement," in the Notes to Consolidated Financial Statements.

(in millions)	Year Ended December 31, 2018	**Year Ended December 31, 2019**	Incident to Date
Third-party claims and government fines, penalties and settlements	$ 757	**$ 284**	$ 1,041
Other incident-related costs	266	**154**	420
Total	1,023	**438**	1,461
Insurance recoveries recorded	(135)	**(665)**	(800)
Loss (benefit) to income before income taxes	$ 888	**$ (227)**	$ 661

Inclusive of the $1,041 million of third-party claims and fines, penalties and settlements associated with government investigations recorded incident to date, we estimate that total costs related to third-party claims and fines, penalties and settlements associated with government investigations as set forth in Note 19, "Other Commitments and Contingencies - C. Legal Proceedings," will range from $1,041 million to $1,065 million, depending on the number, nature, final outcome and value of third-party claims and the final outcome of government investigations. These costs do not include costs of certain third-party claims and fines, penalties or settlements with government investigations that we are not able to estimate. We expect to incur a total of $450 million to $460 million in other incident-related costs, inclusive of the $420 million recorded incident to date, as set forth in Note 19, "Other Commitments and Contingencies - E. Other Matters - Greater Lawrence Incident Restoration."

The process for estimating costs associated with third-party claims and fines, penalties and settlements associated with government investigations 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 regarding ongoing investigations, management's estimates and assumptions regarding the financial impact of the Greater Lawrence Incident may change.

The aggregate amount of third-party liability insurance coverage available for losses arising from the Greater Lawrence Incident is $800 million. We have collected the entire $800 million as of December 31, 2019. Expenses related to the incident have exceeded the total amount of insurance coverage available under our policies. The following table presents activity related to our Greater Lawrence Incident insurance recovery.

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

[1]$5 million of insurance recoveries were collected during 2018.

Since the Greater Lawrence Incident and through December 31, 2019, we have invested approximately $258 million of capital spend for the pipeline replacement; this work was completed in 2019. We maintain property insurance for gas pipelines and other applicable property. Columbia of Massachusetts has filed a proof of loss with its property insurer for the full cost of the pipeline replacement. In January 2020, we filed a lawsuit against the property insurer, seeking payment of our property claim. We are currently unable to predict the timing or amount of any insurance recovery under the property policy. The recovery of any capital investment not reimbursed through insurance will be addressed in a future regulatory proceeding; a future regulatory proceeding is dependent on the outcome of the sale of the Massachusetts Business. The outcome of such a proceeding (if any) 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 on 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.

Refer to Note 19, "Other Commitments and Contingencies - C. Legal Proceedings" and " - E. Other Matters," in the Notes to Consolidated Financial Statements, "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.

Additionally, as discussed in Note 6, "Goodwill and Other Intangible Assets," in the Notes to Consolidated Financial Statements, we assessed the totality of several factors that developed during the fourth quarter related to the Greater Lawrence Incident and concluded that it was more likely than not that the fair value of the Columbia of Massachusetts reporting unit was below its carrying value. As a result, a new impairment analysis was required for our Columbia of Massachusetts reporting unit. The year-end impairment analysis indicated that the fair value of the Columbia of Massachusetts reporting unit was below its carrying value. As a result, we reduced the Columbia of Massachusetts reporting unit goodwill balance to zero and recognized a goodwill impairment charge totaling $204.8 million, which is non-deductible for tax purposes. We assessed the same fourth quarter circumstances in reviewing the Columbia of Massachusetts franchise rights intangible assets. These factors led us to conclude that it was more likely than not that the fair value of the franchise rights was below its carrying amount. As a result, we performed a year-end impairment test and determined that the fair value of the franchise rights was zero. Therefore, we wrote off the entire franchise rights book value, which resulted in an impairment charge totaling $209.7 million.

Columbia of Massachusetts Asset Sale: On February 26, 2020, NiSource and Columbia of Massachusetts entered into the Asset Purchase Agreement with Eversource. Upon the terms and subject to the conditions set forth in the Asset Purchase Agreement, NiSource and Columbia of Massachusetts agreed to sell to Eversource the Massachusetts Business for a purchase price of $1,100 million, subject to adjustment. For additional information, see Note 26, "Subsequent Event," in the Notes to Consolidated Financial Statements.

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 is not necessarily comparable to similarly titled measures reported by other companies.

For the years ended December 31, 2019, 2018 and 2017, operating income and a reconciliation of net revenues to the most directly comparable GAAP measure, operating income, was as follows:

Year Ended December 31, *(in millions)*	**2019**	2018	2017	2019 vs. 2018	2018 vs. 2017
Operating Income	**$ 890.7**	$ 124.7	$ 921.2	$ 766.0	$ (796.5)

Year Ended December 31, *(in millions, except per share amounts)*	**2019**	2018	2017	2019 vs. 2018	2018 vs. 2017
Operating Revenues	**$ 5,208.9**	$ 5,114.5	$ 4,874.6	$ 94.4	$ 239.9
Cost of sales (excluding depreciation and amortization)	**1,534.8**	1,761.3	1,518.7	(226.5)	242.6
Total Net Revenues	**3,674.1**	3,353.2	3,355.9	320.9	(2.7)
Other Operating Expenses	**2,783.4**	3,228.5	2,434.7	(445.1)	793.8
Operating Income	**890.7**	124.7	921.2	766.0	(796.5)
Total Other Deductions, Net	**(384.1)**	(355.3)	(478.2)	(28.8)	122.9
Income Taxes	**123.5**	(180.0)	314.5	303.5	(494.5)
Net Income (Loss)	**383.1**	(50.6)	128.5	433.7	(179.1)
Preferred dividends	**(55.1)**	(15.0)	—	(40.1)	(15.0)
Net Income (Loss) Available to Common Shareholders	**328.0**	(65.6)	128.5	393.6	(194.1)
Basic Earnings (Loss) Per Share	**$ 0.88**	$ (0.18)	$ 0.39	$ 1.06	$ (0.57)
Basic Average Common Shares Outstanding	**374.6**	356.5	329.4	18.1	27.1

On a consolidated basis, we reported net income available to common shareholders of $328.0 million or $0.88 per basic share for the twelve months ended December 31, 2019 compared to a loss to common shareholders of $65.6 million or $0.18 per basic share for the same period in 2018. The increase in net income available to common shareholders during 2019 was primarily due to lower operating expenses related to the Greater Lawrence Incident, 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 non-cash impairments of goodwill and other intangible assets in 2019 related to Columbia of Massachusetts (see Note 6, "Goodwill and Other Intangible Assets," in the Notes to Consolidated Financial Statements for additional information), higher income taxes (see "Income Taxes" below), higher depreciation expense due to regulatory outcomes at NIPSCO and Columbia of Ohio, and additional dilution in 2019 resulting from preferred stock dividend commitments.

Operating Income

For the twelve months ended December 31, 2019, we reported operating income of $890.7 million compared to $124.7 million for the same period in 2018. The increased operating income was primarily due to decreased operating expenses related to the Greater Lawrence Incident, 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 non-cash impairments of goodwill and other intangible assets in 2019 related to Columbia of Massachusetts (see Note 6, "Goodwill and Other Intangible Asset," in the Notes to Consolidated Financial Statements for additional information), and increased depreciation due to the regulatory outcome of NIPSCO's gas rate case and an increase in amortization of depreciation previously deferred as a regulatory asset resulting from Columbia of Ohio's CEP.

Other Deductions, Net

Other deductions, net reduced income by $384.1 million in 2019 compared to a reduction in income of $355.3 million in 2018. This change is primarily due to lower actuarial investment returns on pension and other postretirement benefit assets of $34.6 million, and an increase in interest expense of $25.6 million driven by decreased regulatory deferrals from Columbia of Ohio's CEP. These unfavorable variances were partially offset by charitable contributions of $20.7 million in 2018 related to the Greater Lawrence Incident.

Income Taxes

The increase in income tax expense from 2018 to 2019 is primarily attributable to higher pre-tax income resulting from the items discussed above in "Operating Income" and "Other Deductions, Net," true-ups to tax expense in 2018 to reflect regulatory outcomes associated with excess deferred income taxes, and higher income tax expense in 2019 related to the non-deductible, non-cash impairment of goodwill, fines and penalties.

Refer to "Liquidity and Capital Resources" below and Note 10, "Income Taxes," in the Notes to Consolidated Financial Statements for additional information on income taxes and the change in the effective tax rate.

Capital Investment
In 2019, we invested approximately $1.9 billion in capital expenditures across the 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 approximately $1.8 to $1.9 billion in capital during 2020 as we continue to focus on growth, safety and modernization projects across our operating area.

Liquidity
A primary focus of ours is to ensure the availability of adequate financing to fund our ongoing safety and infrastructure investment programs which typically involves the issuance of debt and/or equity. In addition, expenses related to the Greater Lawrence Incident have exceeded the total amount of insurance coverage available under our policies. During 2020, we plan to pursue alternatives to cover this shortfall, including long-term financing and potential proceeds from the sale of the Massachusetts Business. For additional information, see Note 26, "Subsequent Event," in the Notes to Consolidated Financial Statements.

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, our ability to access the capital markets and the potential sale of the Massachusetts Business, we believe there is adequate capital available to fund our operating activities and capital expenditures and the effects of the Greater Lawrence Incident in 2020 and beyond. At December 31, 2019 and 2018, we had approximately $1,409.1 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
In 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 8, "Regulatory Matters" and Note 19-E, "Other Matters," in the Notes to Consolidated Financial Statements for a complete discussion of key regulatory developments that 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 years ended December 31, 2019, 2018 and 2017, operating income (loss) and a reconciliation of net revenues to the most directly comparable GAAP measure, operating income (loss), was as follows:

Year Ended December 31, *(in millions)*	2019	2018	2017	2019 vs. 2018	2018 vs. 2017
Operating Income (Loss)	**$ 675.4**	$ (254.1)	$ 550.1	$ 929.5	$ (804.2)

Year Ended December 31, *(in millions)*	2019	2018	2017	2019 vs. 2018	2018 vs. 2017
Net Revenues					
Operating revenues	**$ 3,522.8**	$ 3,419.5	$ 3,102.1	$ 103.3	$ 317.4
Less: Cost of sales (excluding depreciation and amortization)	**1,067.6**	1,259.3	1,005.0	(191.7)	254.3
Net Revenues	**2,455.2**	2,160.2	2,097.1	295.0	63.1
Operating Expenses					
Operation and maintenance	**935.7**	1,908.1	1,090.8	(972.4)	817.3
Depreciation and amortization	**403.2**	301.0	269.3	102.2	31.7
Impairment of other intangible assets	**209.7**	—	—	209.7	—
Loss on sale of fixed assets and impairments, net	**0.1**	0.2	2.8	(0.1)	(2.6)
Other taxes	**231.1**	205.0	184.1	26.1	20.9
Total Operating Expenses	**1,779.8**	2,414.3	1,547.0	(634.5)	867.3
Operating Income (Loss)	**$ 675.4**	$ (254.1)	$ 550.1	$ 929.5	$ (804.2)
Revenues					
Residential	**$ 2,317.2**	$ 2,248.3	$ 2,029.4	$ 68.9	$ 218.9
Commercial	**775.1**	753.7	669.4	21.4	84.3
Industrial	**245.8**	228.6	217.5	17.2	11.1
Off-System	**77.7**	92.4	111.8	(14.7)	(19.4)
Other	**107.0**	96.5	74.0	10.5	22.5
Total	**$ 3,522.8**	$ 3,419.5	$ 3,102.1	$ 103.3	$ 317.4
Sales and Transportation (MMDth)					
Residential	**274.9**	280.3	247.1	(5.4)	33.2
Commercial	**189.6**	187.6	169.3	2.0	18.3
Industrial	**542.5**	555.7	517.5	(13.2)	38.2
Off-System	**32.9**	30.0	39.0	2.9	(9.0)
Other	**0.3**	—	0.3	0.3	(0.3)
Total	**1,040.2**	1,053.6	973.2	(13.4)	80.4
Heating Degree Days	**5,375**	5,562	4,927	(187)	635
Normal Heating Degree Days	**5,452**	5,610	5,610	(158)	—
% Warmer than Normal	**(1)%**	(1)%	(12)%		
Gas Distribution Customers					
Residential	**3,221,178**	3,194,662	3,168,516	26,516	26,146
Commercial	**282,778**	281,517	280,362	1,261	1,155
Industrial	**5,982**	5,833	6,228	149	(395)
Other	**3**	3	4	—	(1)
Total	**3,509,941**	3,482,015	3,455,110	27,926	26,905

NISOURCE INC.
Gas Distribution Operations (continued)

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.

2019 vs. 2018 Operating Income
For 2019, Gas Distribution Operations reported operating income of $675.4 million, an increase in income of $929.5 million from the comparable 2018 period.

Net revenues for 2019 were $2,455.2 million, an increase of $295.0 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 $243.2 million.
- Higher regulatory, depreciation, and tax trackers, which are offset in operating expense, of $36.2 million.
- Higher revenues of $14.5 million resulting from an update in the weather-related normal heating degree day methodology (see further detail below), partially offset by a $7.1 million revenue decrease from the effects of warmer weather in 2019.
- The effects of commercial and residential customer growth of $12.8 million.

Operating expenses were $634.5 million lower in 2019 compared to 2018. This change was primarily driven by:

- Decreased expenses related to third-party claims and other costs for the Greater Lawrence Incident of $1,090.7 million, net of insurance recoveries recorded.

Partially offset by:

- Non-cash impairment of the Columbia of Massachusetts franchise rights of $209.7 million.
- Increased depreciation of $103.8 million due to the regulatory outcome of NIPSCO's gas rate case, an increase in amortization of depreciation previously deferred as a regulatory asset resulting from Columbia of Ohio's CEP, and higher capital expenditures placed in service.
- Higher employee and administrative expenses of $50.2 million driven by resources shifting from the temporary assistance on the Greater Lawrence Incident restoration to normal operations (offset in the decreased Greater Lawrence Incident costs discussed above) and an increase in headcount.
- Increased regulatory, depreciation, and tax trackers, which are offset in net revenues, of $36.2 million.
- Higher property taxes of $22.2 million primarily due to increased amortization of property taxes previously deferred as a regulatory asset resulting from Columbia of Ohio's CEP, as well as higher capital expenditures placed in service.
- Higher outside services of $17.4 million primarily due to increased line location and safety-related work.
- Higher insurance expense of $9.1 million primarily driven by increased premiums.

2018 vs. 2017 Operating Income
For 2018, Gas Distribution Operations reported an operating loss of $254.1 million, a decrease in income of $804.2 million from the comparable 2017 period.

Net revenues for 2018 were $2,160.2 million, an increase of $63.1 million from the same period in 2017. The change in net revenues was primarily driven by:

- New rates from infrastructure replacement programs and base rate proceedings of $99.6 million.
- Higher revenues from the effects of colder weather in 2018 of $37.5 million.
- The effects of customer growth and increased usage of $17.4 million.
- Higher regulatory, tax and depreciation trackers, which are offset in operating expense, of $16.0 million.

Partially offset by:

- A revenue reserve of $85.0 million 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.
- Decreased rates from implementation of regulatory outcomes related to the TCJA of $24.7 million.

NISOURCE INC.
Gas Distribution Operations (continued)

Operating expenses were $867.3 million higher in 2018 compared to 2017. This change was primarily driven by:

- Expenses related to third-party claims and other costs for the Greater Lawrence Incident of $864.4 million, net of insurance recoveries recorded.
- Increased depreciation of $29.6 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 $16.0 million.
- Increased property taxes of $11.0 million due to higher capital expenditures placed in service and the impact of regulatory-driven property tax deferrals.

Partially offset by:

- Decreased outside services of $33.2 million primarily due to IT service provider transition and other strategic initiative costs in 2017, lower ongoing IT costs and a temporary shift of resources to the Greater Lawrence Incident restoration.
- Lower employee and administrative expenses of $30.2 million driven by reduced incentive compensation and a temporary shift of resources to the Greater Lawrence Incident restoration.

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 to 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 2019 was about 1% warmer than normal and about 3% warmer than 2018; however, due to the aforementioned change in methodology, the change in net revenues attributed to weather resulted in an increase of $7.4 million for the year ended December 31, 2019 compared to 2018. The variance is detailed further below:

- An update in the weather-related normal heating degree day methodology resulting in a favorable variance attributed to weather of $14.5 million, as discussed above.

Offset by:

- The effects of warmer weather in 2019 of $7.1 million.

Weather in the Gas Distribution Operations service territories for 2018 was about 1% warmer than normal and about 13% colder than 2017, increasing net revenues $37.5 million for the year ended December 31, 2018 compared to 2017.

Throughput
Total volumes sold and transported for the year ended December 31, 2019 were 1,040.2 MMDth, compared to 1,053.6 MMDth for 2018. This decrease is primarily attributable to warmer weather experienced in 2019 compared to 2018.

Total volumes sold and transported for the year ended December 31, 2018 were 1,053.6 MMDth, compared to 973.2 MMDth for 2017. This increase is primarily attributable to colder weather experienced in 2018 compared to 2017.

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 Consolidated Balance Sheets as under-recovered or over-recovered gas cost to be included in future customer billings.

NISOURCE INC.
Gas Distribution Operations (continued)

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.

Greater Lawrence Incident
Refer to Note 19-C. "Legal Proceedings," and E. "Other Matters," in the Notes to Consolidated Financial Statements, "Summary of Consolidated Financial Results" and "Liquidity and Capital Resources" in this Management's Discussion, and Part I. Item 1A. "Risk Factors" for additional information related to the Greater Lawrence Incident.

Columbia of Massachusetts Asset Sale
On February 26, 2020, we entered into the Asset Purchase Agreement with Eversource providing for the sale of the Massachusetts Business to Eversource, subject to the terms and conditions set forth in the agreement. For additional information, see Note 26, "Subsequent Event," in the Notes to Consolidated Financial Statements.

NISOURCE INC.
Electric Operations

For the years ended December 31, 2019, 2018 and 2017, operating income and a reconciliation of net revenues to the most directly comparable GAAP measure, operating income, was as follows:

Year Ended December 31, *(in millions)*	**2019**	2018	2017	2019 vs. 2018	2018 vs. 2017
Operating Income	**$ 406.8**	$ 386.1	$ 367.4	$ 20.7	$ 18.7

Year Ended December 31, *(in millions)*	**2019**	2018	2017	2019 vs. 2018	2018 vs. 2017
Net Revenues					
Operating revenues	**$ 1,699.2**	$ 1,708.2	$ 1,786.5	$ (9.0)	$ (78.3)
Less: Cost of sales (excluding depreciation and amortization)	**467.3**	502.1	513.9	(34.8)	(11.8)
Net Revenues	**1,231.9**	1,206.1	1,272.6	25.8	(66.5)
Operating Expenses					
Operation and maintenance	**495.0**	500.0	565.6	(5.0)	(65.6)
Depreciation and amortization	**277.3**	262.9	277.8	14.4	(14.9)
Loss (gain) on sale of fixed assets and impairments, net	**(0.1)**	—	1.9	(0.1)	(1.9)
Other taxes	**52.9**	57.1	59.9	(4.2)	(2.8)
Total Operating Expenses	**825.1**	820.0	905.2	5.1	(85.2)
Operating Income	**$ 406.8**	$ 386.1	$ 367.4	$ 20.7	$ 18.7
Revenues					
Residential	**$ 481.6**	$ 494.7	$ 476.9	$ (13.1)	$ 17.8
Commercial	**486.7**	492.6	501.2	(5.9)	(8.6)
Industrial	**608.4**	614.4	698.1	(6.0)	(83.7)
Wholesale	**11.7**	15.7	11.6	(4.0)	4.1
Other	**110.8**	90.8	98.7	20.0	(7.9)
Total	**$ 1,699.2**	$ 1,708.2	$ 1,786.5	$ (9.0)	$ (78.3)
Sales (Gigawatt Hours)					
Residential	**3,369.5**	3,535.2	3,301.7	(165.7)	233.5
Commercial	**3,760.3**	3,844.6	3,793.5	(84.3)	51.1
Industrial	**8,466.1**	8,829.5	9,469.7	(363.4)	(640.2)
Wholesale	**8.2**	114.3	32.5	(106.1)	81.8
Other	**117.2**	124.4	128.2	(7.2)	(3.8)
Total	**15,721.3**	16,448.0	16,725.6	(726.7)	(277.6)
Cooling Degree Days	**962**	1,180	837	(218)	343
Normal Cooling Degree Days	**803**	806	806	(3)	—
% Warmer than Normal	**20%**	46%	4%		
Electric Customers					
Residential	**415,534**	412,267	409,401	3,267	2,866
Commercial	**57,058**	56,605	56,134	453	471
Industrial	**2,256**	2,284	2,305	(28)	(21)
Wholesale	**726**	735	739	(9)	(4)
Other	**2**	2	2	—	—
Total	**475,576**	471,893	468,581	3,683	3,312

NISOURCE INC.
Electric Operations (continued)

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.

2019 vs. 2018 Operating Income
For 2019, Electric Operations reported operating income of $406.8 million, an increase of $20.7 million from the comparable 2018 period.

Net revenues for 2019 were $1,231.9 million, an increase of $25.8 million from the same period in 2018. The change in net revenues was primarily driven by:

- New rates from the recent rate case proceeding, incremental capital spend on infrastructure replacement programs, and electric transmission projects of $24.8 million.
- Decreased fuel handling costs of $11.0 million.
- Higher regulatory and depreciation trackers, which are offset in operating expense, of $8.4 million.
- Increased commercial and residential customer growth of $3.9 million.

Partially offset by:

- Lower revenues from the effects of cooler weather of $15.1 million.
- Decreased residential, commercial and industrial usage of $10.8 million.

Operating expenses were $5.1 million higher in 2019 than 2018. This change was primarily driven by:

- Higher regulatory and depreciation trackers, which are offset in net revenues, of $8.4 million.
- Increased depreciation of $8.7 million due to higher capital expenditures placed in service.

Partially offset by:

- Decreased materials and supplies costs of $7.8 million, primarily related to the retirement of Bailly Generating Station Units 7 and 8 on May 31, 2018.
- Decreased employee and administrative costs of $5.0 million.

2018 vs. 2017 Operating Income
For 2018, Electric Operations reported operating income of $386.1 million, an increase of $18.7 million from the comparable 2017 period.

Net revenues for 2018 were $1,206.1 million, a decrease of $66.5 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 $35.6 million.
- Decreased rates from implementation of regulatory outcomes related to the TCJA of $32.9 million.
- Decreased industrial usage of $17.1 million.
- A revenue reserve of $16.2 million 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 .
- Increased fuel handling costs of $7.3 million.

Partially offset by:

- The effects of warmer weather of $25.2 million.
- Increased rates from infrastructure replacement programs of $18.6 million.

Operating expenses were $85.2 million lower in 2018 than 2017. This change was primarily driven by:

- Lower regulatory and depreciation trackers, which are offset in net revenues, of $35.6 million.
- Lower outside service costs of $32.1 million and lower material and supplies costs of $10.2 million primarily related to the retirement of Bailly Generating Station Units 7 and 8 on May 31, 2018.
- Decreased employee and administrative costs of $18.4 million.

NISOURCE INC.
Electric Operations (continued)

Partially offset by:

- Increased depreciation of $10.0 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 to 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 2019 was 20% warmer than normal and 18% cooler than the same period in 2018, decreasing net revenues $15.1 million for the year ended December 31, 2019 compared to 2018.

Weather in the Electric Operations' territories for 2018 was 46% warmer than normal and 41% warmer than the same period in 2017, increasing net revenues $25.2 million for the year ended December 31, 2018 compared to 2017.

Sales
Electric Operations sales were 15,721.3 GWh for 2019, a decrease of 726.7 GWh, or 4.4% compared to 2018. This decrease was primarily attributable to higher internal generation from large industrial customers in 2019 and the effects of cooler weather on residential and commercial customers.

Electric Operations sales were 16,448.0 GWh for 2018, a decrease of 277.6 GWh, or 1.7% compared to 2017. This decrease was primarily attributable to higher internal generation from large industrial customers in 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 planned to continue to purchase electric service from NIPSCO at a reduced demand level beginning 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. On December 4, 2019, the IURC issued an order in the electric rate case approving the implementation of a new industrial service structure. This resolved the issues included in BP's original petition. Refer to Note 8, "Regulatory Matters," in the Notes to Consolidated Financial Statements 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 Consolidated Balance Sheets as under-recovered or over-recovered fuel cost to be included in future customer billings.

NIPSCO's performance remains closely linked to the performance of the steel industry. NIPSCO's MWh sales to steel-related industries accounted for approximately 51.5% and 49.7% of the total industrial MWh sales for the years ended December 31, 2019 and 2018, respectively.

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.

Electric Operations (continued)

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 19-E, "Other Matters," in the Notes to Consolidated Financial Statements for further discussion.

Liquidity and Capital Resources

Greater Lawrence Incident: As discussed in the "Executive Summary" and in Note 19, "Other Commitments and Contingencies" in the Notes to Consolidated Financial Statements, we have recorded and paid costs 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," Note 19 referenced earlier in this paragraph, and Part I, Item 1A "Risk Factors," we may incur additional expenses and liabilities in excess of our recorded liabilities and estimated additional costs associated with the Greater Lawrence Incident. Since the Greater Lawrence Incident and through December 31, 2019, we have collected $800 million from insurance providers; however, total costs related to the incident have exceeded the total amount of insurance coverage available under our policies. To date, this excess has primarily been funded through short-term borrowings. During 2020, we plan to pursue alternatives to these short-term borrowings, which include long-term financing and potential proceeds from the sale of the Massachusetts Business. For additional information, see Note 26, "Subsequent Event," in the Notes to Consolidated Financial Statements.

Operating Activities

Net cash from operating activities for the year ended December 31, 2019 was $1,583.3 million, an increase of $1,043.2 million from 2018. This increase was driven primarily by the receipt of $795 million of insurance recoveries in 2019 related to the Greater Lawrence Incident and approximately $220 million lower cash spend for the Greater Lawrence Incident in 2019. Refer to Note 19, "Other Commitments and Contingencies" in the Notes to Consolidated Financial Statements for further information related to the Greater Lawrence Incident.

Pension and Other Postretirement Plan Funding. In 2019, we contributed $2.9 million to our pension plans and $23.0 million to our other postretirement benefit plans. In 2018, we contributed $2.9 million to our pension plans and $21.0 million to our other postretirement benefit plans. Given the current funded status of the pension plans, and barring unforeseen market volatility that may negatively impact the valuation of our plan assets, we do not believe additional material contributions to our pension plans will be required for the foreseeable future.

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 led to a decrease in the amount billed to customers through rates, ultimately resulting in lower cash collections from operating activities. In addition, we are required to pass back to customers "excess deferred taxes" which represent amounts collected from customers in the past to cover deferred tax liabilities which, as a result of the passage of the TCJA, are now less than the originally billed amounts. Approximately $1.5 billion of excess deferred taxes was recorded as a regulatory liability as of December 31, 2017 as a result of implementing the TCJA. The majority of this balance related to temporary book-to-tax differences on utility property protected by IRS normalization rules; this portion of the excess deferred taxes balance will be passed back to customers over the remaining average useful life of the associated property as required by the TCJA. The remainder of the excess deferred tax balance is passed back over periods determined by our state utility commissions. The pass back of excess deferred taxes has been approved in all our jurisdictions. As of December 31, 2019, we have approximately $1.3 billion of remaining regulatory liabilities associated with excess deferred taxes.

As of December 31, 2019, we have a deferred tax asset of $657.1 million related to a federal NOL carryforward, of which $406.1 million relates to years prior to the implementation of the TCJA. 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 three years ended December 31, 2019. The carryforward periods for pre-TCJA tax benefits expire in various tax years from 2028 to 2037; however, we expect to fully utilize the carryforward benefit prior to its expiration. According to the TCJA, utilization of NOL carryforwards generated after December 31, 2017 do not expire but are limited to 80% of current year taxable income. Accordingly, we may be required to make cash payments for federal income taxes in future years despite having NOL carryforwards in excess of current taxes payable.

Investing Activities

Our cash used for investing activities varies year over year primarily as a result of changes in the level of annual capital expenditures. The table below reflects capital expenditures and certain other investing activities by segment for 2019, 2018 and 2017.

(in millions)	**2019**	2018[3]	2017
Gas Distribution Operations			
System Growth and Tracker	**$ 1,006.1**	$ 897.5	$ 909.2
Maintenance	**374.3**	417.8	216.4
Total Gas Distribution Operations	**1,380.3**	1,315.3	1,125.6
Electric Operations			
System Growth and Tracker	**279.5**	346.0	435.3
Maintenance	**189.4**	153.3	157.1
Total Electric Operations	**468.9**	499.3	592.4
Corporate and Other Operations - Maintenance[1]	**18.6**	—	35.8
Total[2]	**$ 1,867.8**	$ 1,814.6	$ 1,753.8

[1] Corporate and Other capital expenditures were zero in 2018 as specific IT assets were leased in 2018. Certain IT and other maintenance related assets were purchased in 2017 and 2019.
[2] Amounts differ from those presented on the Statements of Consolidated Cash Flows primarily due to the capitalized portion of the Corporate Incentive Plan payout, inclusion of capital expenditures included in current liabilities and AFUDC Equity.
[3] The 2018 capital expenditures for Gas Distribution Operations reflects reclassifying the Greater Lawrence Incident pipeline replacement from system growth and tracker to maintenance.

For 2019, capital expenditures and certain other investing activities were $1,867.8 million, which was $53.2 million higher than the 2018 capital program. This increased spending is primarily due to growth, safety and system modernization projects.

For 2018, capital expenditures and certain other investing activities were $1,814.6 million, which was $60.8 million higher than the 2017 capital program. This increased spending is due in part to costs associated with the Greater Lawrence Incident pipeline replacement, gas transmission projects, environmental investments and system modernization projects across all seven states in our operating area.

For 2020, we project to invest approximately $1.8 to $1.9 billion in our capital program. This projected level of spend is consistent with 2019 spend levels and is expected to focus on growth, safety, and modernization projects across our operating area.

Financing Activities

Short-term Debt. Refer to Note 15, "Short-Term Borrowings," in the Notes to Consolidated Financial Statements for information on short-term debt.

Long-term Debt. Refer to Note 14, "Long-Term Debt," in the Notes to Consolidated Financial Statements for information on long-term debt.

Net Available Liquidity. As of December 31, 2019, an aggregate of $1,409.1 million of net liquidity was available, including cash and credit available under the revolving credit facility and accounts receivable securitization programs.

The following table displays NiSource's liquidity position as of December 31, 2019 and 2018:

Year Ended December 31, *(in millions)*	**2019**	2018
Current Liquidity		
Revolving Credit Facility	**$ 1,850.0**	$ 1,850.0
Accounts Receivable Program[(1)]	**353.2**	399.2
Less:		
Commercial Paper	**570.0**	978.0
Accounts Receivable Program Utilized	**353.2**	399.2
Letters of Credit Outstanding Under Credit Facility	**10.2**	10.2
Add:		
Cash and Cash Equivalents	**139.3**	112.8
Net Available Liquidity	**$ 1,409.1**	$ 974.6

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

Debt Covenants. We are subject to a financial covenant under our revolving credit facility and term loan agreement, which requires 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 December 31, 2019, the ratio was 61.7%.

Sale of Trade Accounts Receivables. Refer to Note 18, "Transfers of Financial Assets," in the Notes to Consolidated Financial Statements 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 December 31, 2019.

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 ratings 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 December 31, 2019, the collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately $72.1 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 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 December 31, 2019, 382,135,680 shares of common stock and 440,000 shares of preferred stock were outstanding. For more information regarding our common and preferred stock, see Note 12, "Equity," in the Notes to Consolidated Financial Statements.

Contractual Obligations. We have certain contractual obligations requiring payments at specified periods. The obligations include long-term debt, lease obligations, energy commodity contracts and obligations for various services including pipeline capacity and outsourcing of IT services. The total contractual obligations in existence at December 31, 2019 and their maturities were:

(in millions)	Total	2020	2021	2022	2023	2024	After
Long-term debt [1]	$ 7,738.6	$ —	$ 63.6	$ 530.0	$ 600.0	$ —	$ 6,545.0
Interest payments on long-term debt	6,214.2	342.0	340.7	337.1	311.1	299.9	4,583.4
Finance leases[2]	325.9	27.2	27.3	26.8	23.1	19.9	201.6
Operating leases[3]	79.1	15.6	9.4	8.2	7.6	6.6	31.7
Energy commodity contracts[4]	95.9	65.5	30.4	—	—	—	—
Service obligations:							
Pipeline service obligations	3,450.7	605.0	590.1	546.8	357.2	237.5	1,114.1
IT service obligations	153.2	63.6	49.4	38.0	1.1	1.1	—
Other service obligations[5]	59.8	45.8	14.0	—	—	—	—
Other liabilities	27.3	27.3	—	—	—	—	—
Total contractual obligations	$ 18,144.7	$ 1,192.0	$ 1,124.9	$ 1,486.9	$ 1,300.1	$ 565.0	$ 12,475.8

[1] Long-term debt balance excludes unamortized issuance costs and discounts of $70.5 million.
[2] Finance lease payments shown above are inclusive of interest totaling $108.3 million.
[3] Operating lease payments shown above are inclusive of interest totaling $14.3 million. 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 (as that term is defined in ASC 842) to do so. If we were to continue the fleet vehicle leases outstanding at December 31, 2019, payments would be $34.5 million in 2020, $28.3 million in 2021, $23.4 million in 2022, $19.9 million in 2023, $15.2 million in 2024 and $15.2 million thereafter.
[4]In January 2020, NIPSCO signed new coal contract commitments of $14.4 million for 2020. These contracts are not included above.
[5]In February 2020, NIPSCO signed a new railcar coal transportation contract commitment of $12.0 million for 2020. This contract is not included above.

Our calculated estimated interest payments for long-term debt is based on the stated coupon and payment dates. For 2020, we project that we will be required to make interest payments of approximately $368.2 million, which includes $342.0 million of interest payments related to our long-term debt outstanding as of December 31, 2019. At December 31, 2019, we had $1,773.2 million in short-term borrowings outstanding.

Our expected payments included within "Other liabilities" in the table of contractual commitments above contains employer contributions to pension and other postretirement benefits plans expected to be made in 2020. Plan contributions beyond 2020 are dependent upon a number of factors, including actual returns on plan assets, which cannot be reliably estimated at this time. In 2020, we expect to make contributions of approximately $3.0 million to our pension plans and approximately $24.0 million to our postretirement medical and life plans. Refer to Note 11, "Pension and Other Postretirement Benefits," in the Notes to Consolidated Financial Statements for more information.

We cannot reasonably estimate the settlement amounts or timing of cash flows related to long-term obligations classified as "Total Other Liabilities" on the Consolidated Balance Sheets, other than those described above.

We also have obligations associated with income, property, gross receipts, franchise, payroll, sales and use, and various other taxes and expect to make tax payments of approximately $247.1 million in 2020, which are not included in the table above. In addition, we have uncertain income tax positions that are not included in the table above as we are unable to predict when the matters will be resolved. Refer to Note 10, "Income Taxes," in the Notes to Consolidated Financial Statements for more information.

Refer to Note 19-A, "Contractual Obligations," in the Notes to Consolidated Financial Statements for further information.

In January 2019, NIPSCO executed two 20 year PPAs to purchase 100% of the output from renewable generation facilities at a fixed price per MWh. Payments under the PPAs will not begin until the associated generation facilities are constructed by the owner / seller which is currently scheduled to be complete by the end of 2020 for one facility. Payments that will be made under the agreements are not included in the table of contractual commitments above as there are no minimum payment obligations under the agreements. NIPSCO has filed a notice with the IURC of its intention not to move forward with one of its approved PPAs due to the failure to meet a condition precedent in the agreement as a result of local zoning restrictions. See Note 19-E, "Other Matters - NIPSCO 2018 Integrated Resource Plan," in the Notes to Consolidated Financial Statements for additional information.

In January 2019, NIPSCO executed a BTA with a developer to construct a renewable generation facility with a nameplate capacity of approximately 100 MW; construction of the facility is expected to be completed by the end of 2020. In October 2019, NIPSCO executed a BTA with a developer to construct an additional renewable generation facility with a nameplate capacity of approximately 300 MW; construction of this facility is expected to be completed by the end of 2021. Payments under these agreements are not included in the table of contractual commitments as NIPSCO's purchase requirement under these BTAs is dependent on satisfactory approval of the BTAs by the IURC, successful execution of agreements with a tax equity partner, and timely completion of construction. See Note 19-E, "Other Matters - NIPSCO 2018 Integrated Resource Plan," in the Notes to Consolidated Financial Statements for additional information.

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 19, "Other Commitments and Contingencies," in the Notes to Consolidated Financial Statements 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 rate-making 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 rate-making 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 9, "Risk Management Activities," in the Notes to the Consolidated Financial Statements for further information on our commodity price risk assets and liabilities as of December 31, 2019 and 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, term loan agreement and accounts receivable programs, which have interest rates that are indexed to short-term market interest rates. Based upon average borrowings and debt obligations subject to fluctuations in short-term market interest rates, an increase (or decrease) in short-term interest rates of 100 basis points (1%) would have increased (or decreased) interest expense by $19.0 million and $13.3 million for 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 9, "Risk Management Activities," in the Notes to Consolidated Financial Statements for further information on our interest rate risk assets and liabilities as of December 31, 2019 and 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 Policies

We apply certain accounting policies based on the accounting requirements discussed below that have had, and may continue to have, significant impacts on our operations and Consolidated Financial Statements.

Basis of Accounting for Rate-Regulated Subsidiaries. ASC Topic 980, *Regulated Operations*, provides that rate-regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the way in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and if the competitive environment makes it probable that such rates can be charged and collected. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income are deferred on the Consolidated Balance Sheets and are recognized in income as the related amounts are included in service rates and recovered from or refunded to customers. The total amounts of regulatory assets and liabilities reflected on the Consolidated Balance Sheets were $2,239.6 million and $2,512.2 million at December 31, 2019, and $2,237.5 million and $2,660.0 million at December 31, 2018, respectively. For additional information, refer to Note 8, "Regulatory Matters," in the Notes to Consolidated Financial Statements.

In the event that regulation significantly changes the opportunity for us to recover our costs in the future, all or a portion of our regulated operations may no longer meet the criteria for the application of ASC Topic 980, *Regulated Operations*. In such event, a write-down of all or a portion of our existing regulatory assets and liabilities could result. If transition cost recovery is approved by the appropriate regulatory bodies that would meet the requirements under GAAP for continued accounting as regulatory assets and liabilities during such recovery period, the regulatory assets and liabilities would be reported at the recoverable amounts. If we were unable to continue to apply the provisions of ASC Topic 980, *Regulated Operations*, we would be required to apply the provisions of ASC Topic 980-20, *Discontinuation of Rate-Regulated Accounting*. In management's opinion, our regulated subsidiaries will be subject to ASC Topic 980, *Regulated Operations* for the foreseeable future.

Certain of the regulatory assets reflected on our Consolidated Balance Sheets require specific regulatory action in order to be included in future service rates. Although recovery of these amounts is not guaranteed, we believe that these costs meet the requirements for deferral as regulatory assets. Regulatory assets requiring specific regulatory action amounted to $307.2 million at December 31, 2019. If we determine that the amounts included as regulatory assets were not recoverable, a charge to income would immediately be required to the extent of the unrecoverable amounts.

The passage of the TCJA into law in December 2017 necessitated the remeasurement of our deferred income tax balances to reflect the change in the statutory federal tax rate from 35% to 21%. For our regulated entities, substantially all of the impact of this remeasurement was recorded to a regulatory liability and is being passed backed to customers, as established during the rate making process. For additional information, refer to Note 8, "Regulatory Matters," and Note 10, "Income Taxes," in the Notes to Consolidated Financial Statements.

As discussed in Note 19-E, "Other Matters - Greater Lawrence Pipeline Replacement," since the Greater Lawrence Incident and through December 31, 2019, we have invested approximately $258 million of capital spend for the pipeline replacement in the affected communities; this work was completed in 2019. We maintain property insurance for gas pipelines and other applicable property. Columbia of Massachusetts has filed a proof of loss with its property insurer for the full cost of the pipeline replacement. In January 2020, we filed a lawsuit against the property insurer, seeking payment of our property claim. We are currently unable to predict the timing or amount of any insurance recovery under the property policy. The recovery of any capital investment not reimbursed through insurance will be addressed in a future regulatory proceeding; a future regulatory proceeding is dependent on the outcome of the sale of the Massachusetts Business. The outcome of such a proceeding (if any) 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.

Pension and Postretirement Benefits. We have defined benefit plans for both pension and other postretirement benefits. The calculation of the net obligations and annual expense related to the plans requires a significant degree of judgment regarding the discount rates to be used in bringing the liabilities to present value, expected long-term rates of return on plan assets, health care trend rates, and mortality rates, among other assumptions. Due to the size of the plans and the long-term nature of the associated liabilities, changes in the assumptions used in the actuarial estimates could have material impacts on the measurement of the net obligations and annual expense recognition. Differences between actuarial assumptions and actual plan results are deferred into AOCI or a regulatory balance sheet account, depending on the jurisdiction of our entity. These deferred gains or losses are then amortized into the income statement when the accumulated differences exceed 10% of the greater of the projected benefit obligation or the fair value of plan assets (known in GAAP as the "corridor" method) or when settlement accounting is triggered.

The discount rates, expected long-term rates of return on plan assets, health care cost trend rates and mortality rates are critical assumptions. Methods used to develop these assumptions are described below. While a third party actuarial firm assists with the development of many of these assumptions, we are ultimately responsible for selecting the final assumptions.

The discount rate is utilized principally in calculating the actuarial present value of pension and other postretirement benefit obligations and net periodic pension and other postretirement benefit plan costs. Our discount rates for both pension and other postretirement benefits are determined using spot rates along an AA-rated above median yield curve with cash flows matching the expected duration of benefit payments to be made to plan participants.

The expected long-term rate of return on plan assets is a component utilized in calculating annual pension and other postretirement benefit plan costs. We estimate the expected return on plan assets by evaluating expected bond returns, equity risk premiums, target asset allocations, the effects of active plan management, the impact of periodic plan asset rebalancing and historical performance. We also consider the guidance from our investment advisors in making a final determination of our expected rate of return on assets.

For measurement of 2020 net periodic benefit cost, we selected an expected pre-tax long-term rate of return of 5.70% and 5.67% for our pension and other postretirement benefit plan assets, respectively.

We estimate the assumed health care cost trend rate, which is used in determining our other postretirement benefit net expense, based upon our actual health care cost experience, the effects of recently enacted legislation, third-party actuarial surveys and general economic conditions.

We use the Society of Actuaries' most recently published mortality data in developing a best estimate of mortality as part of the calculation of the pension and other postretirement benefit obligations.

The following tables illustrate the effects of changes in these actuarial assumptions while holding all other assumptions constant:

	Impact on December 31, 2019 Projected Benefit Obligation Increase/(Decrease)	
Change in Assumptions *(in millions)*	Pension Benefits	Other Postretirement Benefits
+50 basis points change in discount rate	$ (89.9)	$ (29.0)
-50 basis points change in discount rate	97.7	31.8
+50 basis points change in health care trend rates		15.0
-50 basis points change in health care trend rates		(13.1)

	Impact on 2019 Expense Increase/(Decrease)[1]	
Change in Assumptions *(in millions)*	Pension Benefits	Other Postretirement Benefits
+50 basis points change in discount rate	$ (1.8)	$ 0.3
-50 basis points change in discount rate	1.9	0.7
+50 basis points change in expected long-term rate of return on plan assets	(8.9)	(1.2)
-50 basis points change in expected long-term rate of return on plan assets	8.9	1.2
+50 basis points change in health care trend rates		0.6
-50 basis points change in health care trend rates		(0.5)

[1]Before labor capitalization and regulatory deferrals.

In January 2017, we changed the method used to estimate the service and interest components of net periodic benefit cost for pension and other postretirement benefits. This change, compared to the previous method, resulted in a decrease in the actuarially-determined service and interest cost components. Historically, we estimated service and interest cost utilizing a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation at the beginning of the period. For fiscal 2017 and beyond, we now utilize a full yield curve approach to estimate these components by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. For further discussion of our pension and other postretirement benefits, see Note 11, "Pension and Other Postretirement Benefits," in the Notes to Consolidated Financial Statements.

Goodwill and Intangible Assets. We have seven goodwill reporting units, comprised of the seven state operating companies within the Gas Distribution Operations reportable segment. Our goodwill assets at December 31, 2019 were $1,486 million, most of which resulted from the acquisition of Columbia on November 1, 2000.

As required by GAAP, we test for impairment of goodwill on an annual basis and on an interim basis when events or circumstances indicate that a potential impairment may exist. Our annual goodwill test takes place in the second quarter of each year and was performed on May 1, 2019. A qualitative ("step 0") test was completed on May 1, 2019 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 is not more likely than not that these reporting units fair values are less than their reporting unit carrying values; therefore, 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 19-C, "Legal Proceedings," in the Notes to Consolidated Financial Statements). As a result, we completed a quantitative "step 1" analysis for the May 1, 2019 goodwill analysis for this reporting unit. Consistent with our historical impairment testing of goodwill, fair value of this reporting unit was determined based on a weighting of income and market approaches. These approaches require significant judgments including appropriate long-term growth rates and discount rates for the income approach and appropriate multiples of earnings for peer companies and control premiums for the market approach. The discount rates were derived using peer company data compiled with the assistance of a third party valuation services firm. The discount rates used are subject to change based on changes in tax rates at both the state and federal level, debt and equity ratios at each reporting unit and general economic conditions. The long-term growth rate was derived by evaluating historic growth rates, new business and investment opportunities beyond the near term horizon. The long-term growth rate is subject to change depending on inflationary impacts to the U.S. economy and the individual business environments in which each reporting unit operates. The Step 1 analysis performed indicated that the fair value of the Columbia of Massachusetts reporting unit exceeds its carrying value. As a result, no impairment charge was recorded as of the May 1, 2019 test date.

Although our annual impairment test is performed during the second quarter, we continue to monitor changes in circumstances that may indicate that it is more likely than not that the fair value of our reporting units is less than the reporting unit carrying value. During the fourth quarter of 2019, in connection with the preparation of the year-end financial statements, we assessed matters related to Columbia of Massachusetts. While there was no single determinative event or factor, the consideration in totality of several factors that developed during the fourth quarter of 2019 led us to conclude that it was more likely than not that the fair value of the Columbia of Massachusetts reporting unit was below its carrying value. These factors included: (i) increased Massachusetts DPU regulatory enforcement activity related to Columbia of Massachusetts during the fourth quarter, including (a) an order imposing work restrictions on Columbia of Massachusetts, impacting Columbia of Massachusetts' infrastructure replacement program, (b) two orders opening public investigations into Columbia of Massachusetts related to the Greater Lawrence Incident and restoration efforts following the incident, and (c) an order defining the scope of the Massachusetts DPU's investigation into the preparation and response of Columbia of Massachusetts related to the incident; (ii) increased uncertainty as to the ability of Columbia of Massachusetts to execute its growth strategy, including utility infrastructure investments, and to obtain timely regulatory outcomes with reasonable rates of return; (iii) further damage to Columbia of Massachusetts' reputation as a result of concerns related to service lines abandoned during the restoration work following the Greater Lawrence Incident and the gas release event in Lawrence, Massachusetts on September 27, 2019; and (iv) a potential sale of the Massachusetts Business. See Note 19, "Other Commitments and Contingencies - C. Legal Proceedings," in the Notes to Consolidated Financial Statements for more information regarding Massachusetts DPU regulatory enforcement activity and Note 26, "Subsequent Event," in the Notes to Consolidated Financial Statements for more information regarding the potential sale of the Massachusetts Business.

As a result, a new impairment analysis was required for our Columbia of Massachusetts reporting unit. This analysis used a weighted average of income and market approaches for calculating fair value. The income approach calculated discounted cash flows using updated cash flow projections, discount rates and return on equity assumptions. The market approach applied a combination of comparable company multiples and comparable transactions and used updated cash flow projections. While certain assumptions, such as market multiples, remained unchanged in the year-end test, our cash flow projections, return on equity and rate case timing assumptions were all unfavorably updated at year-end compared to the May 1, 2019 test. The effects of these unfavorable developments were greater than the favorable change in weighted average cost of capital between the two tests. The year-end impairment analysis indicated that the fair value of the Columbia of Massachusetts reporting unit was below its carrying value. As a result, we reduced the Columbia of Massachusetts reporting unit goodwill balance to zero and recognized a goodwill impairment charge totaling $204.8 million, which is non-deductible for tax purposes.

Our intangible assets, apart from goodwill, consist of franchise rights. Franchise rights were identified as part of the purchase price allocations associated with the acquisition in February 1999 of Columbia of Massachusetts. We review our definite-lived intangible assets for impairment when events or changes in circumstances indicate its fair value might be below its carrying amount.

During the fourth quarter of 2019, in connection with the preparation of the year-end financial statements, we assessed the changes in circumstances that occurred during the quarter to determine if it was more likely than not that the fair value of the franchise rights was below its carrying amount. These factors were the same fourth quarter circumstances outlined in the goodwill impairment discussion above. As a result, we performed a year-end impairment test in which we compared the book value of Columbia of Massachusetts to its undiscounted future cash flow and estimated fair value. With this analysis, we determined that the fair value of the franchise rights was zero. Therefore, we wrote off the entire franchise rights book value, which resulted in an impairment charge totaling $209.7 million. See Note 6, "Goodwill and Other Intangible Assets," in the Notes to Consolidated Financial Statements for more information.

Revenue Recognition. Revenue is recorded as products and services are delivered. Utility revenues are billed to customers monthly on a cycle basis. Revenues are recorded on the accrual basis and include estimates for electricity and gas delivered but not billed.

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 and no material changes in the amount or timing of future revenue recognition occurred as a result of the adoption of ASC 606. Refer to Note 3 "Revenue Recognition," in the Notes to Consolidated Financial Statements.

Recently Issued Accounting Pronouncements

Refer to Note 2, "Recent Accounting Pronouncements," in the Notes to Consolidated Financial Statements.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

NISOURCE INC.

Quantitative and Qualitative Disclosures about Market Risk are reported in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations – Market Risk Disclosures."

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

NiSource Inc.

NISOURCE INC.
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of NiSource Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of NiSource Inc. and subsidiaries (the "Company") as of December 31, 2019 and 2018, the related statements of consolidated income (loss), comprehensive income (loss), stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 27, 2020, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Impact of Rate Regulation on the Financial Statements - Refer to Notes 1, 8, 19, and 26 to the financial statements

Critical Audit Matter Description

Certain subsidiaries of NiSource Inc. are fully regulated natural gas and electric utility companies serving customers in seven states. These rate-regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the manner in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates can be charged to and collected from customers. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income are deferred on the consolidated balance sheets and are later recognized in income as the related amounts are included in customer rates and recovered from or refunded to customers.

Through December 31, 2019, the Company invested approximately $258 million of capital spend for the Greater Lawrence Incident pipeline replacement. As of December 31, 2019, the Company determined that a disallowance of the Greater Lawrence Incident pipeline replacement capital expenditures was not probable. On February 26, 2020, the Company and its wholly-owned subsidiary, Columbia of Massachusetts (CMA), agreed to sell substantially all of CMA's utility property, plant, and equipment (including the

NISOURCE INC.
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Greater Lawrence Incident pipeline replacement assets) with other specified assets and liabilities, to a third party. The Company estimates that the total pre-tax loss resulting from this sale will be approximately $360 million, based on December 31, 2019 asset and liability balances and estimated transaction costs.

We identified the accounting for rate-regulated subsidiaries as a critical audit matter due to the significant judgments made by management to support its assertions about impacted account balances and disclosures and the high degree of subjectivity involved in assessing the impact of future regulatory orders on the financial statements. Management judgments include assessing (1) the likelihood of recovery in future rates of incurred costs, (2) the likelihood of refund of amounts previously collected from customers, and (3) the probability of recovery of amounts capitalized related to the Greater Lawrence Incident pipeline replacement. Given that management's accounting judgments are based on assumptions about the outcome of future decisions by regulatory commissions, auditing these judgments required specialized knowledge of accounting for rate regulation and the rate making process due its inherent complexities.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the uncertainty of future decisions by regulatory commissions included the following, among others:

- We tested the effectiveness of management's controls over the evaluation of the likelihood of (1) the recovery in future rates of costs incurred as property, plant, and equipment and deferred as regulatory assets, and (2) a refund or a future reduction in rates that should be reported as regulatory liabilities. We also tested the effectiveness of management's controls over the initial recognition of amounts as property, plant, and equipment, including the Greater Lawrence Incident pipeline replacement; regulatory assets or liabilities; and the monitoring and evaluation of regulatory developments, that may affect the likelihood of recovering costs in future rates or of a future reduction in rates.
- We evaluated the Company's disclosures related to the impacts of rate regulation, including the balances recorded and regulatory developments.
- We read relevant regulatory orders issued by regulatory commissions, regulatory statutes, interpretations, filings made by interveners, and other publicly available information to assess the likelihood of recovery in future rates or of a future reduction in rates based on precedence of regulatory commissions' treatment of similar costs under similar circumstances. We evaluated the external information and compared it to management's recorded regulatory asset and liability balances for completeness.
- For regulatory matters in process, including those that could impact the Greater Lawrence Incident pipeline replacement, we inspected the Company's filings with regulatory commissions and the filings with regulatory commissions by intervenors for any evidence that might contradict management's assertions related to recoverability of recorded assets.
- We inquired of management about property, plant, and equipment that may be abandoned. We inspected minutes of meetings of the board of directors and regulatory orders and other filings with regulatory commissions to identify evidence that may contradict management's assertion regarding probability of an abandonment.
- We obtained an analysis from management regarding probability of recovery for regulatory assets or refund or future reduction in rates for regulatory liabilities not yet addressed in a regulatory order to assess management's assertion that amounts are probable of recovery or a future reduction in rates.
- We evaluated the impact of the February 26, 2020 sale transaction on the carrying value of the Company's utility property, plant, and equipment as of December 31, 2019.

Impairment of the Franchise Rights Intangible Asset & the Columbia of Massachusetts Reporting Unit Goodwill - Refer to Note 6 to the financial statements

Critical Audit Matter Description

The Company assessed the changes in circumstances that occurred during the fourth quarter to determine whether it was more likely than not that the fair values of the long-lived assets (including the franchise rights intangible asset) and goodwill of Columbia of Massachusetts (CMA), a wholly-owned subsidiary of the Company, were below their carrying amount. The totality of several factors led to the Company concluding that it was more likely than not that the fair value of the CMA reporting unit and the value of CMA's long-lived assets were below their carrying values. These factors included: (1) increased Massachusetts Department of Public Utilities (DPU) regulatory enforcement activity related to CMA, including (i) an order imposing work restrictions on CMA, (ii) two orders opening public investigations into CMA related to the Greater Lawrence Incident and restoration efforts following the incident, and (iii) an order defining the scope of the DPU's investigation into the preparation and response of CMA related to the incident; (2) increased uncertainty as to the ability of CMA to execute its growth strategy, including utility infrastructure

NISOURCE INC.
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

investments, and CMA's ability to obtain timely regulatory outcomes with reasonable rates of return; (3) further damage to CMA's reputation; and (4) the potential sale of the Company's business in Massachusetts.

The Company performed a long-lived asset impairment test as of December 31, 2019 in which it compared the book value of the CMA asset group to its undiscounted future cash flows and determined that the carrying value of the asset group was not recoverable. The Company estimated the fair value of the CMA asset group using a weighting of income and market approaches and determined that the fair value was less than the carrying value. The resulting impairment loss was allocated to reduce the recorded franchise rights intangible asset to its fair value of zero, which resulted in an impairment charge totaling $209.7 million for the year ended December 31, 2019. The Company also performed a goodwill impairment test for the CMA reporting unit as of December 31, 2019. As part of this test, the Company estimated CMA's fair value based on a weighting of income and market approaches. This impairment analysis indicated that the fair value of the CMA reporting unit was below its carrying value and, as a result, the Company recognized a goodwill impairment charge totaling $204.8 million.

We identified the impairment of the franchise rights intangible asset and the CMA reporting unit goodwill as a critical audit matter as there was a high degree of auditor judgment and subjectivity in applying procedures relating to the allocation of impairment to CMA's long-lived assets and the fair value measurement of the reporting unit. This was driven by significant management judgment when determining fair value, including (1) the weightings of the fair value approaches, (2) the future cash flows used in the impairment tests, and (3) other inputs used in the valuation including comparable company multiples, discount rates, and return on equity. In addition, the audit effort involved the use of fair value specialists to assist in performing audit procedures over these assumptions and evaluating the audit evidence obtained.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the impairment of CMA's franchise rights intangible asset and CMA reporting unit goodwill included the following, among others:

- We tested the effectiveness of management's controls over the impairments, including (1) validation of the assumptions included in the impairment analysis for both the franchise rights intangible asset and goodwill, (2) the evaluation of the methodology used in determining the magnitude of impairment charges as of December 31, 2019, and (3) the verification of the completeness and accuracy of the journal entry made to record the impairments and the related disclosures.
- We evaluated the inputs used in the franchise rights intangible asset and goodwill impairment tests, including cash flow projections, scenario analysis, discount rates, return on equity assumptions, and comparable company multiples.
- We compared the undiscounted cash flows used in the franchise rights intangible asset impairment test to the carrying value of the asset group to evaluate whether an impairment existed at December 31, 2019.
- With the assistance of our fair value specialists, we evaluated the reasonableness of the calculated amount of fair value of the franchise rights intangible asset.
- We evaluated the allocation of impairment to the franchise rights intangible asset.
- We evaluated the relative weightings of the income and market approaches used to estimate fair value for the purposes of the goodwill impairment test.
- We evaluated the reasonableness of the fair value calculated under the combination of income and market approaches by comparing it to the fair value used in the May 1, 2019 goodwill impairment test.
- We evaluated the Company's disclosures related to the impairment charges.

/s/ DELOITTE & TOUCHE LLP
Columbus, Ohio
February 27, 2020

We have served as the Company's auditor since 2002.

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NISOURCE INC.
STATEMENTS OF CONSOLIDATED INCOME (LOSS)

Year Ended December 31, *(in millions, except per share amounts)*	**2019**	2018	2017
Operating Revenues			
Customer revenues	**$ 5,053.4**	$ 4,991.1	$ 4,730.2
Other revenues	**155.5**	123.4	144.4
Total Operating Revenues	**5,208.9**	5,114.5	4,874.6
Operating Expenses			
Cost of sales (excluding depreciation and amortization)	**1,534.8**	1,761.3	1,518.7
Operation and maintenance	**1,354.7**	2,352.9	1,601.7
Depreciation and amortization	**717.4**	599.6	570.3
Impairment of goodwill and other intangible assets	**414.5**	—	—
Loss on sale of fixed assets and impairments, net	—	1.2	5.5
Other taxes	**296.8**	274.8	257.2
Total Operating Expenses	**4,318.2**	4,989.8	3,953.4
Operating Income	**890.7**	124.7	921.2
Other Income (Deductions)			
Interest expense, net	**(378.9)**	(353.3)	(353.2)
Other, net	**(5.2)**	43.5	(13.5)
Loss on early extinguishment of long-term debt	—	(45.5)	(111.5)
Total Other Deductions, Net	**(384.1)**	(355.3)	(478.2)
Income (Loss) before Income Taxes	**506.6**	(230.6)	443.0
Income Taxes	**123.5**	(180.0)	314.5
Net Income (Loss)	**383.1**	(50.6)	128.5
Preferred dividends	**(55.1)**	(15.0)	—
Net Income (Loss) Available to Common Shareholders	**328.0**	(65.6)	128.5
Earnings (Loss) Per Share			
Basic Earnings (Loss) Per Share	**$ 0.88**	$ (0.18)	$ 0.39
Diluted Earnings (Loss) Per Share	**$ 0.87**	$ (0.18)	$ 0.39
Basic Average Common Shares Outstanding	**374.6**	356.5	329.4
Diluted Average Common Shares	**376.0**	356.5	330.8

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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NISOURCE INC.
STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME (LOSS)

Year Ended December 31, *(in millions, net of taxes)*	**2019**	2018	2017
Net Income (Loss)	**$ 383.1**	$ (50.6)	$ 128.5
Other comprehensive income (loss):			
Net unrealized gain (loss) on available-for-sale securities(1)	**5.7**	(2.6)	0.8
Net unrealized gain (loss) on cash flow hedges(2)	**(64.2)**	22.7	(22.5)
Unrecognized pension and OPEB benefit (costs)(3)	**3.1**	(4.4)	3.4
Total other comprehensive income (loss)	**(55.4)**	15.7	(18.3)
Total Comprehensive Income (Loss)	**$ 327.7**	$ (34.9)	$ 110.2

(1) Net unrealized gain (loss) on available-for-sale securities, net of $1.5 million tax expense, $0.6 million tax benefit and $0.4 million tax expense in 2019, 2018 and 2017, respectively.
(2) Net unrealized gain (loss) on derivatives qualifying as cash flow hedges, net of $21.2 million tax benefit, $7.5 million tax expense and $13.9 million tax benefit in 2019, 2018 and 2017, respectively.
(3) Unrecognized pension and OPEB benefit (costs), net of $1.6 million tax expense, $1.5 million tax benefit and $2.1 million tax expense in 2019, 2018 and 2017, respectively.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

NISOURCE INC.
CONSOLIDATED BALANCE SHEETS

(in millions)	**December 31, 2019**	December 31, 2018
ASSETS		
Property, Plant and Equipment		
Utility plant	**$ 24,502.6**	$ 22,780.8
Accumulated depreciation and amortization	**(7,609.3)**	(7,257.9)
Net utility plant	**16,893.3**	15,522.9
Other property, at cost, less accumulated depreciation	**18.9**	19.6
Net Property, Plant and Equipment	**16,912.2**	15,542.5
Investments and Other Assets		
Unconsolidated affiliates	**1.3**	2.1
Other investments	**228.9**	204.0
Total Investments and Other Assets	**230.2**	206.1
Current Assets		
Cash and cash equivalents	**139.3**	112.8
Restricted cash	**9.1**	8.3
Accounts receivable (less reserve of $19.2 and $21.1, respectively)	**856.9**	1,058.5
Gas inventory	**250.9**	286.8
Materials and supplies, at average cost	**120.2**	101.0
Electric production fuel, at average cost	**53.6**	34.7
Exchange gas receivable	**48.5**	88.4
Regulatory assets	**225.7**	235.4
Prepayments and other	**149.7**	129.5
Total Current Assets	**1,853.9**	2,055.4
Other Assets		
Regulatory assets	**2,013.9**	2,002.1
Goodwill	**1,485.9**	1,690.7
Intangible assets, net	**—**	220.7
Deferred charges and other	**163.7**	86.5
Total Other Assets	**3,663.5**	4,000.0
Total Assets	**$ 22,659.8**	$ 21,804.0

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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NISOURCE INC.
CONSOLIDATED BALANCE SHEETS

(in millions, except share amounts)	**December 31, 2019**	December 31, 2018
CAPITALIZATION AND LIABILITIES		
Capitalization		
Stockholders' Equity		
Common stock - $0.01 par value, 600,000,000 shares authorized; 382,135,680 and 372,363,656 shares outstanding, respectively	**$ 3.8**	$ 3.8
Preferred stock - $0.01 par value, 20,000,000 shares authorized; 440,000 and 420,000 shares outstanding, respectively	**880.0**	880.0
Treasury stock	**(99.9)**	(99.9)
Additional paid-in capital	**6,666.2**	6,403.5
Retained deficit	**(1,370.8)**	(1,399.3)
Accumulated other comprehensive loss	**(92.6)**	(37.2)
Total Stockholders' Equity	**5,986.7**	5,750.9
Long-term debt, excluding amounts due within one year	**7,856.2**	7,105.4
Total Capitalization	**13,842.9**	12,856.3
Current Liabilities		
Current portion of long-term debt	**13.4**	50.0
Short-term borrowings	**1,773.2**	1,977.2
Accounts payable	**666.0**	883.8
Customer deposits and credits	**256.4**	238.9
Taxes accrued	**231.6**	222.7
Interest accrued	**99.4**	90.7
Exchange gas payable	**59.7**	85.5
Regulatory liabilities	**160.2**	140.9
Legal and environmental	**20.1**	18.9
Accrued compensation and employee benefits	**156.3**	149.7
Claims accrued	**165.4**	114.7
Other accruals	**144.1**	63.8
Total Current Liabilities	**3,745.8**	4,036.8
Other Liabilities		
Risk management liabilities	**134.0**	46.7
Deferred income taxes	**1,485.3**	1,330.5
Deferred investment tax credits	**9.7**	11.2
Accrued insurance liabilities	**81.5**	84.4
Accrued liability for postretirement and postemployment benefits	**373.2**	389.1
Regulatory liabilities	**2,352.0**	2,519.1
Asset retirement obligations	**416.9**	352.0
Other noncurrent liabilities	**218.5**	177.9
Total Other Liabilities	**5,071.1**	4,910.9
Commitments and Contingencies (Refer to Note 19, "Other Commitments and Contingencies")	**—**	—
Total Capitalization and Liabilities	**$ 22,659.8**	$ 21,804.0

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

NiSource Inc.
STATEMENTS OF CONSOLIDATED CASH FLOWS

Year Ended December 31, *(in millions)*	**2019**	2018	2017
Operating Activities			
Net Income (Loss)	**$ 383.1**	$ (50.6)	$ 128.5
Adjustments to Reconcile Net Income (Loss) to Net Cash from Operating Activities:			
Loss on early extinguishment of debt	**—**	45.5	111.5
Depreciation and amortization	**717.4**	599.6	570.3
Deferred income taxes and investment tax credits	**118.2**	(188.2)	306.7
Stock compensation expense and 401(k) profit sharing contribution	**25.9**	28.6	40.1
Impairment of goodwill and other intangible assets	**414.5**	—	—
Amortization of discount/premium on debt	**8.2**	7.5	7.4
AFUDC equity	**(8.0)**	(14.2)	(12.6)
Other adjustments	**(0.9)**	1.7	6.6
Changes in Assets and Liabilities:			
Accounts receivable	**187.8**	(186.2)	(52.3)
Inventories	**(2.0)**	41.4	19.0
Accounts payable	**(299.9)**	268.4	49.0
Customer deposits and credits	**16.9**	(25.4)	(2.5)
Taxes accrued	**7.3**	20.2	10.2
Interest accrued	**8.8**	(21.7)	(33.9)
Exchange gas receivable/payable	**55.5**	(21.5)	(64.5)
Other accruals	**105.3**	43.5	31.8
Prepayments and other current assets	**(33.6)**	(14.5)	(13.3)
Regulatory assets/liabilities	**(85.6)**	(53.2)	57.5
Postretirement and postemployment benefits	**(21.1)**	58.2	(380.9)
Deferred charges and other noncurrent assets	**(76.1)**	3.8	(2.0)
Other noncurrent liabilities	**61.6**	(2.8)	(34.4)
Net Cash Flows from Operating Activities	**1,583.3**	540.1	742.2
Investing Activities			
Capital expenditures	**(1,802.4)**	(1,818.2)	(1,695.8)
Cost of removal	**(113.2)**	(104.3)	(109.0)
Purchases of available-for-sale securities	**(140.4)**	(90.0)	(168.4)
Sales of available-for-sale securities	**132.1**	82.3	163.1
Other investing activities	**1.5**	4.1	1.6
Net Cash Flows used for Investing Activities	**(1,922.4)**	(1,926.1)	(1,808.5)
Financing Activities			
Issuance of long-term debt	**750.0**	350.0	3,250.0
Repayments of long-term debt and finance lease obligations	**(51.6)**	(1,046.1)	(1,855.0)
Issuance of short-term debt (maturity > 90 days)	**600.0**	950.0	—
Repayment of short-term debt (maturity > 90 days)	**(700.0)**	—	—
Change in short-term borrowings, net (maturity ≤ 90 days)	**(104.0)**	(178.5)	(282.4)
Issuance of common stock, net of issuance costs	**244.4**	848.2	336.7
Issuance of preferred stock, net of issuance costs	**—**	880.0	—
Equity costs, premiums and other debt related costs	**(17.8)**	(46.0)	(144.3)
Acquisition of treasury stock	**—**	(4.0)	(7.2)
Dividends paid - common stock	**(298.5)**	(273.3)	(229.1)
Dividends paid - preferred stock	**(56.1)**	(11.6)	—
Net Cash Flows from Financing Activities	**366.4**	1,468.7	1,068.7
Change in cash, cash equivalents and restricted cash	**27.3**	82.7	2.4
Cash, cash equivalents and restricted cash at beginning of period	**121.1**	38.4	36.0

Cash, Cash Equivalents and Restricted Cash at End of Period	**$**	**148.4**	$	121.1	$	38.4

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

NISOURCE INC.
STATEMENTS OF CONSOLIDATED STOCKHOLDERS' EQUITY

(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, 2017	**$ 3.3**	**$ —**	**$ (88.7)**	**$ 5,153.9**	**$ (972.2)**	**$ (25.1)**	**$ 4,071.2**
Comprehensive Income:							
Net Income	—	—	—	—	128.5	—	128.5
Other comprehensive loss, net of tax	—	—	—	—	—	(18.3)	(18.3)
Common stock dividends ($0.70 per share)	—	—	—	—	(229.4)	—	(229.4)
Treasury stock acquired	—	—	(7.2)	—	—	—	(7.2)
Stock issuances:							
Employee stock purchase plan	—	—	—	5.0	—	—	5.0
Long-term incentive plan	—	—	—	14.9	—	—	14.9
401(k) and profit sharing	—	—	—	34.3	—	—	34.3
Dividend reinvestment plan	—	—	—	6.4	—	—	6.4
ATM Program	0.1	—	—	314.6	—	—	314.7
Balance as of December 31, 2017	**$ 3.4**	**$ —**	**$ (95.9)**	**$ 5,529.1**	**$ (1,073.1)**	**$ (43.4)**	**$ 4,320.1**
Comprehensive Loss:							
Net Loss	—	—	—	—	(50.6)	—	(50.6)
Other comprehensive income, net of tax	—	—	—	—	—	15.7	15.7
Dividends							
Common stock ($0.78 per share)	—	—	—	—	(273.5)	—	(273.5)
Preferred stock ($28.88 per share)	—	—	—	—	(11.6)	—	(11.6)
Treasury stock acquired	—	—	(4.0)	—	—	—	(4.0)
Cumulative effect of change in accounting principle	—	—	—	—	9.5	(9.5)	—
Stock issuances:							
Common stock - private placement	0.3	—	—	599.3	—	—	599.6
Preferred stock	—	880.0	—	—	—	—	880.0
Employee stock purchase plan	—	—	—	5.5	—	—	5.5
Long-term incentive plan	—	—	—	15.4	—	—	15.4
401(k) and profit sharing	—	—	—	21.8	—	—	21.8
ATM Program	0.1	—	—	232.4	—	—	232.5
Balance as of December 31, 2018	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,403.5**	**$ (1,399.3)**	**$ (37.2)**	**$ 5,750.9**
Comprehensive Income:							
Net Income	—	—	—	—	383.1	—	383.1
Other comprehensive loss, net of tax	—	—	—	—	—	(55.4)	(55.4)
Dividends:							
Common stock ($0.80 per share)	—	—	—	—	(298.5)	—	(298.5)
Preferred stock (See Note 12)	—	—	—	—	(56.1)	—	(56.1)
Stock issuances:							
Employee stock purchase plan	—	—	—	5.6	—	—	5.6
Long-term incentive plan	—	—	—	10.4	—	—	10.4
401(k) and profit sharing	—	—	—	17.6	—	—	17.6
ATM program	—	—	—	229.1	—	—	229.1
Balance as of December 31, 2019	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,666.2**	**$ (1,370.8)**	**$ (92.6)**	**$ 5,986.7**

[1]Series A and Series B shares have an aggregate liquidation preference of $400M and $500M, respectively. See Note 12, "Equity" for additional information.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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NISOURCE INC.
STATEMENTS OF CONSOLIDATED STOCKHOLDERS' EQUITY

	Preferred	Common		
(in thousands)	Shares	Shares	Treasury	Outstanding
Balance as of January 1, 2017	**—**	**326,664**	**(3,504)**	**323,160**
Treasury stock acquired	—	—	(293)	(293)
Issued:				
Employee stock purchase plan	—	207	—	207
Long-term incentive plan	—	351	—	351
401(k) and profit sharing plan	—	1,396	—	1,396
Dividend reinvestment plan	—	264	—	264
ATM program	—	11,931	—	11,931
Balance as of December 31, 2017	**—**	**340,813**	**(3,797)**	**337,016**
Treasury stock acquired	—	—	(166)	(166)
Issued:				
Common stock - private placement	—	24,964	—	24,964
Preferred stock	420	—	—	—
Employee stock purchase plan	—	223	—	223
Long-term incentive plan	—	561	—	561
401(k) and profit sharing plan	—	882	—	882
ATM Program	—	8,883	—	8,883
Balance as of December 31, 2018	**420**	**376,326**	**(3,963)**	**372,363**
Issued:				
Preferred stock[1]	20	—	—	—
Employee stock purchase plan	—	201	—	201
Long-term incentive plan	—	518	—	518
401(k) and profit sharing plan	—	631	—	631
ATM program	—	8,423	—	8,423
Balance as of December 31, 2019	**440**	**386,099**	**(3,963)**	**382,136**

[1]See Note 12, "Equity," for additional information.

Accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

1. Nature of Operations and Summary of Significant Accounting Policies

A. Company Structure and Principles of Consolidation. We are an energy holding company incorporated in Delaware and headquartered in Merrillville, Indiana. Our subsidiaries are fully regulated natural gas and electric utility companies serving approximately 4.0 million customers in seven states. We generate substantially all of our operating income through these rate-regulated businesses. The consolidated financial statements include the accounts of us and our majority-owned subsidiaries after the elimination of all intercompany accounts and transactions.

On February 26, 2020, NiSource and Columbia of Massachusetts entered into the Asset Purchase Agreement with Eversource, a Massachusetts voluntary association. Upon the terms and subject to the conditions set forth in the Asset Purchase Agreement, NiSource and Columbia of Massachusetts agreed to sell to Eversource, with certain additions and exceptions, (1) substantially all of the assets of Columbia of Massachusetts and (2) all of the assets held by any of Columbia of Massachusetts' affiliates that primarily relate to the business of storing, distributing or transporting natural gas to residential, commercial and industrial customers in Massachusetts, as conducted by Columbia of Massachusetts, and Eversource agreed to assume certain liabilities of Columbia of Massachusetts and its affiliates. For additional information, see Note 26, "Subsequent Event."

B. Use of Estimates. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Cash, Cash Equivalents and Restricted Cash. We consider all highly liquid investments with original maturities of three months or less to be cash equivalents. We report amounts deposited in brokerage accounts for margin requirements as restricted cash. In addition, we have amounts deposited in trust to satisfy requirements for the provision of various property, liability, workers compensation, and long-term disability insurance, which is classified as restricted cash on the Consolidated Balance Sheets and disclosed with cash and cash equivalents on the Statements of Consolidated Cash Flows.

D. Accounts Receivable and Unbilled Revenue. Accounts receivable on the Consolidated Balance Sheets includes both billed and unbilled amounts. Unbilled amounts of accounts receivable relate to a portion of a customer's consumption of gas or electricity from the last cycle billing date 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. Accounts receivable fluctuates from year to year depending in large part on weather impacts and price volatility. Our accounts receivable on the Consolidated Balance Sheets include unbilled revenue, less reserves, in the amounts of $350.5 million and $324.2 million as of December 31, 2019 and 2018, respectively. The reserve for uncollectible receivables is our best estimate of the amount of probable credit losses in the existing accounts receivable. We determined the reserve based on historical experience and in consideration of current market conditions. Account balances are charged against the allowance when it is anticipated the receivable will not be recovered. Refer to Note 3, "Revenue Recognition," for additional information on customer-related accounts receivable.

E. Investments in Debt Securities. Our investments in debt securities are carried at fair value and are designated as available-for-sale. These investments are included within "Other investments" on the Consolidated Balance Sheets. Unrealized gains and losses, net of deferred income taxes, are recorded to accumulated other comprehensive income or loss. These investments are monitored for other than temporary declines in market value. Realized gains and losses and permanent impairments are reflected in the Statements of Consolidated Income (Loss). No material impairment charges were recorded for the years ended December 31, 2019, 2018 or 2017. Refer to Note 17, "Fair Value," for additional information.

F. Basis of Accounting for Rate-Regulated Subsidiaries. Rate-regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the way in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates can be charged and collected. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income are deferred on the Consolidated Balance Sheets and are later recognized in income as the related amounts are included in customer rates and recovered from or refunded to customers.

In the event that regulation significantly changes the opportunity for us to recover our costs in the future, all or a portion of our regulated operations may no longer meet the criteria for regulatory accounting. In such an event, a write-down of all or a portion of our existing regulatory assets and liabilities could result. If transition cost recovery was approved by the appropriate regulatory bodies that would meet the requirements under GAAP for continued accounting as regulatory assets and liabilities during such recovery period, the regulatory assets and liabilities would be reported at the recoverable amounts. If unable to continue to apply the provisions of regulatory accounting, we would be required to apply the provisions of ASC 980-20, *Discontinuation of Rate-Regulated Accounting*. In management's opinion, our regulated subsidiaries will be subject to regulatory accounting for the foreseeable future. Refer to Note 8, "Regulatory Matters," for additional information.

G. Plant and Other Property and Related Depreciation and Maintenance. Property, plant and equipment (principally utility plant) is stated at cost. The rate-regulated subsidiaries record depreciation using composite rates on a straight-line basis over the remaining service lives of the electric, gas and common properties as approved by the appropriate regulators.

Non-utility property is generally depreciated on a straight-line basis over the life of the associated asset. Refer to Note 5, "Property, Plant and Equipment," for additional information related to depreciation expense.

For rate-regulated companies, AFUDC is capitalized on all classes of property except organization costs, land, autos, office equipment, tools and other general property purchases. The allowance is applied to construction costs for that period of time between the date of the expenditure and the date on which such project is placed in service. Our pre-tax rate for AFUDC was 3.0% in 2019, 3.5% in 2018 and 4.0% in 2017.

Generally, our subsidiaries follow the practice of charging maintenance and repairs, including the cost of removal of minor items of property, to expense as incurred. When our subsidiaries retire regulated property, plant and equipment, original cost plus the cost of retirement, less salvage value, is charged to accumulated depreciation. However, when it becomes probable a regulated asset will be retired substantially in advance of its original expected useful life or is abandoned, the cost of the asset and the corresponding accumulated depreciation is recognized as a separate asset. If the asset is still in operation, the net amount is classified as "Other property, at cost, less accumulated depreciation" on the Consolidated Balance Sheets. If the asset is no longer operating, the net amount is classified in "Regulatory assets" on the Consolidated Balance Sheets. If we are able to recover a full return of and on investment, the carrying value of the asset is based on historical cost. If we are not able to recover a full return on investment, a loss on impairment is recognized to the extent the net book value of the asset exceeds the present value of future revenues discounted at the incremental borrowing rate.

When our subsidiaries sell entire regulated operating units, or retire or sell nonregulated properties, the original cost and accumulated depreciation and amortization balances are removed from "Property, Plant and Equipment" on the Consolidated Balance Sheets. Any gain or loss is recorded in earnings, unless otherwise required by the applicable regulatory body. Refer to Note 5, "Property, Plant and Equipment," for further information.

External and internal costs associated with computer software developed for internal use are capitalized. Capitalization of such costs commences upon the completion of the preliminary stage of each project. Once the installed software is ready for its intended use, such capitalized costs are amortized on a straight-line basis generally over a period of five years, except for certain significant enterprise-wide technology investments which are amortized over a ten-year period.

External and internal up-front implementation costs associated with cloud computing arrangements that are service contracts are deferred on the Consolidated Balance Sheets. Once the installed software is ready for its intended use, such deferred costs are amortized on a straight-line basis to "Operation and maintenance," over the minimum term of the contract plus contractually-provided renewal periods that are reasonable expected to be exercised -- generally up to a maximum of five years.

H. Goodwill and Other Intangible Assets. Substantially all of our goodwill relates to the excess of cost over the fair value of the net assets acquired in the Columbia acquisition on November 1, 2000. We test our goodwill for impairment annually as of May 1, or more frequently if events and circumstances indicate that goodwill might be impaired. Fair value of our reporting units is determined using a combination of income and market approaches.

We had other intangible assets consisting primarily of franchise rights apart from goodwill that were identified as part of the purchase price allocations associated with the acquisition of Columbia of Massachusetts, which were being amortized on a straight-line basis over forty years from the date of acquisition.

During the fourth quarter of 2019, we impaired goodwill and intangible assets related to Columbia of Massachusetts. See Note 6, "Goodwill and Other Intangible Assets," for additional information.

I. Accounts Receivable Transfer Program. Certain of our subsidiaries have agreements with third parties to transfer certain accounts receivable without recourse. These transfers of accounts receivable are accounted for as secured borrowings. The entire gross receivables balance remains on the December 31, 2019 and 2018 Consolidated Balance Sheets and short-term debt is recorded in the amount of proceeds received from the transferees involved in the transactions. Refer to Note 18, "Transfers of Financial Assets," for further information.

J. Gas Cost and Fuel Adjustment Clause. Our regulated subsidiaries defer most differences between gas and fuel purchase costs and the recovery of such costs in revenues, and adjust future billings for such deferrals on a basis consistent with applicable state-approved tariff provisions. These deferred balances are recorded as "Regulatory assets" or "Regulatory liabilities," as appropriate, on the Consolidated Balance Sheets. Refer to Note 8, "Regulatory Matters," for additional information.

K. Inventory. Both the LIFO inventory methodology and the weighted average cost methodology are used to value natural gas in storage, as approved by regulators for all of our regulated subsidiaries. Inventory valued using LIFO was $47.2 million and $47.5 million at December 31, 2019 and 2018, respectively. Based on the average cost of gas using the LIFO method, the estimated replacement cost of gas in storage was less than the stated LIFO cost by $25.5 million and $12.2 million at December 31, 2019 and 2018, respectively. Gas inventory valued using the weighted average cost methodology was $203.7 million at December 31, 2019 and $239.3 million at December 31, 2018.

Electric production fuel is valued using the weighted average cost inventory methodology, as approved by NIPSCO's regulator.

Materials and supplies are valued using the weighted average cost inventory methodology.

L. Accounting for Exchange and Balancing Arrangements of Natural Gas. Our Gas Distribution Operations segment enters into balancing and exchange arrangements of natural gas as part of its operations and off-system sales programs. We record a receivable or payable for any of our respective cumulative gas imbalances, as well as for any gas inventory borrowed or lent under a Gas Distribution Operations exchange agreement. Exchange gas is valued based on individual regulatory jurisdiction requirements (for example, historical spot rate, spot at the beginning of the month). These receivables and payables are recorded as “Exchange gas receivable” or “Exchange gas payable” on our Consolidated Balance Sheets, as appropriate.

M. Accounting for Risk Management Activities. We account for our derivatives and hedging activities in accordance with ASC 815. We recognize all derivatives as either assets or liabilities on the Consolidated Balance Sheets at fair value, unless such contracts are exempted as a normal purchase normal sale under the provisions of the standard. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and resulting designation.

We have elected not to net fair value amounts for any of our derivative instruments or the fair value amounts recognized for the right to receive cash collateral or obligation to pay cash collateral arising from those derivative instruments recognized at fair value, which are executed with the same counterparty under a master netting arrangement. See Note 9, "Risk Management Activities," for additional information.

N. Income Taxes and Investment Tax Credits. We record income taxes to recognize full interperiod tax allocations. Under the asset and liability method, deferred income taxes are provided for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amount and the tax basis of existing assets and liabilities. Investment tax credits associated with regulated operations are deferred and amortized as a reduction to income tax expense over the estimated useful lives of the related properties.

To the extent certain deferred income taxes of the regulated companies are recoverable or payable through future rates, regulatory assets and liabilities have been established. Regulatory assets for income taxes are primarily attributable to property-related tax timing differences for which deferred taxes had not been provided in the past, when regulators did not recognize such taxes as costs in the rate-making process. Regulatory liabilities for income taxes are primarily attributable to the regulated companies’ obligation to refund to ratepayers deferred income taxes provided at rates higher than the current Federal income tax rate. Such property-related amounts are credited to ratepayers using either the average rate assumption method or the reverse South Georgia method. Non property-related amounts are credited to ratepayers consistent with state utility commission direction.

Pursuant to the Internal Revenue Code and relevant state taxing authorities, we and our subsidiaries file consolidated income tax returns for federal and certain state jurisdictions. We and our subsidiaries are parties to a tax sharing agreement. Income taxes recorded by each party represent amounts that would be owed had the party been separately subject to tax.

O. Environmental Expenditures. We accrue for costs associated with environmental remediation obligations when the incurrence of such costs is probable and the amounts can be reasonably estimated, regardless of when the expenditures are actually made. The undiscounted estimated future expenditures are based on currently enacted laws and regulations, existing technology and estimated site-specific costs where assumptions may be made about the nature and extent of site contamination, the extent of cleanup efforts, costs of alternative cleanup methods and other variables. The liability is adjusted as further information is discovered or circumstances change. The accruals for estimated environmental expenditures are recorded on the Consolidated Balance Sheets in “Legal and environmental” for short-term portions of these liabilities and “Other noncurrent liabilities” for the respective long-term portions of these liabilities. Rate-regulated subsidiaries applying regulatory accounting establish regulatory assets on the Consolidated Balance Sheets to the extent that future recovery of environmental remediation costs is probable through the regulatory process. Refer to Note 19, "Other Commitments and Contingencies," for further information.

P. Excise Taxes. As an agent for some state and local governments, we invoice and collect certain excise taxes levied by state and local governments on customers and record these amounts as liabilities payable to the applicable taxing jurisdiction. Such balances are presented within "Other accruals" on the Consolidated Balance Sheets. These types of taxes collected from customers, comprised largely of sales taxes, are presented on a net basis affecting neither revenues nor cost of sales. We account for excise taxes for which we are liable by recording a liability for the expected tax with a corresponding charge to “Other taxes” expense on the Statements of Consolidated Income (Loss).

Q. Accrued Insurance Liabilities. We accrue for insurance costs related to workers compensation, automobile, property, general and employment practices liabilities based on the most probable value of each claim. In general, claim values are determined by professional, licensed loss adjusters who consider the facts of the claim, anticipated indemnification and legal expenses, and respective state rules. Claims are reviewed by us at least quarterly and an adjustment is made to the accrual based on the most current information. Refer to Note 19-E "Other Matters" for further information on accrued insurance liabilities related to the Greater Lawrence Incident.

2. Recent Accounting Pronouncements

Recently Issued Accounting Pronouncements

We are currently evaluating the impact of certain ASUs on our Consolidated Financial Statements or Notes to Consolidated Financial Statements, 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 Consolidated Financial Statements. We expect to adopt this ASU on its effective date.
ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*	This pronouncement simplifies the accounting for income taxes by eliminating certain exceptions to the general principles in ASC 740, income taxes. It also improves consistency of application for other areas of the guidance by clarifying and amending existing guidance.	Annual periods beginning after December 15, 2020. Early adoption is permitted.	We are currently evaluating the effects of this pronouncement on our Consolidated Financial Statements and Notes to Consolidated Financial Statements. We tentatively 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)*	
ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*	In June 2016, the FASB issued ASU 2016-13 that revised the guidance on the impairment of most financial assets and certain other instruments that are not measured at fair value through net income. This ASU replaces the current "incurred loss" model with an "expected loss" model for instruments measured at amortized cost. It also requires 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.
ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326)*	We adopted this ASU effective January 1, 2020, using a modified retrospective method. Adoption of this standard did not have a material impact on our Consolidated Financial Statements. No material adjustments were made to January 1, 2020 opening balances as a result of adoption. For our investments that are classified as available for sale debt securities, we will recognize impairment using an allowance approach instead of an 'other than temporary' impairment (OTTI) model. Since we do not have amounts previously recognized in other comprehensive income related to previous OTTI charges, provisions of this ASU are adopted prospectively. In regards to our recorded balances of trade receivables that fall within the scope of this ASU, the ASU did not result in any significant modifications to our policies related to recognizing an allowance on our trade receivables. Based on shared risk characteristics, we segregate our trade receivables into separate pools. We will apply separate models to calculate reserves for uncollectible receivables, as well as consider factors other than time to determine whether a credit loss exists. ASC 326 also prescribes additional presentation and disclosure requirements. For reporting periods beginning after January 1, 2020, we will include additional disclosures in our Notes to Consolidated Financial Statements based on qualitative and quantitative assessment of materiality.

3. Revenue Recognition

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.

The table below provides results for the years ended December 31, 2019 and 2018 as if it had been prepared under historic accounting guidance. We included operating revenue information for the year ended December 31, 2017 for comparability.

Year Ended December 31, *(in millions)*	**2019**	2018	2017
Operating Revenues			
Gas Distribution	**$ 2,336.1**	$ 2,348.4	$ 2,063.2
Gas Transportation	**1,171.3**	1,055.2	1,021.5
Electric	**1,698.5**	1,707.4	1,785.5
Other	**3.0**	3.5	4.4
Total Operating Revenues	**$ 5,208.9**	$ 5,114.5	$ 4,874.6

Beginning in 2018 with the adoption of ASC 606, the Statements of Consolidated Income (Loss) 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.

Customers in certain of our jurisdictions participate in programs that allow for a fixed payment each month regardless of usage. Payments received that exceed the value of gas or electricity actually delivered are recorded as a liability and presented in "Customer Deposits and Credits" on the Consolidated Balance Sheets. Amounts in this account are reduced and revenue is recorded when customer usage begins to exceed payments received.

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 "Regulatory Liabilities" on the Consolidated Balance Sheets 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, 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 Statements of Consolidated Income (Loss):

Year Ended December 31, 2019 (in millions)	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Customer Revenues[(1)]				
Residential	$ 2,309.0	$ 481.6	$ —	$ 2,790.6
Commercial	771.3	486.6	—	1,257.9
Industrial	245.2	607.7	—	852.9
Off-system	77.7	—	—	77.7
Miscellaneous	52.0	21.5	0.8	74.3
Total Customer Revenues	$ 3,455.2	$ 1,597.4	$ 0.8	$ 5,053.4
Other Revenues	54.5	101.0	—	155.5
Total Operating Revenues	$ 3,509.7	$ 1,698.4	$ 0.8	$ 5,208.9

(1) Customer revenue amounts exclude intersegment revenues. See Note 23, "Segments of Business," for discussion of intersegment revenues.

Year Ended December 31, 2018 *(in millions)*	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Customer Revenues[(1)]				
Residential	$ 2,250.0	$ 494.7	$ —	$ 2,744.7
Commercial	751.9	492.7	—	1,244.6
Industrial	228.0	613.6	—	841.6
Off-system	92.4	—	—	92.4
Miscellaneous	49.7	17.4	0.7	67.8
Total Customer Revenues	$ 3,372.0	$ 1,618.4	$ 0.7	$ 4,991.1
Other Revenues	34.4	89.0	—	123.4
Total Operating Revenues	$ 3,406.4	$ 1,707.4	$ 0.7	$ 5,114.5

(1) Customer revenue amounts exclude intersegment revenues. See Note 23, "Segments of Business," for discussion of intersegment revenues.

Customer Accounts Receivable. Accounts receivable on our Consolidated Balance Sheets 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 years ended December 31, 2019 and 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)
Balance as of December 31, 2018	$ 540.5	$ 349.1
Balance as of December 31, 2019	466.6	346.6
Decrease	$ (73.9)	$ (2.5)

(1) Customer billed receivables decreased due to decreased natural gas costs and warmer weather in 2019 compared to 2018.

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 Statements of Consolidated Income (Loss) 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 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 of such plans and agreements would be dilutive. The calculation of diluted earnings per share for the year ended December 31, 2018 does not include any dilutive potential common shares as we had a net loss on the Statements of Consolidated Income (Loss) for that period, and any incremental shares would have had an anti-dilutive impact on EPS. The calculation of diluted earnings per share for the year ended December 31, 2017 excludes the impact of forward agreements, which had an anti-dilutive effect for that period. The computation of diluted average common shares is as follows:

Year Ended December 31, *(in thousands)*	**2019**	2018	2017
Denominator			
Basic average common shares outstanding	**374,650**	356,491	329,388
Dilutive potential common shares:			
Shares contingently issuable under employee stock plans	**929**	—	547
Shares restricted under stock plans	**154**	—	821
Forward agreements	**253**	—	—
Diluted Average Common Shares	**375,986**	356,491	330,756

5. Property, Plant and Equipment

Our property, plant and equipment on the Consolidated Balance Sheets are classified as follows:

At December 31, *(in millions)*	**2019**	2018
Property, Plant and Equipment		
Gas Distribution Utility[(1)]	**$ 14,989.7**	$ 13,776.0
Electric Utility[(1)]	**8,902.3**	8,374.2
Corporate	**153.3**	155.8
Construction Work in Process	**457.3**	474.8
Non-Utility and Other	**39.3**	38.7
Total Property, Plant and Equipment	**$ 24,541.9**	$ 22,819.5
Accumulated Depreciation and Amortization		
Gas Distribution Utility[(1)]	**$ (3,556.0)**	$ (3,373.8)
Electric Utility[(1)]	**(3,973.8)**	(3,809.5)
Corporate	**(79.5)**	(74.6)
Non-Utility and Other	**(20.4)**	(19.1)
Total Accumulated Depreciation and Amortization	**$ (7,629.7)**	$ (7,277.0)
Net Property, Plant and Equipment	**$ 16,912.2**	$ 15,542.5

[(1)]NIPSCO's common utility plant and associated accumulated depreciation and amortization are allocated between Gas Distribution Utility and Electric Utility Property, Plant and Equipment.

The weighted average depreciation provisions for utility plant, as a percentage of the original cost, for the periods ended December 31, 2019, 2018 and 2017 were as follows:

	2019	2018	2017
Electric Operations[(1)]	**2.8%**	2.9%	3.4%
Gas Distribution Operations	**2.5%**	2.2%	2.1%

[(1)]Lower depreciation rate beginning in 2018 due to reduced EERM-related depreciation expense and higher depreciable base from transmission assets being placed into service in 2018.

We recognized depreciation expense of $612.2 million, $503.4 million and $501.5 million for the years ended 2019, 2018 and 2017, respectively.

Amortization of Software Costs. We amortized $55.5 million, $54.1 million and $44.0 million in 2019, 2018 and 2017, respectively, related to software costs. Our unamortized software balance was $169.6 million and $159.5 million at December 31, 2019 and 2018, respectively.

Amortization of Cloud Computing Costs. We amortized $1.6 million and $0.1 million in 2019 and 2018, respectively, related to cloud computing costs. Our unamortized cloud computing balance was $14.2 million and $4.9 million at December 31, 2019 and 2018, respectively.

6. Goodwill and Other Intangible Assets

Intangible and Other Long-Lived Assets Impairment. Our intangible assets, apart from goodwill, consist of franchise rights. Franchise rights were identified as part of the purchase price allocations associated with the acquisition in February 1999 of Columbia of Massachusetts. We review our definite-lived intangible assets, along with other long-lived assets (utility plant), for impairment when events or changes in circumstances indicate the assets' fair value might be below their carrying amount.

During the fourth quarter of 2019, in connection with the preparation of the year-end financial statements, we assessed the changes in circumstances that occurred during the quarter to determine if it was more likely than not that the fair value of our long-lived assets (including franchise rights) were below their carrying amount. While there was no single determinative event or factor, the consideration in totality of several factors that developed during the fourth quarter of 2019 led us to conclude that it was more likely than not that the fair value of the Columbia of Massachusetts reporting unit and the value of its long-lived assets was below its carrying value. These factors included: (i) increased Massachusetts DPU regulatory enforcement activity related to Columbia of Massachusetts during the fourth quarter, including (a) an order imposing work restrictions on Columbia of Massachusetts, impacting Columbia of Massachusetts' infrastructure replacement program, (b) two orders opening public investigations into Columbia of Massachusetts related to the Greater Lawrence Incident and restoration efforts following the incident, and (c) an order defining the scope of the Massachusetts DPU's investigation into the preparation and response of Columbia of Massachusetts related to the incident; (ii) increased uncertainty as to the ability of Columbia of Massachusetts to execute its growth strategy, including utility infrastructure investments, and to obtain timely regulatory outcomes with reasonable rates of return; (iii) further damage to Columbia of Massachusetts' reputation as a result of concerns related to service lines abandoned during the restoration work following the Greater Lawrence Incident and the gas release event in Lawrence, Massachusetts on September 27, 2019; and (iv) the potential sale of the Massachusetts Business. See Note 19, "Other Commitments and Contingencies - C. Legal Proceedings" for more information regarding Massachusetts DPU regulatory enforcement activity. See Note 26, "Subsequent Event" for more information on the potential sale of the Massachusetts Business.

As a result, we performed a year-end impairment test of the held and used long-lived assets in which we compared the book value of the Columbia of Massachusetts asset group to its undiscounted future cash flow and determined the carrying value of the asset group was not recoverable. We estimated the fair value of the Columbia of Massachusetts asset group using a weighting of income and market approaches and determined that the fair value was less than the carrying value. This resulting impairment was allocated to reduce the entire franchise rights book value to its fair value of zero, which resulted in an impairment charge totaling $209.7 million recorded in the Gas Distribution Operations segment.

We also considered if any regulatory assets or ROU assets were probable of disallowance and determined no disallowances were probable. All of Columbia of Massachusetts' regulatory assets represent incurred costs probable of recovery.

As of December 31, 2019 and 2018, the carrying amount of the franchise rights was $0.0 million and $220.7 million (net of accumulated amortization of $221.5 million), respectively. We recorded amortization expense of $11.0 million in 2019, 2018 and 2017 related to our franchise rights intangible asset.

Goodwill. Substantially all of our goodwill relates to the excess of cost over the fair value of the net assets acquired in the Columbia acquisition on November 1, 2000. The following presents our goodwill balance allocated by segment as of December 31, 2019 and 2018:

(in millions)		**2019**		2018
Gas Distribution Operations	$	1,485.9	$	1,690.7
Electric Operations		—		—
Corporate and Other		—		—
Total	**$**	**1,485.9**	$	1,690.7

For our annual goodwill impairment analysis 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 19-C, "Legal Proceedings"). As a result, we completed a quantitative "step 1" analysis for the May 1, 2019 goodwill analysis for this reporting unit. This analysis considered the progress Columbia of Massachusetts had made with its restoration efforts related to the Greater Lawrence Incident, including the replacement of previously repaired equipment and the settlement agreement with the three impacted municipalities, as well as the ability for Columbia of Massachusetts to sustain its infrastructure replacement growth strategy through GSEP and timely rate cases with reasonable rates of return. Consistent with our historical impairment testing of goodwill, fair value of the Columbia of Massachusetts reporting unit was determined based on a weighting of income and market approaches. These approaches require significant judgments, including appropriate long-term growth rates and discount rates for the income approach and appropriate multiples of earnings for peer companies and control premiums for the market approach. These approaches also incorporate the latest available cash flow projections reflecting the estimated ongoing impacts of the Greater Lawrence Incident on Columbia of Massachusetts' operations. The discount rates were derived using peer company data compiled with the assistance of a third party valuation services firm. The discount rates used are subject to change based on changes in tax rates at both the state and federal level, debt and equity ratios at each reporting unit and general economic conditions. The long-term growth rate was derived by evaluating historic growth rates, new business and investment opportunities beyond the near term horizon. The long-term growth rate is subject to change depending on inflationary impacts to the U.S. economy and the individual business environments in which each reporting unit operates. The step 1 analysis performed indicated that the fair value of the Columbia of Massachusetts reporting unit exceeds its carrying value. As a result, no impairment charge was recorded as of the May 1, 2019 test date.

Although our annual impairment test is performed during the second quarter, we continue to monitor changes in circumstances that may indicate that it is more likely than not that the fair value of our reporting units is less than the reporting unit carrying value. During the fourth quarter of 2019, in connection with the preparation of the year-end financial statements, we assessed the matters related to Columbia of Massachusetts. These factors were the same fourth quarter circumstances outlined in the intangible and other long-lived assets impairment above.

As a result, a new impairment analysis was required for our Columbia of Massachusetts reporting unit. Consistent with the May 1, 2019 test, fair value of this reporting unit was determined based on a weighting of income and market approaches. The income approach calculated discounted cash flows using updated cash flow projections, discount rates and return on equity assumptions. The market approach applied a combination of comparable company multiples and comparable transactions and used updated cash flow projections. While certain assumptions, such as market multiples, remained unchanged in the year-end test, our cash flow projections, return on equity and rate case assumptions were all unfavorably updated at year-end compared to the May 1, 2019 test. The effects of these unfavorable developments were greater than the favorable change in weighted average cost of capital between the two tests. The year-end impairment analysis indicated that the fair value of the Columbia of Massachusetts reporting unit was below its carrying value. As a result, we reduced the Columbia of Massachusetts reporting unit goodwill balance to zero and recognized a goodwill impairment charge totaling $204.8 million, which is non-deductible for tax purposes.

7. Asset Retirement Obligations

We have recognized asset retirement obligations associated with various legal obligations including costs to remove and dispose of certain construction materials located within many of our facilities, certain costs to retire pipeline, removal costs for certain underground storage tanks, removal of certain pipelines known to contain PCB contamination, closure costs for certain sites including ash ponds, solid waste management units and a landfill, as well as some other nominal asset retirement obligations. We also have a significant obligation associated with the decommissioning of our two hydro facilities located in Indiana. These hydro facilities have an indeterminate life, and as such, no asset retirement obligation has been recorded.

Changes in our liability for asset retirement obligations for the years 2019 and 2018 are presented in the table below:

(in millions)	**2019**		2018	
Beginning Balance	**$ 352.0**		$ 268.7	
Accretion recorded as a regulatory asset/liability	**15.7**		11.1	
Additions	**—**		63.3	(2)
Settlements	**(5.4)**		(5.9)	
Change in estimated cash flows	**54.6**	(1)	14.8	(2)
Ending Balance	**$ 416.9**		$ 352.0	

(1)The change in estimated cash flows for 2019 is primarily attributed to changes in estimated costs and settlement timing for electric generating stations and the changes in estimated costs for retirement of gas mains.
(2)In 2018, $59.8 million of additions and $17.7 million of the change in estimated cash flows are attributed to costs associated with refining the CCR compliance plan. See Note 19-D, "Environmental Matters," for additional information on CCRs.

Certain non-legal costs of removal that have been, and continue to be, included in depreciation rates and collected in the customer rates of the rate-regulated subsidiaries are classified as "Regulatory liabilities" on the Consolidated Balance Sheets.

8. Regulatory Matters

Regulatory Assets and Liabilities

We follow the accounting and reporting requirements of ASC Topic 980, which provides that regulated entities account for and report assets and liabilities consistent with the economic effect of regulatory rate-making procedures if the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates can be charged and collected from customers. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income or expense are deferred on the balance sheet and are recognized in the income statement as the related amounts are included in customer rates and recovered from or refunded to customers.

Regulatory assets were comprised of the following items:

At December 31, *(in millions)*	**2019**	2018
Regulatory Assets		
Unrecognized pension and other postretirement benefit costs (see Note 11)	**$ 739.1**	$ 798.3
Deferred pension and other postretirement benefit costs (see Note 11)	**91.3**	74.1
Environmental costs (see Note 19-D)	**73.4**	61.5
Regulatory effects of accounting for income taxes (see Note 1-N and Note 10)	**234.0**	233.1
Under-recovered gas and fuel costs (see Note 1-J)	**3.9**	34.7
Depreciation	**210.7**	209.6
Post-in-service carrying charges	**219.8**	206.6
Safety activity costs	**118.6**	91.7
DSM programs	**50.1**	45.5
Bailly Generating Station	**221.8**	244.3
Other	**276.9**	238.1
Total Regulatory Assets	**$ 2,239.6**	$ 2,237.5

Regulatory liabilities were comprised of the following items:

At December 31, *(in millions)*	**2019**	2018
Regulatory Liabilities		
Over-recovered gas and fuel costs (see Note 1-J)	**$ 42.6**	$ 32.0
Cost of removal (see Note 7)	**1,047.5**	1,076.0
Regulatory effects of accounting for income taxes (see Note 1-N and Note 10)	**1,307.0**	1,428.3
Deferred pension and other postretirement benefit costs (see Note 11)	**64.7**	62.7
Other	**50.4**	61.0
Total Regulatory Liabilities	**$ 2,512.2**	$ 2,660.0

Regulatory assets, including under-recovered gas and fuel cost, of approximately $1,524.3 million as of December 31, 2019 are not earning a return on investment. These costs are recovered over a remaining life of up to 41 years. Regulatory assets of approximately $1,932.4 million include expenses that are recovered as components of the cost of service and are covered by regulatory orders. Regulatory assets of approximately $307.2 million at December 31, 2019, require specific rate action.

Assets:

Unrecognized pension and other postretirement benefit costs. In 2007, we adopted certain updates of ASC 715 which required, among other things, the recognition in other comprehensive income or loss of the actuarial gains or losses and the prior service costs or credits that arise during the period but that are not immediately recognized as components of net periodic benefit costs. Certain subsidiaries defer these gains or losses as a regulatory asset in accordance with regulatory orders or as a result of regulatory precedent, to be recovered through base rates.

Deferred pension and other postretirement benefit costs. Primarily relates to the difference between postretirement expense recorded by certain subsidiaries due to regulatory orders and the postretirement expense recorded in accordance with GAAP. These costs are expected to be collected through future base rates, revenue riders or tracking mechanisms.

Environmental costs. Includes certain recoverable costs of investigating, testing, remediating and other costs related to gas plant sites, disposal sites or other sites onto which material may have migrated. Certain of our companies defer the costs as a regulatory asset in accordance with regulatory orders, to be recovered in future base rates, billing riders or tracking mechanisms.

Regulatory effects of accounting for income taxes. Represents the deferral and under collection of deferred taxes in the rate making process. In prior years, we have lowered customer rates in certain jurisdictions for the benefits of accelerated tax deductions. Amounts are expensed for financial reporting purposes as we recover deferred taxes in the rate making process.

Under-recovered gas and fuel costs. Represents the difference between the costs of gas and fuel and the recovery of such costs in revenue and is used to adjust future billings for such deferrals on a basis consistent with applicable state-approved tariff provisions. Recovery of these costs is achieved through tracking mechanisms.

Depreciation. Represents differences between depreciation expense incurred on a GAAP basis and that prescribed through regulatory order. Significant components of this balance include:

- **Columbia of Ohio depreciation rates**. Prior to 2005, the PUCO-approved depreciation rates for rate-making had been lower than those which would have been utilized if Columbia of Ohio were not subject to regulation resulting in the creation of a regulatory asset. In 2005, the PUCO authorized Columbia of Ohio to revise its depreciation accrual rates for the period beginning January 1, 2005. The revised depreciation rates are higher than those which would have been utilized if Columbia of Ohio were not subject to regulation allowing for amortization of the previously created regulatory asset. The amount of depreciation that would have been recorded from 2005 through 2019 had Columbia of Ohio not been subject to rate regulation is a cumulative $923.5 million, $103.8 million less than that reflected in rates. The resulting regulatory asset balance was $27.9 million and $39.5 million as of December 31, 2019 and 2018, respectively.

- **Columbia of Ohio IRP and CEP.** Columbia of Ohio also has PUCO approval to defer depreciation and debt-based post-in-service carrying charges (see "*Post-in-service carrying charges*" below) associated with its IRP and CEP. As of December 31, 2019, depreciation of $31.9 million and $77.2 million was deferred for the respective programs. Depreciation deferral balances for the respective programs as of December 31, 2018 were $29.1 million and $76.0 million. Recovery of the depreciation is approved annually through the IRP and CEP riders. The equivalent of annual depreciation expense, based on the average life of the related assets, is included in the calculation of the IRP and CEP riders approved by the PUCO and billed to customers. Deferred depreciation expense is recognized as the IRP and CEP riders are billed to customers.

- **NIPSCO ECRM.** NIPSCO obtained approval from the IURC to recover certain environmental related costs including operation and maintenance and depreciation expense once the environmental facilities become operational. The ECRM deferred charges represent expenses that will be recovered from customers through an annual ECRM Cost Tracker (ECT) which authorizes the collection of deferred balances over a six month period. Depreciation of $15.2 million and $14.4 million was deferred to a regulatory asset as of December 31, 2019 and 2018, respectively. This regulatory asset was included in electric base rates, which was approved by the IURC on December 4, 2019.

- **NIPSCO TDSIC.** NIPSCO obtained approval from the IURC to recover costs for certain system modernization projects outside of a base rate proceeding. Eighty percent of the related costs, including depreciation, property taxes, and debt and equity based carrying charges (see *"Post-in-service carrying charges"* below) are recovered through a semi-annual recovery mechanism. Recovery of these costs will continue through the TDSIC tracker until such assets are included in rate base through a gas or electric base rate case, respectively. The remaining twenty percent of the costs are deferred until the next base rate case. As of December 31, 2019 and 2018, depreciation of $22.0 million and $16.5 million, respectively, was deferred as a regulatory asset.

Post-in-service carrying charges. Represents deferred debt-based carrying charges incurred on certain assets placed into service but not yet included in customer rates. This balance includes:

- **Columbia of Ohio IRP and CEP.** See description of IRP and CEP programs above under the heading "*Depreciation*." As of December 31, 2019 and 2018, Columbia of Ohio had deferred PISCC of $206.4 million and $197.1 million, respectively.
- **NIPSCO TDSIC.** See description of TDSIC program above under the heading "*Depreciation*." Deferral of equity-based carrying charges for the TDSIC program is allowed; however, such amounts are not reflected in regulatory asset balances for financial reporting as equity-based returns do not meet the definition of incurred costs under ASC 980. As of December 31, 2019 and 2018, NIPSCO had deferred PISCC of $13.4 million and $9.5 million, respectively.

Safety activity costs. Represents the difference between costs incurred in eligible safety programs in excess of those being recovered in rates. The eligible cost deferrals represent necessary business expenses incurred in compliance with PHMSA regulations and are targeted to enhance the safety of the pipeline systems. Certain subsidiaries defer the excess costs as a regulatory asset in accordance with regulatory orders and recovery of these costs will be addressed in future base rate proceedings.

DSM programs. Represents costs associated with Gas Distribution Operations and Electric Operations segments' energy efficiency and conservation programs. Costs are recovered through tracking mechanisms.

Bailly Generating Station. Represents the net book value of Units 7 and 8 of Bailly Generating Station that was retired during 2018. These amounts are currently being amortized at a rate consistent with their inclusion in customer rates.

Liabilities:

Over-recovered gas and fuel costs. Represents the difference between the cost of gas and fuel and the recovery of such costs in revenues and is the basis to adjust future billings for such refunds on a basis consistent with applicable state-approved tariff provisions. Refunding of these revenues is achieved through tracking mechanisms.

Cost of removal. Represents anticipated costs of removal that have been, and continue to be, included in depreciation rates and collected in customer rates of the rate-regulated subsidiaries for future costs to be incurred.

Regulatory effects of accounting for income taxes. Represents amounts owed to customers for deferred taxes collected at a higher rate than the current statutory rates and liabilities associated with accelerated tax deductions owed to customers that are established during the rate making process. Balance includes excess deferred taxes recorded upon implementation of the TCJA in December 2017, net of amounts amortized through 2019.

Deferred pension and other postretirement benefit costs. Primarily represents cash contributions in excess of postretirement benefit expense that is deferred as a regulatory liability by certain subsidiaries in accordance with regulatory orders.

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.

Columbia of Ohio, IRP - On December 3, 2008, the PUCO issued an order which established Columbia of Ohio’s IRP. Pursuant to that order, the IRP provides for recovery of costs resulting from: (1) the maintenance, repair and replacement of customer-owned service lines that have been determined by Columbia of Ohio to present an existing or probable hazard to persons and property;

(2) Columbia of Ohio's replacement of cast iron, wrought iron, unprotected coated steel and bare steel pipe and associated company and customer-owned metallic service lines; (3) the replacement of customer-owned natural gas risers identified by the PUCO as prone to failure; and (4) the installation of AMR devices on all residential and commercial meters served by Columbia of Ohio. Recoverable costs include a return on investment, depreciation and property taxes, offset by specified cost savings. Columbia of Ohio's five-year IRP plan renewal was last approved on January 31, 2018 for the years 2018-2022.

Columbia of Ohio, CEP - On October 3, 2011, Columbia of Ohio filed an application for approval to establish the CEP that would provide for the deferral of PISCC on those assets placed into service, but not reflected in rates as plant in service, and the deferral of depreciation expense and property taxes directly attributable to the CEP assets for the period October 1, 2011 through December 31, 2012. Capital expenditures covered under this program included those placed into service that were not part of Columbia of Ohio's IRP. CEP was approved by the PUCO on August 29, 2012. Under this program, the PUCO's approval provided for the deferral of related PISCC, depreciation and property taxes up to the point where the deferred amount, if included in rates, would exceed $1.50 per month impact on the Small General Service class of customers, subject to the PUCO's determination of the prudence and reasonableness of investments covered under this program in a future regulatory proceeding. Subsequently, on October 3, 2013, the PUCO modified and approved Columbia of Ohio's application to continue its CEP deferrals in 2013 and succeeding years, subject to the determination of the prudence, reasonableness and magnitude of the deferrals and capital expenditures in a future cost recovery proceeding. On December 1, 2017, Columbia of Ohio filed an application in which it requested authority to implement a rider to begin recovering plant and associated deferrals related to its CEP. On October 25, 2018, a joint stipulation and recommendation was filed 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 Tax Cut Jobs Act and for a base rate case filing to be made by Columbia of Ohio no later than June 30, 2021. On November 28, 2018 the PUCO issued an order unanimously approving the settlement, without modification.

NIPSCO Gas and Electric, TDSIC - On April 30, 2013, the Indiana Governor signed Senate Enrolled Act 560, known as the TDSIC statute, into law. Among other provisions, the TDSIC statute 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, known as the TDSIC mechanism. Recoverable costs include a return on the investment, including AFUDC, PISCC, depreciation and property taxes. The remaining twenty percent of recoverable costs are deferred for future recovery in NIPSCO's next general rate case. This rate adjustment mechanism is typically filed semi-annually and has a cap at an annual increase of two percent of total retail revenues. During the 2019 Legislative session, the Indiana General Assembly amended the TDSIC statute in House Enrolled Act 1470 that was signed into law by the Governor on April 24, 2019. The revisions that became effective on July 1, 2019 permit flexibility in TDSIC Plans between five and seven years in length, permits the IURC to authorize multi-unit projects that do not include specific locations or an exact number of inspections, repairs, or replacements and projects involving advanced technology investments to support the modernization of transmission, distribution, or storage systems. The amendments also authorize termination of TDSIC Plans prior to their expiration and provide that the projects associated with the terminated plan will continue to receive TDSIC treatment until an Order is issued in the utility's next general rate case, and provide for the ability to seek approval of a new TDSIC Plan. The amended statute also provides that the two percent revenue cap applies to the aggregate of approved TDSIC Plans and requires that the utility file a base rate case at some point during the term of each TDSIC plan. On December 31, 2019, NIPSCO Gas filed a new 6-year TDSIC for the periods 2020 through 2025.

NIPSCO Electric, ECRM - NIPSCO has approval from the IURC to recover certain environmental related costs through an ECT (environmental cost tracker). Under the ECT, NIPSCO is permitted to recover (1) AFUDC and a return on the capital investment expended by NIPSCO to implement environmental compliance plan projects and (2) related operation and maintenance and depreciation expenses once the environmental facilities become operational. All deferred costs associated with ECRM were included in electric rate base and approved by the IURC on December 4, 2019.

NIPSCO Gas and Electric, FMCA - The FMCA statute provides for cost recovery outside of a base rate proceeding for projected federally mandated costs. Once the plan is approved by the IURC, eighty percent of eligible costs can be recovered using a periodic rate adjustment mechanism, known as the FMCA mechanism. Recoverable costs include a return on the investment, including AFUDC, PISCC, mandated operation and maintenance expenses, depreciation and property taxes. The remaining twenty percent of recoverable costs are deferred for future recovery in NIPSCO's next general rate case. Actual costs that exceed the projected federally mandated costs of the approved compliance project by more than twenty-five percent shall require specific justification by NIPSCO and specific approval by the IURC before being authorized in the next general rate case.

Columbia of Massachusetts, GSEP - 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”). Adopted into the Massachusetts Utility Provisions, G.L. c. 164, § 145, the Act authorizes natural gas distribution companies to file a GSEP for capital investments made on or after January 1, 2015, that are not included in the company’s current rate base as determined in the most recent base rate case, with the Massachusetts DPU to (1) address the replacement or improvement of existing aging natural gas pipeline infrastructure to improve public safety or infrastructure reliability, and (2) reduce the lost and unaccounted for natural gas through a reduction in natural gas system leaks. In addition, the Act provides that the Massachusetts DPU may, after review of the plan, allow the proposed estimated costs of the plan into rates as of May 1 of the subsequent year. Recoverable costs include a return on investment, depreciation and property taxes, offset by identified operations and maintenance cost savings. Beginning with the 2019 GSEP, rates are subject to a capped annual revenue increase of three percent of total annual firm delivery revenues, plus imputed gas revenues for sales and transportation customers, calculated as the product of (1) the historical average cost of gas per therm, and (2) the average weather normalized sales, for the period beginning with 2013 and ending with the most recent year that actual data is available at the time of the October GSEP Plan filing, per the Massachusetts DPU order in Columbia of Massachusetts' 2019 GSEP. Prior to the 2019 GSEP, the annual revenue increase was capped at one and a half percent. At the end of each 12-month period, in May of the subsequent year, Columbia of Massachusetts must file a reconciliation of the amount collected and actual costs. Any over-collection or under-collection balance is passed back to, or recovered from, customers through the surcharge over a 12-month period beginning in November. On October 31, 2019, the Massachusetts DPU issued an order on Columbia of Massachusetts' GSEP reconciliation proceeding finding that, due to pending investigations of the Greater Lawrence Incident and other operational matters, the Massachusetts DPU could not, at this time, make a finding of prudence with respect to the Columbia of Massachusetts' 2018 GSEP investments and deferred the decision on the prudency of the 2018 GSEP investments in the annual GSEP and GSEP reconciliation filings until the investigations by the DPU are complete. The DPU added that its inability to make a finding of prudence did not constitute a finding of imprudence. Once new base rates are established under a base rate proceeding, the GSEP factor is re-set to remove the capital investment and associated revenue reflected in the base rates. Columbia of Massachusetts' current five year GSEP plan for the periods 2019-2023 was approved April 30, 2019.

Columbia of Pennsylvania, DSIC - On February 14, 2012, the Governor of Pennsylvania signed into law Act 11 of 2012, which provided a DSIC mechanism for certain utilities to recover costs related to repair, replacement or improvement of eligible distribution property that has not previously been reflected in rates or rate base. Through a DSIC, a utility may recover the fixed costs of eligible infrastructure incurred during the three months ended one month prior to the effective date of the charge, thereby reducing the historical regulatory lag associated with cost recovery through the traditional rate-making process. On March 14, 2013, the Pennsylvania PUC approved Columbia of Pennsylvania’s petition to implement a DSIC as of April 1, 2013. Accordingly, Columbia of Pennsylvania is authorized to recover the cost of eligible plant associated with repair, replacement or improvement that was not previously reflected in rate base and has been placed in service during the applicable three-month period. After the initial charge is established, the DSIC is updated quarterly to recover the cost of further plant additions and cannot exceed five percent of distribution revenues. Recoverable costs include a return on investment, exclusive of accumulated deferred income taxes from the calculation of rate base, and depreciation. Once new base rates are established under a base rate proceeding, the DSIC is set to zero. Additionally, the DSIC rate is also reset to zero if, in any quarter, the data reflected in the Columbia of Pennsylvania's most recent quarterly financial earnings report show that the utility will earn an overall rate of return that would exceed the allowable rate of return used to calculate its fixed costs under the DSIC mechanism. A utility is exempt from filing a quarterly financial earnings report when a base rate proceeding is pending before the Pennsylvania PUC.

Columbia of Virginia, SAVE - On March 11, 2010, the Virginia Governor signed legislation into law that allows natural gas utilities to implement programs to replace qualifying infrastructure on an expedited basis and provides for timely cost recovery. Known as the SAVE Act, the law allows natural gas utilities to file programs with the VSCC providing a timeline and estimated costs for replacing eligible infrastructure. Eligible infrastructure replacement projects are those that (1) enhance safety or reliability by reducing system integrity risks associated with customer outages, corrosion, equipment failures, material failures, or natural forces; (2) do not increase revenues by directly connecting the infrastructure replacement to new customers; (3) reduce or have the potential to reduce greenhouse gas emissions; (4) are not included in the natural gas utility’s rate base in its most recent rate case; and (5) are commenced on or after January 1, 2010. The SAVE Act provides for recovery of costs associated with the eligible infrastructure through a rate rider. Recoverable costs include a return on investment, depreciation and property taxes. Columbia of Virginia’s current five year SAVE plan was approved by the VSCC in 2016 and amended in 2017 for the years 2016 through 2020 and amended in 2019 for calendar year 2020.

Columbia of Kentucky, SMRP (formerly AMRP) - On October 26, 2009, the Kentucky PSC approved a mechanism for recovering the costs of Columbia of Kentucky's AMRP not previously reflected in rate base through an annual fixed monthly rate rider filed in October. In its 2013 rate case, Columbia of Kentucky was allowed to base the AMRP rider on the expected annual cost of service. Recoverable costs include a return on investment, depreciation and property taxes, offset by specific cost savings. At the end of each 12-month period, Columbia of Kentucky must file a reconciliation of the amount collected and actual costs. Any over-collection or under-collection balance is passed back to, or recovered from, customers through the surcharge over a 12-month period beginning in June of the subsequent year. Once new base rates are established under a base rate proceeding, the AMRP rider is set to zero. On July 29, 2019, CKY filed its SMRP to clarify approval of low pressure project spend and expand its AMRP to include for recovery of system safety investments, including low pressure project spend. On November 7, 2019, the Commission approved Columbia of Kentucky's request to amend and expand its annual AMRP to become the SMRP.

Columbia of Maryland, STRIDE - On May 2, 2013, the Governor of Maryland signed Senate Bill 8 into law, authorizing gas companies to accelerate recovery of eligible infrastructure replacement, effective June 1, 2013. The STRIDE statute provides recovery for gas pipeline upgrades outside of the context of a base rate proceeding through an annual surcharge, IRIS, as approved by the Maryland PSC. The STRIDE statute directs gas utilities to file a plan to invest in eligible infrastructure replacement projects and to list the specific projects and elements in any such STRIDE plan with the Maryland PSC. The calendar year projected capital projects to be placed into plant in service and included in Columbia of Maryland's surcharge recovery request must satisfy a number of criteria per the statute, including a requirement that they be designed to improve public safety or infrastructure reliability. Columbia of Maryland's five-year STRIDE Plan renewal for years 2019 through 2023, as with the preceding five years, is focused on replacing (1) existing cast iron and bare steel mains, (2) associated services and meters, and (3) identified prone-to-failure vintage plastic piping. Columbia of Maryland's IRIS mechanism recovers a return on investment, depreciation and property taxes of the STRIDE-eligible capital infrastructure statutorily capped at $2 per month for residential customers, and proportionally capped for commercial and industrial customer classes, and is reconciled to actual costs on an annual basis. Any over-collection or under-collection balance is passed back to, or recovered from, customers through the surcharge effective in May of the subsequent year, subject to the cap. STRIDE investments, and recovery thereof, are subject to prudency review by the Maryland PSC in the context of quarterly STRIDE update filings and in subsequent rate proceedings where STRIDE assets are rolled into rate base for recovery in base rates.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (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	$ 74.5	$ 659.9	1/11-12/17	December 1, 2017	Approved November 28, 2018	December 2018
Columbia of Ohio	CEP - 2019	$ 15.0	$ 121.7	1/18-12/18	February 28, 2019	Approved August 28, 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	Approved October 16, 2019	November 2019
NIPSCO - Gas	TDSIC 11[4]	$ (1.7)	$ 38.7	5/19-12/19	February 25, 2020	Order Expected June 2020	July 2020
NIPSCO - Gas	FMCA 1[5]	$ 9.9	$ 1.5	11/17-9/18	November 30, 2018	Approved March 27, 2019	April 2019
NIPSCO - Gas	FMCA 2[5]	$ (3.5)	$ 1.8	10/18-3/19	May 29, 2019	Approved September 25, 2019	October 2019
NIPSCO - Gas	FMCA 3[5]	$ 0.3	$ 43.0	4/19-9/19	November 26, 2019	Order Expected March 2020	April 2020
Columbia of Massachusetts	GSEP - 2019[6]	$ 9.6	$ 36.0	1/19-12/19	October 31, 2018	Approved April 30, 2019	May 2019
Columbia of Massachusetts	GSEP - 2020[6][7]	$ 2.4	$ 75.0	1/20-12/20	October 31, 2019	Order Expected April 2020	May 2020
Columbia of Virginia	SAVE - 2019	$ 2.4	$ 36.0	1/19-12/19	August 17, 2018	Approved October 26, 2018	January 2019
Columbia of Virginia	SAVE - 2020	$ 3.8	$ 50.0	1/20-12/20	August 15, 2019	Approved December 6, 2019	January 2020
Columbia of Kentucky	AMRP - 2019	$ 3.6	$ 30.1	1/19-12/19	October 15, 2018	Approved December 5, 2018	January 2019
Columbia of Kentucky	SMRP - 2020	$ 4.2	$ 40.4	1/20-12/20	October 15, 2019	Approved December 20, 2019	January 2020
Columbia of Maryland	STRIDE - 2019	$ 1.2	$ 19.7	1/19-12/19	November 1, 2018	Approved December 12, 2018	January 2019
Columbia of Maryland	STRIDE - 2020	$ 1.3	$ 15.0	1/20-12/20	January 29, 2020	Approved February 19, 2020	February 2020
NIPSCO - Electric	TDSIC - 5[1]	$ 15.9	$ 58.8	6/18-11/18	January 29, 2019	Approved June 12, 2019	June 2019
NIPSCO - Electric	TDSIC - 6	$ 28.1	$ 131.1	12/18-6/19	August 21, 2019	Approved December 18, 2019	January 2020
NIPSCO - Electric	FMCA - 11[5]	$ 0.9	$ 22.4	9/18-2/19	April 17, 2019	Approved July 29, 2019	August 2019
NIPSCO - Electric	FMCA - 12[5]	$ 1.6	$ 4.7	3/19-8/19	October 18, 2019	Approved January 29, 2020	February 2020

(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 rates.
(4)Incremental revenue is net of amounts included in the step 2 rates and reflects a more typical filing period.
(5)Incremental revenue is inclusive of tracker eligible operations and maintenance expense.
(6)Due to an order from the Massachusetts DPU on October 3, 2019 imposing work restrictions on Columbia of Massachusetts, Columbia of Massachusetts did not meet the approved projected 2019 GSEP spend of $64 million and associated incremental revenue of $10.7 million. In the 2020 GSEP, Columbia of Massachusetts reduced the projected capital spend for calendar year 2019 to $36 million and the associated incremental revenue in 2019 GSEP to $9.6 million.
(7)Incremental capital investment is anticipated to be lower than $75 million in 2020 due to the Massachusetts DPU imposed work restrictions.

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 Incremental Revenue	Filed	Status	Rates Effective
NIPSCO - Gas[1]	$ 138.1	$ 105.6	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	$ (53.5)	October 31, 2018	Approved December 4, 2019	January 2020
Columbia of Maryland	$ 2.5	$ (0.1)	May 22, 2019	Approved December 18, 2019	December 2019

[1]Rates were 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 were effective on January 1, 2020. The step 3 increase was approved based on actual information and revised from $107.3 million to $105.6 million. 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 was received on December 4, 2019, which included the resolution of outstanding TCJA impacts to rates. Incremental revenues decreased due to a reduction in fuel costs associated with the new industrial service structure. Rates will be implemented in two steps, with implementation of step 1 rates effective January 2, 2020 and step 2 rates effective March 2, 2020.

Additional Regulatory Matters

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. On December 4, 2019, the IURC issued an order in the electric rate case approving the implementation of a new industrial service structure. This resolved the issues included in BP's original petition.

The December 4, 2019 electric rate case order approved the revenue requirement settlement filed in the case, with the exception of a change in the agreed to return on equity; the approved return on equity is 9.75%. The order included approval of the depreciation rates as requested, as well as authorization to create a regulatory asset upon the retirement of R.M. Schahfer Generating Units 14, 15, 17 and 18 and Michigan City Generating Station Unit 12. The order allows for the recovery of and on the net book value of the units by the end of 2032.

9. Risk Management Activities

We are exposed to certain risks relating to 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 interest rate exposure and limit volatility in the price of natural gas.

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

December 31, *(in millions)*	**2019**	2018
Risk Management Assets - Current(1)		
Interest rate risk programs	**$ —**	$ —
Commodity price risk programs	**0.6**	1.1
Total	**$ 0.6**	$ 1.1
Risk Management Assets - Noncurrent(2)		
Interest rate risk programs	**$ —**	$ 18.5
Commodity price risk programs	**3.8**	4.4
Total	**$ 3.8**	$ 22.9
Risk Management Liabilities - Current(3)		
Interest rate risk programs	**$ —**	$ —
Commodity price risk programs	**12.6**	5.0
Total	**$ 12.6**	$ 5.0
Risk Management Liabilities - Noncurrent		
Interest rate risk programs	**$ 76.2**	$ 9.5
Commodity price risk programs	**57.8**	37.2
Total	**$ 134.0**	$ 46.7

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

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 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 December 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 the end of 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 Statements of Consolidated Income (Loss).

The passage of the TCJA and Greater Lawrence Incident led to significant changes to our long-term financing plan. As a result, during 2018, we settled forward-starting interest rate swaps with a notional value of $750.0 million. These derivative contracts were accounted for as cash flow hedges. As part of the transactions, the associated net unrealized gain of $46.2 million was recognized immediately in "Other, net" on the Statements of Consolidated Income (Loss) due to the probability associated with the forecasted borrowing transactions no longer occurring.

There were no amounts excluded from effectiveness testing for derivatives in cash flow hedging relationships at December 31, 2019, 2018 and 2017.

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

10. Income Taxes

Income Tax Expense

The components of income tax expense (benefit) were as follows:

Year Ended December 31, *(in millions)*	**2019**	2018	2017
Income Taxes			
Current			
Federal	$ —	$ —	$ —
State	**5.2**	8.2	7.8
Total Current	**5.2**	8.2	7.8
Deferred			
Federal	**110.7**	(209.4)	302.7
State	**9.0**	22.2	5.0
Total Deferred	**119.7**	(187.2)	307.7
Deferred Investment Credits	**(1.4)**	(1.0)	(1.0)
Income Taxes	**$ 123.5**	$ (180.0)	$ 314.5

Statutory Rate Reconciliation

The following table represents a reconciliation of income tax expense at the statutory federal income tax rate to the actual income tax expense from continuing operations:

Year Ended December 31, *(in millions)*	**2019**		2018		2017	
Book income (loss) before income taxes	**$ 506.6**		$ (230.6)		$ 443.0	
Tax expense (benefit) at statutory federal income tax rate	**106.5**	**21.0 %**	(48.4)	21.0 %	155.0	35.0 %
Increases (reductions) in taxes resulting from:						
State income taxes, net of federal income tax benefit	**10.1**	**2.0**	24.7	(10.7)	6.9	1.5
Amortization of regulatory liabilities	**(29.4)**	**(5.8)**	(29.3)	12.7	(2.4)	(0.5)
Goodwill impairment	**43.0**	**8.5**	—	—	—	—
Fines and penalties	**11.5**	**2.3**	0.2	(0.1)	2.8	0.6
Charitable contribution carryover	**(2.5)**	**(0.5)**	—	—	(1.2)	(0.3)
State regulatory proceedings	**(9.5)**	**(1.9)**	(127.8)	55.4	—	—
Remeasurement due to TCJA	**—**	**—**	—	—	161.1	36.4
Employee stock ownership plan dividends and other compensation	**(2.0)**	**(0.4)**	(2.2)	1.0	(6.5)	(1.5)
Other adjustments	**(4.2)**	**(0.8)**	2.8	(1.2)	(1.2)	(0.2)
Income Taxes	**$ 123.5**	**24.4 %**	$ (180.0)	78.1 %	$ 314.5	71.0 %

The effective income tax rates were 24.4%, 78.1% and 71.0% in 2019, 2018 and 2017, respectively. The 53.7% decrease in effective tax rate in 2019 versus 2018 was primarily the result of not having significant income tax decreases resulting from state regulatory proceedings as in 2018. Additionally, there was an increase in the effective tax rate related to the non-cash impairment of goodwill in 2019 related to Columbia of Massachusetts (see Note 6, "Goodwill and Other Intangible Assets" for additional information) and non-deductible fines and penalties related to the Greater Lawrence Incident (see Note 19, "Legal Proceedings" for additional information). The rate is also impacted by the relative impact of permanent differences on higher pre-tax income.

The 7.1% increase in the overall effective tax rate in 2018 versus 2017 was primarily the result of state regulatory proceedings which resulted in a $127.8 million decrease in federal income taxes offset by a related increase in state income taxes of $7.1 million. Additionally, the increase was driven by a $26.9 million decrease in income taxes related to amortization of the regulatory liability primarily associated with excess deferred taxes.

Net Deferred Income Tax Liability Components

Deferred income taxes result from temporary differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. The principal components of our net deferred tax liability were as follows:

At December 31, *(in millions)*		**2019**		2018
Deferred tax liabilities				
Accelerated depreciation and other property differences	**$**	**2,516.9**	$	2,458.0
Other regulatory assets		**381.5**		375.4
Total Deferred Tax Liabilities		**2,898.4**		2,833.4
Deferred tax assets				
Other regulatory liabilities and deferred investment tax credits (including TCJA)		**336.1**		365.5
Pension and other postretirement/postemployment benefits		**152.1**		157.5
Net operating loss carryforward and AMT credit carryforward		**765.9**		849.8
Environmental liabilities		**25.4**		24.4
Other accrued liabilities		**35.3**		37.5
Other, net		**98.3**		68.2
Total Deferred Tax Assets		**1,413.1**		1,502.9
Net Deferred Tax Liabilities	**$**	**1,485.3**	$	1,330.5

At December 31, 2019, we had $657.1 million of federal net operating loss carryforwards. The federal net operating loss carryforwards are available to offset taxable income and will begin to expire in 2028. We also have $1.6 million of federal alternative minimum tax credit carryforwards which do not expire. In addition, we have $1.4 million in charitable contribution carryforwards to offset future taxable income, which begin to expire in 2023. We also have $107.2 million (net) of state net operating loss carryforwards. Depending on the jurisdiction in which the state net operating loss was generated, the carryforwards will begin to expire in 2028. We believe it is more likely than not that we will realize the benefit from the state net operating loss carryforwards.

Unrecognized Tax Benefits

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

Reconciliation of Unrecognized Tax Benefits *(in millions)*		**2019**		2018		2017
Unrecognized Tax Benefits - Opening Balance	**$**	**1.2**	$	1.4	$	2.6
Gross decreases - tax positions in prior period		**(0.6)**		(0.4)		(1.4)
Gross increases - current period tax positions		**22.6**		0.2		0.2
Unrecognized Tax Benefits - Ending Balance	**$**	**23.2**	$	1.2	$	1.4
Offset for net operating loss carryforwards		**(22.6)**		—		—
Balance - Less Net Operating Loss Carryforwards	**$**	**0.6**	$	1.2	$	1.4

In 2019, we resolved prior unrecognized tax benefits of $0.6 million and established new unrecognized tax benefits related to state matters of $22.6 million. We present accrued interest on unrecognized tax benefits, accrued interest on other income tax liabilities and tax penalties in "Income Taxes" on our Statements of Consolidated Income (Loss). Interest expense recorded on unrecognized tax benefits and other income tax liabilities was immaterial for all periods presented. There were no accruals for penalties recorded in the Statements of Consolidated Income (Loss) for the years ended December 31, 2019, 2018 and 2017, and there were no balances for accrued penalties recorded on the Consolidated Balance Sheets as of December 31, 2019 and 2018.

We are subject to income taxation in the United States and various state jurisdictions, primarily Indiana, Pennsylvania, Kentucky, Massachusetts, Maryland and Virginia.

We participate in the IRS CAP which provides the opportunity to resolve tax matters with the IRS before filing each year's consolidated federal income tax return. As of December 31, 2019, tax years through 2018 have been audited and are effectively closed to further assessment. The audit of tax year 2019 under the CAP program is expected to be completed in 2020.

The statute of limitations in each of the state jurisdictions in which we operate remains open until the years are settled for federal income tax purposes, at which time amended state income tax returns reflecting all federal income tax adjustments are filed. As of December 31, 2019, there were no state income tax audits in progress that would have a material impact on the consolidated financial statements.

In December 22, 2017, the TCJA was signed into law. As a result of the implementation of the TCJA, we remeasured deferred taxes and recognized $161.1 million of income tax expense in our Consolidated Statements of Income (Loss) for the year ended December 31, 2017. The result of this remeasurement was a reduction in the net deferred tax liability of approximately $1.3 billion, including approximately $0.4 billion of regulatory "gross up" to account for over collection of past taxes from customers. Offsetting the reduction in net deferred tax liabilities was an increase in regulatory liabilities of approximately $1.5 billion as of December 31, 2017. In 2018, we received regulatory orders on the treatment of excess deferred taxes from the jurisdictions in which we operate. As a result of these orders, we reduced our regulatory liability related to excess deferred income taxes by $120.7 million (net of tax). This adjustment is reflected in "Income Taxes" on our Consolidated Statements of Income (Loss) for the year ended December 31, 2018.

As of December 31, 2019, we received approval from regulators to return excess deferred taxes in all of our jurisdictions in accordance with regulatory proceedings.

On December 22, 2017, the SEC issued Staff Accounting Bulletin 118 ("SAB 118"), which provides guidance on accounting for tax effects of the TCJA. SAB 118 provides a measurement period that should not extend beyond one year from the TCJA enactment date for companies to complete the accounting under ASC 740. There were no adjustments recorded in the SAB 118 remeasurement period in 2018.

11. 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. Current rates of rate-regulated companies include postretirement benefit costs, including amortization of the regulatory assets that arose prior to inclusion of these costs in rates. For most plans, cash contributions are remitted to grantor trusts.

Our Pension and Other Postretirement Benefit Plans' Asset Management. We employ a liability-driven investing strategy for the pension plan, as noted below. A mix of equities and fixed income investments are used to maximize the long-term return of plan assets and hedge the liabilities at a prudent level of risk. We utilize a total return investment approach for the other postretirement benefit plans. Risk tolerance is established through careful consideration of plan liabilities, plan funded status, and asset class volatility. The investment portfolio contains a diversified blend of equity and fixed income investments. Furthermore, equity investments are diversified across U.S. and non-U.S. stocks, as well as growth, value, small and large capitalizations. Other assets such as private equity funds are used judiciously to enhance long-term returns while improving portfolio diversification. Derivatives may be used to gain market exposure in an efficient and timely manner; however, derivatives may not be used to leverage the portfolio beyond the market value of the underlying assets. Investment risk is measured and monitored on an ongoing basis through quarterly investment portfolio reviews, annual liability measurements, and periodic asset/liability studies.

We utilize a building block approach with proper consideration of diversification and rebalancing in determining the long-term rate of return for plan assets. Historical markets are studied and long-term historical relationships between equities and fixed income are analyzed to ensure that they are consistent with the widely accepted capital market principle that assets with higher volatility generate greater return over the long run. Current market factors, such as inflation and interest rates, are evaluated before long-term capital market assumptions are determined. Peer data and historical returns are reviewed to check for reasonability and appropriateness.

The most important component of an investment strategy is the portfolio asset mix, or the allocation between the various classes of securities available to the pension and other postretirement benefit plans for investment purposes. The asset mix and acceptable minimum and maximum ranges established for our plan assets represents a long-term view and are listed in the table below.

In 2012, a dynamic asset allocation policy for the pension fund was approved. This policy calls for a gradual reduction in the allocation of return-seeking assets (equities, real estate and private equity) and a corresponding increase in the allocation of liability-hedging assets (fixed income) as the funded status of the plans increase above 90% (as measured by the market value of qualified pension plan assets divided by the projected benefit obligations of the qualified pension plans). A new asset-liability study was completed in 2018 resulting in a more conservative glide path and an increase in the allocation to liability-hedging assets held in the portfolio.

As of December 31, 2019, the asset mix and acceptable minimum and maximum ranges established by the policy for the pension and other postretirement benefit plans are as follows:

Asset Mix Policy of Funds:

	Defined Benefit Pension Plan		Postretirement Benefit Plan	
Asset Category	Minimum	Maximum	Minimum	Maximum
Domestic Equities	12%	32%	0%	55%
International Equities	6%	16%	0%	25%
Fixed Income	59%	71%	20%	100%
Real Estate	0%	7%	0%	0%
Short-Term Investments/Other	0%	15%	0%	10%

As of December 31, 2018, the asset mix and acceptable minimum and maximum ranges established by the policy for the pension and other postretirement benefit plans were as follows:

Asset Mix Policy of Funds:

	Defined Benefit Pension Plan		Postretirement Benefit Plan	
Asset Category	Minimum	Maximum	Minimum	Maximum
Domestic Equities	12%	32%	0%	55%
International Equities	6%	16%	0%	25%
Fixed Income	59%	71%	20%	100%
Real Estate	0%	7%	0%	0%
Short-Term Investments/Other	0%	15%	0%	10%

Pension Plan and Postretirement Plan Asset Mix at December 31, 2019 and December 31, 2018:

	Defined Benefit Pension Assets	December 31, 2019	Postretirement Benefit Plan Assets	December 31, 2019
Asset Class *(in millions)*	Asset Value	% of Total Assets	Asset Value	% of Total Assets
Domestic Equities	$ 446.4	21.5%	$ 93.8	35.9%
International Equities	205.0	9.9%	40.7	15.6%
Fixed Income	1,337.2	64.2%	119.5	45.7%
Real Estate	53.9	2.6%	—	—
Cash/Other	38.4	1.8%	7.4	2.8%
Total	$ 2,080.9	100.0%	$ 261.4	100.0%

	Defined Benefit Pension Assets	December 31, 2018	Postretirement Benefit Plan Assets	December 31, 2018
Asset Class *(in millions)*	Asset Value	% of Total Assets	Asset Value	% of Total Assets
Domestic Equities	$ 355.5	19.0%	$ 78.8	36.4%
International Equities	165.5	8.9%	17.5	8.1%
Fixed Income	1,241.9	66.5%	115.1	53.2%
Real Estate	52.7	2.8%	—	—
Cash/Other	52.1	2.8%	4.9	2.3%
Total	$ 1,867.7	100.0%	$ 216.3	100.0%

The categorization of investments into the asset classes in the table above are based on definitions established by our Benefits Committee.

Fair Value Measurements. The following table sets forth, by level within the fair value hierarchy, the Master Trust and other postretirement benefits investment assets at fair value as of December 31, 2019 and 2018. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Total Master Trust and other postretirement benefits investment assets at fair value classified within Level 3 were $0 million and $86.1 million as of December 31, 2019 and December 31, 2018, respectively. Such amounts were approximately 0% and 4% of the Master Trust and other postretirement benefits' total investments as reported on the statement of net assets available for benefits at fair value as of December 31, 2019 and 2018, respectively.

Valuation Techniques Used to Determine Fair Value:

Level 1 Measurements

Most common and preferred stocks are traded in active markets on national and international securities exchanges and are valued at closing prices on the last business day of each period presented. Cash is stated at cost which approximates fair value, with the exception of cash held in foreign currencies which fluctuates with changes in the exchange rates. Short-term bills and notes are priced based on quoted market values.

Level 2 Measurements

Most U.S. Government Agency obligations, mortgage/asset-backed securities, and corporate fixed income securities are generally valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. To the extent that quoted prices are not available, fair value is determined based on a valuation model that includes inputs such as interest rate yield curves and credit spreads. Securities traded in markets that are not considered active are valued based on quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Other fixed income includes futures and options which are priced on bid valuation or settlement pricing.

Level 3 Measurements

Investments with unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities are classified as level 3 investments.

Not Classified

Commingled funds, private equity limited partnerships and real estate partnerships hold underlying investments that have prices derived from quoted prices in active markets and are not classified within the fair value hierarchy. Instead, these assets are measured at estimated fair value using the net asset value per share of the investments. Commingled funds' underlying assets are principally marketable equity and fixed income securities. Units held in commingled funds are valued at the unit value as reported by the investment managers. Private equity and real estate funds invest in natural resources, commercial real estate and distressed real estate. The fair value of these investments is determined by reference to the funds’ underlying assets.

For the year ended December 31, 2019, there were no significant changes to valuation techniques to determine the fair value of our pension and other postretirement benefits' assets.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Fair Value Measurements at December 31, 2019:

(in millions)	December 31, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension plan assets:				
Cash	$ 6.7	$ 6.7	$ —	$ —
Fixed income securities				
Government	319.6	—	319.6	—
Corporate	651.8	—	651.8	—
Mutual Funds				
U.S. multi-strategy	140.5	140.5	—	—
International equities	56.9	56.9	—	—
Private equity limited partnerships(3)				
U.S. multi-strategy(1)	14.0	—	—	—
International multi-strategy(2)	8.5	—	—	—
Distressed opportunities	0.5	—	—	—
Real estate	53.9	—	—	—
Commingled funds(3)				
Short-term money markets	14.8	—	—	—
U.S. equities	305.9	—	—	—
International equities	148.1	—	—	—
Fixed income	351.8	—	—	—
Pension plan assets subtotal	2,073.0	204.1	971.4	—
Other postretirement benefit plan assets:				
Mutual funds				
U.S. multi-strategy	81.7	81.7	—	—
International equities	20.6	20.6	—	—
Fixed income	119.2	119.2	—	—
Commingled funds(3)				
Short-term money markets	7.7	—	—	—
U.S. equities	12.1	—	—	—
International equities	20.1	—	—	—
Other postretirement benefit plan assets subtotal	261.4	221.5	—	—
Due to brokers, net(4)	(2.8)	—	(2.8)	—
Accrued income/dividends	10.7	10.7	—	—
Total pension and other postretirement benefit plan assets	$ 2,342.3	$ 436.3	$ 968.6	$ —

(1) This class includes limited partnerships/fund of funds that invest in a diverse portfolio of private equity strategies, including buy-outs, venture capital, growth capital, special situations and secondary markets, primarily inside the United States.
(2) This class includes limited partnerships/fund of funds that invest in diverse portfolio of private equity strategies, including buy-outs, venture capital, growth capital, special situations and secondary markets, primarily outside the United States.
(3) This class of investments is measured at fair value using the net asset value per share and has not been classified in the fair value hierarchy.
(4) This class represents pending trades with brokers.

The table below sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended December 31, 2019:

	Balance at January 1, 2019	Transfers out (Level 3)[1]	Balance at December 31, 2019
Private equity limited partnerships			
U.S. multi-strategy	18.5	(18.5)	—
International multi-strategy	12.5	(12.5)	—
Distressed opportunities	2.4	(2.4)	—
Real estate	52.7	(52.7)	—
Total	$ 86.1	$ (86.1)	$ —

[1] Level 3 assets from the prior year were reclassified in the current year presentation and included within the fair value hierarchy table as of December 31, 2019 as "Not Classified" investments for which fair value is measured using net asset value per share, consistent with the definitions described above.

The table below sets forth a summary of unfunded commitments, redemption frequency and redemption notice periods for certain investments that are measured at fair value using the net asset value per share for the year ended December 31, 2019:

(in millions)	Fair Value	Redemption Frequency	Redemption Notice Period
Commingled Funds			
Short-term money markets	$ 22.5	Daily	1 day
U.S. equities	318.0	Monthly	1 day
International equities	168.2	Monthly	10-30 days
Fixed income	351.8	Daily	3 days
Total	$ 860.5		

Fair Value Measurements at December 31, 2018:

(in millions)	December 31, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension plan assets:				
Cash	$ 9.2	$ 8.8	$ 0.4	$ —
Equity securities				
U.S. equities	0.2	0.2	—	—
Fixed income securities				
Government	250.2	—	250.2	—
Corporate	442.8	—	442.8	—
Mutual Funds				
U.S. multi-strategy	110.3	110.3	—	—
International equities	43.2	43.2	—	—
Fixed income	166.8	166.8	—	—
Private equity limited partnerships				
U.S. multi-strategy[(1)]	18.5	—	—	18.5
International multi-strategy[(2)]	12.5	—	—	12.5
Distressed opportunities	2.4	—	—	2.4
Real Estate	52.7	—	—	52.7
Commingled funds[(3)]				
Short-term money markets	18.3	—	—	—
U.S. equities	245.2	—	—	—
International equities	122.3	—	—	—
Fixed income	365.7	—	—	—
Pension plan assets subtotal	1,860.3	329.3	693.4	86.1
Other postretirement benefit plan assets:				
Mutual funds				
U.S. equities	68.4	68.4	—	—
International equities	17.5	17.5	—	—
Fixed income	114.8	114.8	—	—
Commingled funds[(3)]				
Short-term money markets	5.2	—	—	—
U.S. equities	10.4	—	—	—
Other postretirement benefit plan assets subtotal	216.3	200.7	—	—
Due to brokers, net[(4)]	(1.1)	—	(1.1)	—
Accrued investment income/dividends	8.6	8.6	—	—
Total pension and other postretirement benefit plan assets	$ 2,084.1	$ 538.6	$ 692.3	$ 86.1

(1) This class includes limited partnerships/fund of funds that invest in a diverse portfolio of private equity strategies, including buy-outs, venture capital, growth capital, special situations and secondary markets, primarily inside the United States.
(2) This class includes limited partnerships/fund of funds that invest in a diverse portfolio of private equity strategies, including buy-outs, venture capital, growth capital, special situations and secondary markets, primarily outside the United States.
(3) This class of investments is measured at fair value using the net asset value per share and has not been classified in the fair value hierarchy.
(4) This class represents pending trades with brokers.

The table below sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended December 31, 2018:

	Balance at January 1, 2018	Total gains or losses (unrealized / realized)	Purchases	(Sales)	Balance at December 31, 2018
Private equity limited partnerships					
U.S. multi-strategy	26.7	2.4	0.7	(11.3)	18.5
International multi-strategy	19.1	(0.6)	—	(6.0)	12.5
Distress opportunities	3.2	(0.8)	—	—	2.4
Real estate	49.9	1.7	1.8	(0.7)	52.7
Total	$ 98.9	$ 2.7	$ 2.5	$ (18.0)	$ 86.1

The table below sets forth a summary of unfunded commitments, redemption frequency and redemption notice periods for certain investments that are measured at fair value using the net asset value per share for the year ended December 31, 2018:

(in millions)	Fair Value	Redemption Frequency	Redemption Notice Period
Commingled Funds			
Short-term money markets	$ 23.5	Daily	1 day
U.S. equities	255.6	Monthly	3 days
International equities	122.3	Monthly	10-30 days
Fixed income	365.7	Monthly	3 days
Total	$ 767.1		

Our Pension and Other Postretirement Benefit Plans' Funded Status and Related Disclosure. The following table provides a reconciliation of the plans' funded status and amounts reflected in our Consolidated Balance Sheets at December 31 based on a December 31 measurement date:

	Pension Benefits		Other Postretirement Benefits	
(in millions)	**2019**	2018	**2019**	2018
Change in projected benefit obligation[(1)]				
Benefit obligation at beginning of year	**$ 1,981.3**	$ 2,192.6	**$ 492.5**	$ 556.3
Service cost	**29.2**	31.3	**5.1**	5.0
Interest cost	**72.3**	67.1	**19.2**	17.6
Plan participants' contributions	**—**	—	**4.8**	5.7
Plan amendments	**—**	0.2	**5.1**	0.1
Actuarial (gain) loss	**204.3**	(103.9)	**88.8**	(51.7)
Settlement loss	**—**	0.8	**—**	—
Benefits paid	**(156.6)**	(206.8)	**(39.5)**	(41.1)
Estimated benefits paid by incurred subsidy	**—**	—	**0.5**	0.6
Projected benefit obligation at end of year	**$ 2,130.5**	$ 1,981.3	**$ 576.5**	$ 492.5
Change in plan assets				
Fair value of plan assets at beginning of year	**$ 1,867.7**	$ 2,160.0	**$ 216.3**	$ 262.5
Actual (loss) return on plan assets	**366.8**	(88.4)	**56.9**	(31.8)
Employer contributions	**2.9**	2.9	**23.0**	21.0
Plan participants' contributions	**—**	—	**4.7**	5.7
Benefits paid	**(156.5)**	(206.8)	**(39.5)**	(41.1)
Fair value of plan assets at end of year	**$ 2,080.9**	$ 1,867.7	**$ 261.4**	$ 216.3
Funded Status at end of year	**$ (49.6)**	$ (113.6)	**$ (315.1)**	$ (276.2)
Amounts recognized in the statement of financial position consist of:				
Noncurrent assets	**8.2**	—	**—**	—
Current liabilities	**(3.0)**	(3.0)	**(0.8)**	(0.8)
Noncurrent liabilities	**(54.8)**	(110.6)	**(314.3)**	(275.4)
Net amount recognized at end of year[(2)]	**$ (49.6)**	$ (113.6)	**$ (315.1)**	$ (276.2)
Amounts recognized in accumulated other comprehensive income or regulatory asset/liability[(3)]				
Unrecognized prior service credit	**$ 3.0**	$ 3.2	**$ (10.7)**	$ (19.0)
Unrecognized actuarial loss	**652.8**	761.2	**118.4**	75.3
Net amount recognized at end of year	**$ 655.8**	$ 764.4	**$ 107.7**	$ 56.3

(1) The change in benefit obligation for Pension Benefits represents the change in Projected Benefit Obligation while the change in benefit obligation for Other Postretirement Benefits represents the change in accumulated postretirement benefit obligation.
(2) We recognize our Consolidated Balance Sheets underfunded and overfunded status of our various defined benefit postretirement plans, measured as the difference between the fair value of the plan assets and the benefit obligation.
(3) We determined that for certain rate-regulated subsidiaries the future recovery of pension and other postretirement benefits costs is probable. These rate-regulated subsidiaries recorded regulatory assets and liabilities of $739.1 million and $0.1 million, respectively, as of December 31, 2019, and $798.3 million and $0.1 million, respectively, as of December 31, 2018 that would otherwise have been recorded to accumulated other comprehensive loss.

Our accumulated benefit obligation for our pension plans was $2,111.5 million and $1,965.6 million as of December 31, 2019 and 2018, respectively. The accumulated benefit obligation as of a date is the actuarial present value of benefits attributed by the pension benefit formula to employee service rendered prior to that date and based on current and past compensation levels. The accumulated benefit obligation differs from the projected benefit obligation disclosed in the table above in that it includes no assumptions about future compensation levels.

We are required to reflect the funded status of the pension and postretirement benefit plans on the Consolidated Balance Sheet. The funded status of the plans is measured as the difference between the plan assets' fair value and the projected benefit obligation. We present the noncurrent aggregate of all underfunded plans within "Accrued liability for postretirement and postemployment benefits." The portion of the amount by which the actuarial present value of benefits included in the projected benefit obligation exceeds the fair value of plan assets, payable in the next 12 months, is reflected in "Accrued compensation and other benefits." We present the aggregate of all overfunded plans within "Deferred charges and other."

Information for pension plans with a projected benefit obligation in excess of plan assets:

	December 31,	
	2019	2018
Accumulated Benefit Obligation	**$ 1,473.9**	$ 1,965.6
Funded Status		
Projected Benefit Obligation	**1,492.9**	1,981.3
Fair Value of Plan Assets	**1,435.1**	1,867.7
Funded Status of Underfunded Pension Plans at End of Year	**$ (57.8)**	$ (113.6)

Information for pension plans with plan assets in excess of the projected benefit obligation:

	December 31,	
	2019	2018
Accumulated Benefit Obligation	**$ 637.6**	$ —
Funded Status		
Projected Benefit Obligation	**637.6**	—
Fair Value of Plan Assets	**645.8**	—
Funded Status of Overfunded Pension Plans at End of Year	**$ 8.2**	$ —

Our pension plans were underfunded, in aggregate, by $49.6 million at December 31, 2019 compared to being underfunded by $113.6 million at December 31, 2018. The improvement in the funded status was due primarily to favorable asset returns offset by a decrease in discount rates. We contributed $2.9 million to our pension plans in both 2019 and 2018.

Our other postretirement benefit plans were underfunded by $315.1 million at December 31, 2019 compared to being underfunded by $276.2 million at December 31, 2018. The decline in funded status was primarily due to a decrease in discount rates offset by favorable asset returns. We contributed $23.0 million and $21.0 million to our other postretirement benefit plans in 2019 and 2018, respectively.

No amounts of our pension or other postretirement benefit plans’ assets are expected to be returned to us or any of our subsidiaries in 2019.

In 2019 and 2018, some of our qualified pension plans paid lump sum payouts in excess of the respective plan's service cost plus interest cost, thereby meeting the requirement for settlement accounting. We recorded settlement charges of $9.5 million and $18.5 million in 2019 and 2018, respectively. Net periodic pension benefit cost for 2019 was decreased by $0.7 million as a result of the interim remeasurement.

The following table provides the key assumptions that were used to calculate the pension and other postretirement benefits obligations for our various plans as of December 31:

	Pension Benefits		Other Postretirement Benefits	
	2019	2018	**2019**	2018
Weighted-average assumptions to Determine Benefit Obligation				
Discount Rate	**3.12%**	4.26%	**3.21%**	4.31%
Rate of Compensation Increases	**4.00%**	4.00%	**—**	—
Health Care Trend Rates				
Trend for Next Year	**—**	—	**6.68%**	8.48%
Ultimate Trend	**—**	—	**4.50%**	4.50%
Year Ultimate Trend Reached	**—**	—	**2028**	2026

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

(in millions)	1% point increase	1% point decrease
Effect on service and interest components of net periodic cost	$ 1.2	$ (1.1)
Effect on accumulated postretirement benefit obligation	30.1	(26.3)

We expect to make contributions of approximately $3.0 million to our pension plans and approximately $24.0 million to our postretirement medical and life plans in 2020.

The following table provides benefits expected to be paid in each of the next five fiscal years, and in the aggregate for the five fiscal years thereafter. The expected benefits are estimated based on the same assumptions used to measure our benefit obligation at the end of the year and include benefits attributable to the estimated future service of employees:

(in millions)	Pension Benefits	Other Postretirement Benefits	Federal Subsidy Receipts
Year(s)			
2020	$ 178.8	$ 38.1	$ 0.5
2021	177.8	38.6	0.4
2022	175.8	38.4	0.4
2023	168.5	38.1	0.4
2024	164.4	37.9	0.4
2025-2029	723.7	181.0	1.5

The following table provides the components of the plans' actuarially determined net periodic benefits cost for each of the three years ended December 31, 2019, 2018 and 2017:

	Pension Benefits			Other Postretirement Benefits		
(in millions)	**2019**	2018	2017	**2019**	2018	2017
Components of Net Periodic Benefit Cost[(1)]						
Service cost	**$ 29.2**	$ 31.3	$ 30.0	**$ 5.1**	$ 5.0	$ 4.8
Interest cost	**72.3**	67.1	68.3	**19.2**	17.6	17.8
Expected return on assets	**(108.8)**	(142.3)	(123.1)	**(13.1)**	(14.9)	(15.9)
Amortization of prior service cost (credit)	**0.2**	(0.4)	(0.7)	**(3.2)**	(4.0)	(4.4)
Recognized actuarial loss	**45.2**	40.6	52.9	**2.0**	3.8	3.0
Settlement loss	**9.5**	18.5	13.7	**—**	—	—
Total Net Periodic Benefits Cost	**$ 47.6**	$ 14.8	$ 41.1	**$ 10.0**	$ 7.5	$ 5.3

(1)Service cost is presented in "Operation and maintenance" on the Statements of Consolidated Income (Loss). Non-service cost components are presented within "Other, net."

The following table provides the key assumptions that were used to calculate the net periodic benefits cost for our various plans:

	Pension Benefits			Other Postretirement Benefits		
	2019	2018	2017	**2019**	2018	2017
Weighted-average Assumptions to Determine Net Periodic Benefit Cost						
Discount rate - service cost[(1)]	**4.48%**	3.79%	4.40%	**4.59%**	3.89%	4.58%
Discount rate - interest cost[(1)]	**3.84%**	3.15%	3.31%	**3.94%**	3.27%	3.48%
Expected Long-Term Rate of Return on Plan Assets	**6.10%**	7.00%	7.25%	**5.83%**	5.80%	6.99%
Rate of Compensation Increases	**4.00%**	4.00%	4.00%	**—**	—	—

(1) In January 2017, we changed the method used to estimate the service and interest components of net periodic benefit cost for pension and other postretirement benefits. This change, compared to the previous method, resulted in a decrease in the actuarially-determined service and interest cost components. Historically, we estimated service and interest cost utilizing a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation at the beginning of the period. For fiscal 2017 and beyond, we now utilize a full yield curve approach to estimate these components by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows.

We believe it is appropriate to assume a 6.10% and 5.83% rate of return on pension and other postretirement plan assets, respectively, for our calculation of 2019 pension benefits cost. These rates are primarily based on asset mix and historical rates of return and were adjusted in the current year due to anticipated changes in asset allocation and projected market returns.

The following table provides other changes in plan assets and projected benefit obligations recognized in other comprehensive income or regulatory asset or liability:

	Pension Benefits		Other Postretirement Benefits	
(in millions)	**2019**	2018	**2019**	2018
Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Other Comprehensive Income or Regulatory Asset or Liability				
Net prior service cost	**$ —**	$ 0.2	**$ 5.1**	$ 0.1
Net actuarial loss (gain)	**(53.8)**	127.5	**45.1**	(5.0)
Settlements	**(9.5)**	(18.5)	**—**	—
Less: amortization of prior service cost	**(0.2)**	0.4	**3.2**	4.0
Less: amortization of net actuarial loss	**(45.2)**	(40.6)	**(2.0)**	(3.8)
Total Recognized in Other Comprehensive Income or Regulatory Asset or Liability	**$ (108.7)**	$ 69.0	**$ 51.4**	$ (4.7)
Amount Recognized in Net Periodic Benefits Cost and Other Comprehensive Income or Regulatory Asset or Liability	**$ (61.1)**	$ 83.8	**$ 61.4**	$ 2.8

Based on a December 31 measurement date, the estimated net unrecognized actuarial loss, unrecognized prior service cost, and unrecognized transition obligation that will be amortized into net periodic benefit cost during 2020 for the pension plans are $34.7 million, $0.8 million and zero, respectively, and for other postretirement benefit plans are $4.9 million, $(1.8) million and zero, respectively.

12. Equity

We raise equity financing through a variety of programs including traditional common equity issuances and preferred stock issuances. As of December 31, 2019, we had 600,000,000 shares of common stock and 20,000,000 shares of preferred stock authorized for issuance, of which 382,135,680 shares of common stock and 440,000 shares of preferred stock are currently outstanding.

Holders of shares of our common stock are entitled to receive dividends when, as and if declared by the Board out of funds legally available. The policy of the Board has been to declare cash dividends on a quarterly basis payable on or about the 20th day of February, May, August and November. We have paid quarterly common dividends totaling $0.80, $0.78, and $0.70 per share for the years ended December 31, 2019, 2018 and 2017, respectively. Our Board declared a quarterly common dividend of $0.21 per share, payable on February 20, 2020 to holders of record on February 11, 2020. We have certain debt covenants which could potentially limit the amount of dividends the Company could pay in order to maintain compliance with these covenants. Refer to Note 14, "Long-Term Debt," for more information. As of December 31, 2019, these covenants did not restrict the amount of dividends that were available to be paid.

Dividends paid to preferred shareholders vary based on the series of preferred stock owned. Additional information is provided below. Holders of our shares of common stock are subject to the prior dividend rights of holders of our preferred stock or the depositary shares representing such preferred stock outstanding, and if full dividends have not been declared and paid on all outstanding shares of preferred stock in any dividend period, no dividend may be declared or paid or set aside for payment on our common stock.

Common and preferred stock activity for 2019, 2018 and 2017 is described further below:

ATM Program and Forward Sale Agreements. On May 3, 2017, we entered into four separate equity distribution agreements, pursuant to which we were able to sell up to an aggregate of $500.0 million of our common stock.

On November 13, 2017, under the ATM program, we executed a forward agreement, which allowed us to issue a fixed number of shares at a price to be settled in the future. On November 6, 2018, the forward agreement was settled for $26.43 per share, resulting in $167.7 million of net proceeds. The equity distribution agreements entered into on May 3, 2017 expired December 31, 2018.

On November 1, 2018, we entered into five separate equity distribution agreements pursuant to which we were able to sell up to an aggregate of $500.0 million of our common stock. Four of these agreements were then amended on August 1, 2019 and one was terminated, pursuant to which we may sell, from time to time, up to an aggregate of $434.4 million of our common stock.

On December 6, 2018, under the ATM program, we executed a forward agreement, which allowed 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. On November 21, 2019, the forward agreement was settled for $26.01 per share, resulting in $122.5 million of net proceeds.

On August 12, 2019, under the ATM program, we executed a separate forward agreement, which allowed us to issue a fixed number of shares at a price to be settled in the future. From August 12, 2019 to September 13, 2019, 3,714,400 shares were borrowed from third parties and sold by the dealer at a weighted average price of $29.26 per share. On December 11, 2019, the forward agreement was settled for $28.83 per share, resulting in $107.1 million of net proceeds.

As of December 31, 2019, the ATM program had approximately $200.7 million of equity available for issuance. The program expires on December 31, 2020.

The following table summarizes our activity under the ATM program:

Year Ending December 31,		**2019**		2018		2017
Number of shares issued		**8,422,498**		8,883,014		11,931,376
Average price per share	**$**	**27.75**	$	26.85	$	26.58
Proceeds, net of fees (*in millions*)	**$**	**229.1**	$	232.5	$	314.7

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.

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 sale expenses. The Series A Preferred Stock was issued in a private placement pursuant to SEC Rule 144A. On December 13, 2018, we filed a registration statement with the SEC 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).

As of December 31, 2019 and 2018, Series A Preferred Stock had $1.0 million of cumulative preferred dividends in arrears, or $2.51 per share.

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.

On December 5, 2018, we completed the sale of 20,000,000 depositary shares with an aggregate liquidation preference of $500,000,000 under the Company's registration statement on Form S-3. Each depositary share represents 1/1,000th ownership interest in a share of our 6.500% Series B Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25,000 per share (equivalent to $25 per depositary share) (the "Series B Preferred Stock"). The transaction resulted in $500.0 million of gross proceeds or $486.1 million of net proceeds, after deducting commissions and sale expenses.

Dividends on the Series B Preferred Stock accrue and are cumulative from the date the shares of Series B Preferred Stock were originally issued to, but not including, March 15, 2024 at a rate of 6.500% per annum of the $25,000 liquidation preference per share. On and after March 15, 2024, dividends on the Series B Preferred Stock will accumulate for each five year period at a percentage of the $25,000 liquidation preference equal to the five-year U.S. Treasury Rate plus (i) in respect of each five year period commencing on or after March 15, 2024 but before March 15, 2044, a spread of 3.632% (the "Initial Margin"), and (ii) in respect of each five year period commencing on or after March 15, 2044, the Initial Margin plus 1.000%. The Series B Preferred Stock may be redeemed by us at our option on March 15, 2024, 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 B Preferred Stock).

As of December 31, 2019 and 2018, Series B Preferred Stock had $1.4 million and $2.4 million, respectively, of cumulative preferred dividends in arrears, or $72.23 and $121.88 per share, respectively.

In addition, we issued 20,000 shares of "Series B-1 Preferred Stock", par value $0.01 per share, ("Series B-1 Preferred Stock"), as a distribution with respect to the Series B Preferred Stock. As a result, each of the depositary shares issued on December 5, 2018 now represents a 1/1,000th ownership interest in a share of Series B Preferred Stock and a 1/1,000th ownership interest in a share of Series B-1 Preferred Stock. We issued the Series B-1 Preferred Stock to enhance the voting rights of the Series B Preferred Stock to comply with the minimum voting rights policy of the New York Stock Exchange. 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 a like number of shares of the underlying Series B Preferred Stock.

Holders of Series B 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 B Preferred Stock, (ii) the creation or issuance of any security ranking on a parity with the Series B Preferred Stock if the cumulative dividends payable on then outstanding Series B Preferred Stock are in arrears, or (iii) the creation or issuance of any security ranking senior to the Series B Preferred Stock. In addition, if and whenever dividends on any shares of Series B Preferred Stock shall not have been declared and paid for at least six dividend periods, whether or not consecutive, the number of directors then constituting our Board of Directors shall automatically be increased by two until all accumulated and unpaid dividends on the Series B Preferred Stock shall have been paid in full, and the holders of Series B-1 Preferred Stock, voting as a class together with the holders of any outstanding securities ranking on a parity with the Series B-1 Preferred Stock and having like voting rights that are exercisable at the time and entitled to vote thereon, shall be entitled to elect the two additional directors. The Series B Preferred Stock does not have a stated maturity and is not subject to mandatory redemption or any sinking fund. The Series B 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.

The following table summarizes preferred stock by outstanding series of shares:

			Year ended December 31,			December 31,	December 31,
			2019	2018	2017	2019	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	$ 56.50	$ 28.88	$ —	$ 393.9	$ 393.9
6.500% Series B	$ 25,000.00	20,000	$ 1,674.65	$ —	$ —	$ 486.1	$ 486.1

13. Share-Based Compensation

Our stockholders most recently approved the NiSource Inc. 2010 Omnibus Incentive Plan ("Omnibus Plan") at the Annual Meeting of Stockholders held on May 12, 2015. The Omnibus Plan provides for awards to employees and non-employee directors of incentive and nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units, cash-based awards and other stock-based awards and supersedes the long-term incentive plan approved by stockholders on April 13, 1994 ("1994 Plan") and the Director Stock Incentive Plan ("Director Plan"). The Omnibus Plan provides that the number of shares of common stock of NiSource available for awards is 8,000,000 plus the number of shares subject to outstanding awards that expire or terminate for any reason that were granted under either the 1994 Plan or the Director Plan, plus the number of shares that were awarded as a result of the Separation-related adjustments. At December 31, 2019, there were 3,313,183 shares reserved for future awards under the Omnibus Plan.

We recognized stock-based employee compensation expense of $16.3 million, $15.2 million and $15.3 million, during 2019, 2018 and 2017, respectively, as well as related tax benefits of $4.0 million, $3.7 million and $5.9 million, respectively. We recognized related excess tax benefits from the distribution of vested share-based employee compensation of $0.8 million, $1.0 million and $4.4 million in 2019, 2018 and 2017, respectively.

As of December 31, 2019, the total remaining unrecognized compensation cost related to non-vested awards amounted to $19.5 million, which will be amortized over the weighted-average remaining requisite service period of 1.8 years.

Restricted Stock Units and Restricted Stock. In 2019, we granted 166,031 restricted stock units and shares of restricted stock to employees, subject to service conditions. The total grant date fair value of the restricted stock units and shares of restricted stock was $4.1 million, based on the average market price of our common stock at the date of each grant less the present value of any dividends not received during the vesting period, which will be expensed over the vesting period which is generally three years. As of December 31, 2019, 157,786 non-vested restricted stock units and shares of restricted stock granted in 2019 were outstanding as of December 31, 2019.

In 2018, we granted 158,689 restricted stock units and shares of restricted stock to employees, subject to service conditions. The total grant date fair value of the restricted stock units and shares of restricted stock was $3.5 million, based on the average market price of our common stock at the date of each grant less the present value of any dividends not received during the vesting period, which will be expensed over the vesting period which is generally three years. As of December 31, 2019, 136,820 non-vested restricted stock units and shares of restricted stock granted in 2018 were outstanding as of December 31, 2019.

Restricted stock units and shares of restricted stock granted to employees in 2017 were immaterial.

If an employee terminates employment before the service conditions lapse under the 2017, 2018 or 2019 awards due to (1) retirement or disability (as defined in the award agreement), or (2) death, the service conditions will lapse on the date of such termination with respect to a pro rata portion of the restricted stock units and shares of restricted stock based upon the percentage of the service period satisfied between the grant date and the date of the termination of employment. In the event of a change in control (as defined in the award agreement), all unvested shares of restricted stock and restricted stock units awarded will immediately vest upon termination of employment occurring in connection with a change in control. Termination due to any other reason will result in all unvested shares of restricted stock and restricted stock units awarded being forfeited effective on the employee's date of termination.

(shares)	Restricted Stock Units	Weighted Average Award Date Fair Value Per Unit ($)
Non-vested at December 31, 2018	178,678	21.82
Granted	166,031	24.93
Forfeited	(21,547)	22.99
Vested	(20,556)	21.08
Non-vested at December 31, 2019	**302,606**	**23.49**

Performance Shares. In 2019, we granted 552,389 performance shares subject to service, performance and market conditions. The service conditions for these awards lapse on February 28, 2022. The performance period for the awards is the period beginning January 1, 2019 and ending December 31, 2021. The performance conditions are based on the achievement of one non-GAAP financial measure and additional operational measures as outlined below.

The financial measure is cumulative net operating earnings per share ("NOEPS"), which we define as income from continuing operations adjusted for certain unusual or non-recurring items. The number of cumulative NOEPS shares determined using this measure shall be increased or decreased based on our relative total shareholder return, a market condition which we define as the annualized growth in dividends and share price of a share of our common stock (calculated using a 20 trading day average of our closing price beginning on December 31, 2018 and ending on December 31, 2021) compared to the total shareholder return of a predetermined peer group of companies. A relative shareholder return result within the first quartile will result in an increase to the NOEPS shares of 25%, while a relative shareholder return result within the fourth quartile will result in a decrease of 25%. A Monte Carlo analysis was used to value the portion of these awards dependent on market conditions. The grant date fair value of the awards was $11.7 million, based on the average market price of our common stock at the date of each grant less the present value of dividends not received during the vesting period which will be expensed over the requisite service period of three years. As of December 31, 2019, 422,825 of these non-vested performance shares granted in 2019 remained outstanding.

If a threshold level of cumulative NOEPS financial performance is achieved, additional operational measures which we refer to as the customer value index, which consists of five equally weighted areas of focus including safety, customer satisfaction, financial, culture and environmental apply. Each area of focus represents 20% of the customer value index shares, and the targets for all areas must be met for these awards to be eligible for 100% payout of these awards. The grant date fair value of the awards was $2.5 million, based on the average market price of our common stock on the grant date of each award less the present value of dividends not received during the vesting period which will be expensed over the requisite service period of three years. As of December 31, 2019, 97,574 of these awards that were issued in 2019 remained outstanding.

In 2018, we awarded 514,338 performance shares subject to service, performance and market conditions. The service conditions for these awards lapse on February 26, 2021. The performance period for the awards is the period beginning January 1, 2018 and ending December 31, 2020. The performance conditions are based on the achievement of one non-GAAP financial measure and additional operational measures as outlined below.

The financial measure is cumulative net operating earnings per share ("NOEPS"), which we define as income from continuing operations adjusted for certain unusual or non-recurring items. The number of cumulative NOEPS shares determined using this measure shall be increased or decreased based on our relative total shareholder return, a market condition which we define as the annualized growth in dividends and share price of a share of our common stock (calculated using a 20 trading day average of our closing price beginning on December 31, 2017 and ending on December 31, 2020) compared to the total shareholder return of a predetermined peer group of companies. A relative shareholder return result within the first quartile will result in an increase to the NOEPS shares of 25% while a relative shareholder return result within the fourth quartile will result in a decrease of 25%. A Monte Carlo analysis was used to value the portion of these awards dependent on market conditions. The grant date fair value of the awards was $9.2 million, based on the average market price of our common stock at the date of each grant less the present value of dividends not received during the vesting period which will be expensed over the requisite service period of three years. As of December 31, 2019, 368,811 of these non-vested performance shares granted in 2018 remained outstanding.

If a threshold level of cumulative NOEPS financial performance is achieved, additional operational measures which we refer to as the customer value index, which consists of five equally weighted areas of focus including safety, customer satisfaction, financial, culture and environmental apply. Each area of focus represents 20% of the customer value index shares and the targets for all areas must be met for these awards to be eligible for 100% payout of these awards. Individual payout percentages for these shares may range from 0%-200% as determined by the compensation committee in its sole discretion. Due to this discretion, these shares are not considered to be granted under ASC 718. The service inception date fair value of the awards was $2.4 million, based on the closing market price of our common stock on the service inception date of each award. This value will be reassessed at each reporting period to be based on our closing market price of our common stock at the reporting period date with adjustments to expense recorded as appropriate. As of December 31, 2019, 85,111 of these awards that were issued in 2018 remained outstanding. The service conditions for these awards lapse on February 26, 2021.

In 2017, we granted 660,750 performance shares subject to service, performance and market conditions. The grant date fair value of the awards was $12.9 million, based on the average market price of our common stock at the date of each grant less the present value of dividends not received during the vesting period which will be expensed over the requisite service period of three years. The performance conditions are based on achievement of non-GAAP financial measures similar to those discussed above: cumulative net operating earnings per share for the three-year period ending December 31, 2019 and relative total shareholder return (calculated using a 20 trading day average of our closing price beginning on December 31, 2016 and ending on December 31, 2019). As of December 31, 2019, 528,928 non-vested performance shares granted in 2017 remained outstanding. The service conditions for these awards lapse on February 28, 2020.

(shares)	Performance Awards	Weighted Average Grant Date Fair Value Per Unit ($)[1]
Non-vested at December 31, 2018	1,634,718	20.45
Granted	552,389	25.77
Forfeited	(156,700)	26.72
Vested	(527,156)	28.11
Non-vested at December 31, 2019	**1,503,251**	**22.74**

[1]2018 performance shares awarded based on the customer value index are included at reporting date fair value as these awards have not been granted under ASC 718 as discussed above.

Non-employee Director Awards. As of May 11, 2010, awards to non-employee directors may be made only under the Omnibus Plan. Currently, restricted stock units are granted annually to non-employee directors, subject to a non-employee director's election to defer receipt of such restricted stock unit award. The non-employee director's annual award of restricted stock units vest on the first anniversary of the grant date subject to special pro-rata vesting rules in the event of retirement or disability (as defined in the award agreement), or death. The vested restricted stock units are payable as soon as practicable following vesting except as otherwise provided pursuant to the non-employee director's election to defer. Certain restricted stock units remain outstanding from the Director Plan. All such awards are fully vested and shall be distributed to the directors upon their separation from the Board.

As of December 31, 2019, 165,768 restricted stock units are outstanding to non-employee directors under either the Omnibus Plan or the Director Plan. Of this amount, 49,926 restricted stock units are unvested and expected to vest.

401(k) Match, Profit Sharing and Company Contribution. We have a voluntary 401(k) savings plan covering eligible employees that allows for periodic discretionary matches as a percentage of each participant's contributions payable in cash for nonunion employees and generally payable in shares of NiSource common stock for union employees, subject to collective bargaining. We also have a retirement savings plan that provides for discretionary profit sharing contributions similarly payable in cash or shares of NiSource common stock to eligible employees based on earnings results, and eligible employees hired after January 1, 2010 receive a non-elective company contribution of 3% of eligible pay similarly payable in cash or shares of NiSource common stock. For the years ended December 31, 2019, 2018 and 2017, we recognized 401(k) match, profit sharing and non-elective contribution expense of $37.5 million, $37.6 million and $37.6 million, respectively.

14. Long-Term Debt

Our long-term debt as of December 31, 2019 and 2018 is as follows:

Long-term debt type	Maturity as of December 31, 2019	Weighted average interest rate (%)	Outstanding balance as of December 31, *(in millions)* 2019	2018
Senior notes:				
NiSource	December 2021	4.45%	**63.6**	63.6
NiSource	November 2022	2.65%	**500.0**	500.0
NiSource	February 2023	3.85%	**250.0**	250.0
NiSource	June 2023	3.65%	**350.0**	350.0
NiSource	November 2025	5.89%	**265.0**	265.0
NiSource	May 2027	3.49%	**1,000.0**	1,000.0
NiSource	December 2027	6.78%	**3.0**	3.0
NiSource	September 2029	2.95%	**750.0**	—
NiSource	December 2040	6.25%	**250.0**	250.0
NiSource	June 2041	5.95%	**400.0**	400.0
NiSource	February 2042	5.80%	**250.0**	250.0
NiSource	February 2043	5.25%	**500.0**	500.0
NiSource	February 2044	4.80%	**750.0**	750.0
NiSource	February 2045	5.65%	**500.0**	500.0
NiSource	May 2047	4.38%	**1,000.0**	1,000.0
NiSource	March 2048	3.95%	**750.0**	750.0
Total senior notes			**$ 7,581.6**	$ 6,831.6
Medium term notes:				
NiSource	April 2022 to May 2027	7.99%	**$ 49.0**	$ 49.0
NIPSCO	August 2022 to August 2027	7.61%	**68.0**	68.0
Columbia of Massachusetts	December 2025 to February 2028	6.30%	**40.0**	40.0
Total medium term notes			**$ 157.0**	$ 157.0
Finance leases:				
NiSource Corporate Services	January 2020 to November 2023	3.47%	**22.3**	11.6
Columbia of Ohio	October 2021 to March 2044	6.16%	**94.8**	91.5
Columbia of Virginia	July 2029 to November 2039	6.31%	**19.1**	15.2
Columbia of Kentucky	May 2027	3.79%	**0.3**	0.3
Columbia of Pennsylvania	August 2027 to May 2035	5.67%	**20.7**	30.0
Columbia of Massachusetts	December 2033 to November 2043	5.49%	**44.3**	45.7
Total finance leases			**201.5**	194.3
Pollution control bonds - NIPSCO	April 2019	5.85%	**—**	41.0
Unamortized issuance costs and discounts			**(70.5)**	$ (68.5)
Total Long-Term Debt			**$ 7,869.6**	$ 7,155.4

Details of our 2019 long-term debt related activity are summarized below:

- On April 1, 2019, NIPSCO repaid $41.0 million of 5.85% pollution control bonds at maturity.
- On August 12, 2019, we closed our placement of $750.0 million of 2.95% senior unsecured notes maturing in 2029 which resulted in approximately $742.4 million of net proceeds after deducting commissions and expenses.

Details of our 2018 long-term debt related activity are summarized below:

- 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.

See Note 19-A, "Contractual Obligations," for the outstanding long-term debt maturities at December 31, 2019.

Unamortized debt expense, premium and discount on long-term debt applicable to outstanding bonds are being amortized over the life of such bonds.

We are subject to a financial covenant under our revolving credit facility and term loan agreement which requires 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 December 31, 2019, the ratio was 61.7%.

We are also subject to certain other non-financial covenants under the revolving credit facility. Such covenants include a limitation on the creation or existence of new liens on our assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets equal to $150 million. An asset sale covenant generally restricts the sale, conveyance, lease, transfer or other disposition of our assets to those dispositions that are for a price not materially less than fair market of such assets, that would not materially impair our ability to perform obligations under the revolving credit facility, and that together with all other such dispositions, would not have a material adverse effect. The covenant also restricts dispositions to no more than 10% of our consolidated total assets on December 31, 2015. The revolving credit facility also includes a cross-default provision, which triggers an event of default under the credit facility in the event of an uncured payment default relating to any indebtedness of us or any of our subsidiaries in a principal amount of $50.0 million or more.

Our indentures generally do not contain any financial maintenance covenants. However, our indentures are generally subject to cross-default provisions ranging from uncured payment defaults of $5 million to $50 million, and limitations on the incurrence of liens on our assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets capped at 10% of our consolidated net tangible assets.

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 December 31, 2019 and 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 $570.0 million and $978.0 million of commercial paper outstanding as of December 31, 2019 and 2018, respectively.

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Consolidated Balance Sheets. We had $353.2 million and $399.2 million in transfers as of December 31, 2019 and 2018, respectively. Refer to Note 18, "Transfers of Financial Assets," for additional information.

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:

At December 31, *(in millions)*		**2019**		2018
Commercial Paper weighted-average interest rate of 2.03% and 2.96% at December 31, 2019 and 2018, respectively	**$**	**570.0**	$	978.0
Accounts receivable securitization facility borrowings		**353.2**		399.2
Term loan weighted-average interest rate of 2.40% and 3.07% at December 31, 2019 and 2018, respectively		**850.0**	$	600.0
Total Short-Term Borrowings	**$**	**1,773.2**	$	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 Statements of Consolidated Cash Flows 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 Consolidated Balance Sheets as of January 1, 2019. The standard had no material impact on our Statements of Consolidated Income (Loss) or our Statements of Consolidated Cash Flows.

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 24 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 Consolidated Balance Sheets 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 (as that term is defined in ASC 842) 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 year ended December 31, 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:

Year Ended December 31, *(in millions)*	Income Statement Classification		**2019**
Finance lease cost			
Amortization of right-of-use assets	Depreciation and amortization	**$**	**15.5**
Interest on lease liabilities	Interest expense, net		**11.3**
Total finance lease cost			**26.8**
Operating lease cost	Operation and maintenance		**17.9**
Short-term lease cost	Operation and maintenance		**1.0**
Total lease cost		**$**	**45.7**

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

(in millions)	Balance Sheet Classification		**December 31, 2019**
Assets			
Finance leases	Net Property, Plant and Equipment	**$**	**179.5**
Operating leases	Deferred charges and other		**64.2**
Total leased assets			**243.7**
Liabilities			
Current			
Finance leases	Current portion of long-term debt		**13.4**
Operating leases	Other accruals		**13.2**
Noncurrent			
Finance leases	Long-term debt, excluding amounts due within one year		**188.1**
Operating leases	Other noncurrent liabilities		**51.6**
Total lease liabilities		**$**	**266.3**

Other pertinent information related to leases was as follows:

Year Ended December 31, *(in millions)*	2019
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows used for finance leases	**$ 11.3**
Operating cash flows used for operating leases	**17.9**
Financing cash flows used for finance leases	**10.6**
Right-of-use assets obtained in exchange for lease obligations	
Finance leases	**26.4**
Operating leases	**$ 13.4**

	December 31, 2019
Weighted-average remaining lease term (years)	
Finance leases	**14.8**
Operating leases	**9.2**
Weighted-average discount rate	
Finance leases	**5.9%**
Operating leases	**4.3%**

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

As of December 31, 2019, *(in millions)*	Total	Finance Leases	Operating Leases
Year 1	$ 42.8	$ 27.2	$ 15.6
Year 2	36.7	27.3	9.4
Year 3	35.0	26.8	8.2
Year 4	30.7	23.1	7.6
Year 5	26.5	19.9	6.6
Thereafter	233.3	201.6	31.7
Total lease payments[(1)]	405.0	325.9	79.1
Less: Imputed interest	(116.6)	(102.3)	(14.3)
Less: Leases not yet commenced	(22.1)	(22.1)	—
Total	266.3	201.5	64.8
Reported as of December 31, 2019			
Short-term lease liabilities	26.6	13.4	13.2
Long-term lease liabilities	239.7	188.1	51.6
Total lease liabilities	$ 266.3	$ 201.5	$ 64.8

[(1)] Expected payments include obligations for leases not yet commenced of approximately $22.1 million for IT assets and interconnection facilities. These leases have terms between 4 years and 20 years, with estimated commencements in the first quarter of 2020 and in the third quarter of 2020.

Disclosures Related to Periods Prior to Adoption of ASC 842. We lease assets in several areas of our operations including fleet vehicles and equipment, rail cars for coal delivery and certain operations centers. Payments made in connection with operating leases were $49.1 million in 2018 and $49.5 million in 2017, and are primarily charged to operation and maintenance expense as incurred.

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. 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 Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of December 31, 2019 and December 31, 2018:

Recurring Fair Value Measurements December 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 December 31, 2019
Assets				
Risk management assets	$ —	$ 4.4	$ —	$ 4.4
Available-for-sale securities	—	154.2	—	154.2
Total	**$ —**	**$ 158.6**	**$ —**	**$ 158.6**
Liabilities				
Risk management liabilities	$ —	$ 146.6	$ —	$ 146.6
Total	**$ —**	**$ 146.6**	**$ —**	**$ 146.6**

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 December 31, 2019 and 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 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 9, "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 9, “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 Consolidated Balance Sheets. 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 December 31, 2019 and 2018 were:

December 31, 2019 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities				
U.S. Treasury debt securities	$ 31.4	$ 0.1	$ (0.1)	$ 31.4
Corporate/Other debt securities	118.7	4.2	(0.1)	122.8
Total	**$ 150.1**	**$ 4.3**	**$ (0.2)**	**$ 154.2**

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 year-ended December 31, 2019 and 2018.

The cost of maturities sold is based upon specific identification. At December 31, 2019, approximately $7.7 million of U.S. Treasury debt securities and approximately $6.0 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 years ended December 31, 2019 and 2018.

Non-recurring Fair Value Measurements. We measure the fair value of certain assets on a non-recurring basis, typically annually or when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. These assets include goodwill and other intangible assets.

At December 31, 2019, we recorded an impairment charge of $204.8 million for goodwill and an impairment charge of $209.7 million for franchise rights, in each case related to Columbia of Massachusetts. For additional information, see Note 6, "Goodwill and Other Intangible Assets."

B. Other Fair Value Disclosures for Financial Instruments. The carrying amount of cash and cash equivalents, restricted cash, notes receivable, customer deposits and short-term borrowings is a reasonable estimate of fair value due to their liquid or short-term nature. 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 years ended December 31, 2019 and 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:

At December 31, *(in millions)*	**Carrying Amount 2019**	**Estimated Fair Value 2019**	Carrying Amount 2018	Estimated Fair Value 2018
Long-term debt (including current portion)	**$ 7,869.6**	**$ 8,764.4**	$ 7,155.4	$ 7,228.3

18. 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 2020 and October 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 Consolidated Balance Sheets. As of December 31, 2019, the maximum amount of debt that could be recognized related to our accounts receivable programs is $465.0 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 December 31, 2019 and 2018:

At December 31, *(in millions)*	**2019**	2018
Gross receivables	**$ 569.1**	$ 694.4
Less: receivables not transferred	**215.9**	295.2
Net receivables transferred	**$ 353.2**	$ 399.2
Short-term debt due to asset securitization	**$ 353.2**	$ 399.2

During 2019, $46.0 million was recorded as cash flows used for financing activities related to the change in short-term borrowings due to securitization transactions. During 2018, $62.5 million was recorded as cash flows from financing activities related to the change in short-term borrowings due to securitization transactions. Fees associated with the securitization transactions were $2.6 million, $2.6 million and $2.5 million for the years ended December 31, 2019, 2018 and 2017, respectively. Columbia of Ohio, NIPSCO and Columbia of Pennsylvania remain responsible for collecting on the receivables securitized, and the receivables cannot be transferred to another party.

19. Other Commitments and Contingencies

A. Contractual Obligations. We have certain contractual obligations requiring payments at specified periods. The obligations include long-term debt, lease obligations, energy commodity contracts and obligations for various services including pipeline capacity and outsourcing of IT services. The total contractual obligations in existence at December 31, 2019 and their maturities were:

(in millions)	Total	2020	2021	2022	2023	2024	After
Long-term debt [(1)]	$ 7,738.6	$ —	$ 63.6	$ 530.0	$ 600.0	$ —	$ 6,545.0
Interest payments on long-term debt	6,214.2	342.0	340.7	337.1	311.1	299.9	4,583.4
Finance leases[(2)]	325.9	27.2	27.3	26.8	23.1	19.9	201.6
Operating leases[(3)]	79.1	15.6	9.4	8.2	7.6	6.6	31.7
Energy commodity contracts[(4)]	95.9	65.5	30.4	—	—	—	—
Service obligations:							
Pipeline service obligations	3,450.7	605.0	590.1	546.8	357.2	237.5	1,114.1
IT service obligations	153.2	63.6	49.4	38.0	1.1	1.1	—
Other service obligations[(5)]	59.8	45.8	14.0	—	—	—	—
Other liabilities	27.3	27.3	—	—	—	—	—
Total contractual obligations	$ 18,144.7	$ 1,192.0	$ 1,124.9	$ 1,486.9	$ 1,300.1	$ 565.0	$ 12,475.8

(1) Long-term debt balance excludes unamortized issuance costs and discounts of $70.5 million.
(2) Finance lease payments shown above are inclusive of interest totaling $108.3 million.
(3) Operating lease payments shown above are inclusive of interest totaling $14.3 million. 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 (as that term is defined in ASC 842) to do so. If we were to continue the fleet vehicle leases outstanding at December 31, 2019, payments would be $34.5 million in 2020, $28.3 million in 2021, $23.4 million in 2022, $19.9 million in 2023, $15.2 million in 2024 and $15.2 million thereafter.
(4) In January 2020, NIPSCO signed new coal contract commitments of $14.4 million for 2020. These contracts are not included above.
(5) In February 2020, NIPSCO signed a new railcar coal transportation contract commitment of $12.0 million for 2020. This contract is not included above.

Operating and Finance Lease Commitments. We lease assets in several areas of our operations including corporate and field offices, railcars, fleet vehicles and certain IT assets. Payments made in connection with operating and month-to-month leases were $52.5 million in 2019, $49.1 million in 2018 and $49.5 million in 2017, and are primarily charged to operation and maintenance expense as incurred. See Note 16, "Leases" for additional details.

Purchase and Service Obligations. We have entered into various purchase and service agreements whereby we are contractually obligated to make certain minimum payments in future periods. Our purchase obligations are for the purchase of physical quantities of natural gas, electricity and coal. Our service agreements encompass a broad range of business support and maintenance functions which are generally described below.

Our subsidiaries have entered into various energy commodity contracts to purchase physical quantities of natural gas, electricity and coal. These amounts represent minimum quantities of these commodities we are obligated to purchase at both fixed and variable prices. To the extent contractual purchase prices are variable, obligations disclosed in the table above are valued at market prices as of December 31, 2019.

In July 2008, the IURC issued an order approving NIPSCO's purchase power agreements with subsidiaries of Iberdrola Renewables, Buffalo Ridge I LLC and Barton Windpower LLC. These agreements provide NIPSCO the opportunity and obligation to purchase up to 100 MW of wind power generated commencing in early 2009. The contracts extend 15 and 20 years, representing 50 MW of wind power each. No minimum quantities are specified within these agreements due to the variability of electricity generation from wind, so no amounts related to these contracts are included in the table above. Upon any termination of the agreements by NIPSCO for any reason (other than material breach by Buffalo Ridge I LLC or Barton Windpower LLC), NIPSCO may be required to pay a termination charge that could be material depending on the events giving rise to termination and the timing of the termination. NIPSCO began purchasing wind power in April 2009.

We have pipeline service agreements that provide for pipeline capacity, transportation and storage services. These agreements, which have expiration dates ranging from 2020 to 2045, require us to pay fixed monthly charges.

NIPSCO has contracts with three major rail operators providing for coal transportation services for which there are certain minimum payments. These service contracts extend for various periods through 2021.

We have executed agreements with multiple IT service providers. The agreements extend for various periods through 2024.

B. Guarantees and Indemnities. We and certain subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries as 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. At December 31, 2019 and 2018, we had issued stand-by letters of credit of $10.2 million for the benefit of third parties.

C. 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 for approximately 7,500 gas meters, the majority of which served residences and approximately 700 of which served 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 " - E. Other Matters - Greater Lawrence Pipeline Replacement" below for more information.

We are subject to inquiries and investigations by government authorities and regulatory agencies regarding the Greater Lawrence Incident, including the Massachusetts DPU and the Massachusetts Attorney General's Office, as described below. We are cooperating with all inquiries and investigations. In addition, on February 26, 2020, the Company and Columbia of Massachusetts entered into agreements with the U.S. Attorney's Office to resolve the U.S. Attorney's Office's investigation relating to the Greater Lawrence Incident, as described below.

NTSB Investigation. As previously disclosed, the NTSB concluded its investigation into the Greater Lawrence Incident, and we are implementing the one remaining safety recommendation resulting from the investigation.

Massachusetts Investigations. Under Massachusetts law, the DPU is authorized to investigate potential violations of pipeline safety regulations and to assess a civil penalty of up to $218,647 for a violation of federal pipeline safety regulations. A separate violation occurs for each day of violation up to $2.2 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 is investigating Columbia of Massachusetts as described below. Columbia of Massachusetts will likely be subject to potential compliance actions related to the Greater Lawrence Incident and the restoration work following the incident, the timing and outcomes of which are uncertain at this time.

After the Greater Lawrence Incident, the Massachusetts DPU 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 has directed all natural gas distribution companies operating in the Commonwealth to fund the statewide examination. The statewide examination is complete. The Phase I report, which was issued in May 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. Phase II, which was focused on field assessments of each Massachusetts gas company, concluded in December 2019. The Phase II report made several observations about and recommendations to Massachusetts gas companies, including Columbia of Massachusetts, with regard to safety culture and assets. The final report was issued in late January 2020, and the DPU directed each natural gas distribution company operating in Massachusetts to submit a plan in response to the report no later than February 28, 2020.

On September 11, 2019, the Massachusetts DPU issued an order directing Columbia of Massachusetts to take several specific actions to address concerns related to service lines abandoned during the restoration work following the Greater Lawrence Incident and to furnish certain information and periodic reports to the DPU.

On October 1, 2019, the Massachusetts DPU issued four orders to Columbia of Massachusetts in connection with the service lines abandoned during the Greater Lawrence Incident restoration, which require: (1) the submission of a detailed work plan to the DPU, (2) the completion of quality control work on certain abandoned services, (3) the payment for a third-party independent audit, to be contracted through the DPU, of all gas pipeline work completed as part of the incident restoration effort, and (4) prompt and full response to any requests for information by the third-party auditor. The Massachusetts DPU retained an independent evaluator to conduct this audit, and that third party is currently evaluating compliance with Massachusetts and federal law, as well as any other operational or safety risks that may be posed by the pipeline work. The audit scope also includes Columbia of Massachusetts' operations in the Lawrence Division and other service territories as appropriate.

Also in October 2019, the Massachusetts DPU issued three additional orders requiring: (1) daily leak surveillance and reporting in areas where abandoned services are located, (2) completion by November 15, 2019 of the work plan previously submitted describing how Columbia of Massachusetts would address the estimated 2,200 locations at which an inside meter set was moved outside the property as part of the abandoned service work completed during the Greater Lawrence Incident restoration, and (3) submission of a report by December 2, 2019 showing any patterns, trends or correlations among the non-compliant work related to the abandonment of service lines, gate boxes and curb boxes during the incident restoration.

On October 3, 2019, the Massachusetts DPU notified Columbia of Massachusetts that, absent DPU approval, it is currently allowed to perform only emergency work on its gas distribution system throughout its service territories in Massachusetts. The restrictions do not apply to Columbia of Massachusetts’ work to address the previously identified issues with abandoned service lines and valve boxes in the Greater Lawrence, Massachusetts area. Columbia of Massachusetts is subject to daily monitoring by the DPU on any work that Columbia of Massachusetts conducts in Massachusetts. Such restrictions on work remain in place until modified by the DPU.

On October 25, 2019, the Massachusetts DPU issued two orders opening public investigations into Columbia of Massachusetts with respect to the Greater Lawrence Incident. The Massachusetts DPU opened the first investigation under its authority to determine compliance with federal and state pipeline safety laws and regulations, and to investigate Columbia of Massachusetts’ responsibility for and response to the Greater Lawrence Incident and its restoration efforts following the incident. The Massachusetts DPU opened the second investigation under its authority to determine whether a gas distribution company has violated established standards regarding acceptable performance for emergency preparedness and restoration of service to investigate efforts by Columbia of Massachusetts to prepare for and restore service following the Greater Lawrence Incident. Separate penalties are applicable under each exercise of authority.

On December 23, 2019, the Massachusetts DPU issued an order defining the scope of its investigation into the response of Columbia of Massachusetts related to the Greater Lawrence Incident. The DPU identified three distinct time frames in which Columbia of Massachusetts handled emergency response and restoration directly: (1) September 13-14, 2018, (2) September 21 through December 16, 2018 (the Phase I restoration), and (3) September 27, 2019 through completion of restoration of outages resulting from the gas release event in Lawrence, Massachusetts that occurred on September 27, 2019. The DPU determined that it is appropriate to investigate separately, for each time period described above, the areas of response, recovery and restoration for which Columbia of Massachusetts was responsible. The DPU noted that it also may investigate the continued restoration and related repair work that took place after December 16, 2018 and, depending on the outcome of that investigation, may deem it appropriate to consider that period of restoration as an additional separate time period.

The DPU also noted that its investigation into all of the above described time periods is ongoing and that if the DPU determines, based on its investigation, that it is appropriate to treat the separate time frames as separate emergency events, it may impose up to the maximum statutory penalty for each event, pursuant to Mass. G.L. c. 164 Section 1J. This provision authorizes the DPU 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. The DPU noted that at this preliminary stage of the investigation, it does not have the factual basis to make those determinations.

In connection with its investigation related to the Greater Lawrence Incident, on February 4, 2020, the Massachusetts Attorney General's Office issued a request for documents primarily focused on the restoration work following the incident.

Columbia of Massachusetts is cooperating with the investigations set forth above as well as other inquiries resulting from an increased amount of enforcement activity, for all of which the outcomes are uncertain at this time.

Massachusetts Legislative Matters. On November 12, 2019, the Joint Committee on Telecommunications, Utilities and Energy held a hearing that focused on gas safety, but the Committee has not taken action on any bills. Increased scrutiny related to gas system safety and regulatory oversight in Massachusetts, including additional legislative oversight hearings and new legislative proposals, is expected to continue during the current two-year legislative session that ends in December 2020.

U.S. Department of Justice Investigation. As previously disclosed, 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. The initial grand jury subpoenas were served on the Company and Columbia of Massachusetts on September 24, 2018.

On February 26, 2020, the Company and Columbia of Massachusetts entered into agreements with the U.S. Attorney's Office to resolve the U.S. Attorney's Office's investigation relating to the Greater Lawrence Incident. Columbia of Massachusetts agreed to plead guilty in the United States District Court for the District of Massachusetts (the "Court") to violating the Natural Gas Pipeline Safety Act (the "Plea Agreement"), and the Company entered into a DPA.

Under the Plea Agreement, which must be approved by the Court, Columbia of Massachusetts will be subject to the following terms, among others: (i) a criminal fine in the amount of $53,030,116 paid within 30 days of sentencing; (ii) a three year probationary period that will early terminate upon a sale of Columbia of Massachusetts or a sale of its gas distribution business to a qualified third-party buyer consistent with certain requirements; (iii) compliance with each of the NTSB recommendations stemming from the Greater Lawrence Incident; and (iv) employment of an in-house monitor during the term of the probationary period.

Under the DPA, the U.S. Attorney's Office agreed to defer prosecution of the Company in connection with the Greater Lawrence Incident for a three-year period (which three-year period may be extended for twelve (12) months upon the U.S. Attorney's Office's determination of a breach of the DPA) subject to certain obligations of the Company, including, but not limited to, the following: (i) the Company will use reasonable best efforts to sell Columbia of Massachusetts or Columbia of Massachusetts' gas distribution business to a qualified third-party buyer consistent with certain requirements, and, upon the completion of any such sale, the Company will cease and desist any and all gas pipeline and distribution activities in the District of Massachusetts; (ii) the Company will forfeit and pay, within 30 days of the later of the sale becoming final or the date on which post-closing adjustments to the purchase price are finally determined in accordance with the agreement to sell Columbia Gas of Massachusetts or its gas distribution business, a fine equal to the total amount of any profit or gain from any sale of Columbia of Massachusetts or its gas distribution business, with the amount of profit or gain determined as provided in the DPA; and (iii) the Company agrees as to each of the Company's subsidiaries involved in the distribution of gas through pipeline facilities in Massachusetts, Indiana, Ohio, Pennsylvania, Maryland, Kentucky and Virginia to implement and adhere to each of the recommendations from the NTSB stemming from the Greater Lawrence Incident. Pursuant to the DPA, if the Company complies with all of its obligations under the DPA, including, but not limited to those identified above, the U.S. Attorney's Office will not file any criminal charges against the Company related to the Greater Lawrence Incident. If Columbia of Massachusetts' guilty plea is not accepted by the Court or is withdrawn for any reason, or if Columbia of Massachusetts should fail to perform an obligation under the Plea Agreement prior to the sale of Columbia of Massachusetts or its gas distribution business, the U.S. Attorney's Office may, at its sole option, render the DPA null and void.

U.S. Congressional Activity. On September 30, 2019, the U.S. Pipeline Safety Act expired. There is no effect on PHMSA's authority. Action on past re-authorization bills has extended past the expiration date and action on this re-authorization is expected to continue well into 2020. Pipeline safety jurisdiction resides with the U.S. Senate Commerce Committee, and is divided between two committees in the U.S. House of Representatives (Energy and Commerce, and Transportation and Infrastructure). Legislative proposals are currently in various stages of committee development and the timing of further action is uncertain. Certain legislative proposals, if enacted into law, may increase costs for natural gas industry companies, including the Company and Columbia of Massachusetts.

SEC Investigation. On November 27, 2019, the SEC staff notified the Company that it concluded its investigation related to disclosures made by the Company prior to the Greater Lawrence Incident and, based on the information provided as of such date, it does not intend to recommend an enforcement action against the Company.

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 have been 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 motion for preliminary approval and the settlement documents were filed on September 25, 2019. The preliminary approval court hearing was held on October 7, 2019 and the court issued an order granting preliminary approval of the settlement on October 11, 2019. The proposed settlement is subject to final court approval, and a hearing occurred on February 27, 2020. The court took the matter under advisement.

Many residents and business owners have submitted individual damage claims to Columbia of Massachusetts. Most of the wrongful death and bodily injury claims that have been asserted have been settled, and we continue to discuss potential settlements with plaintiffs asserting such claims. 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.

Financial Impact. Since the Greater Lawrence Incident, we have recorded expenses of approximately $1,041 million for third-party claims and fines, penalties and settlements associated with government investigations. We estimate that total costs related to third-party claims and fines, penalties and settlements associated with government investigations resulting from the incident will range from $1,041 million to $1,065 million, depending on the number, nature, final outcome and value of third-party claims and the final outcome of government investigations. With regard to third-party claims, these costs include, but are not limited to, personal injury and property damage claims, damage to infrastructure, business interruption claims, and mutual aid payments to other utilities assisting with the restoration effort. These costs do not include costs of certain third-party claims and fines, penalties or settlements associated with government investigations that we are not able to estimate, nor do they include non-claims related and government investigation-related legal expenses resulting from the incident and the capital cost of the pipeline replacement, which are set forth in " - E. Other Matters - Greater Lawrence Incident Restoration" and "- Greater Lawrence Incident Pipeline Replacement," respectively, below.

The process for estimating costs associated with third-party claims and fines, penalties, and settlements associated with government investigations 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 regarding ongoing investigations, management's estimates and assumptions regarding the financial impact of the Greater Lawrence Incident may change.

The aggregate amount of third-party liability insurance coverage available for losses arising from the Greater Lawrence Incident is $800 million. We have collected the entire $800 million as of December 31, 2019. Total expenses related to the incident have exceeded the total amount of insurance coverage available under our policies. Refer to "- E. 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.

We are also party to certain other claims, regulatory and legal proceedings arising in the ordinary course of business in each state in which we have operations, 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, proceeding or investigation related to the Greater Lawrence Incident or otherwise would not have a material adverse effect on our results of operations, financial position or liquidity. Certain matters in connection with the Greater Lawrence Incident have had or may have a material impact as described above. If one or more of such additional or other 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.

D. 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, improvement and remediation costs to be recoverable through rates for certain of our companies.

As of December 31, 2019 and 2018, we had recorded a liability of $104.4 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 Consolidated Balance Sheets. 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.

Electric Operations' compliance estimates disclosed below are reflective of NIPSCO's Integrated Resource Plan submitted to the IURC on October 31, 2018. See section " - E. 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 require further GHG reductions or impose additional requirements for natural gas facilities could impose additional costs. NiSource will carefully monitor all GHG reduction proposals and regulations.

ACE Rule. On July 8, 2019, the EPA published the final ACE rule, which 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 Consolidated Financial Statements.

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 $102.2 million and $97.5 million at December 31, 2019 and 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.

To comply with the rule, NIPSCO completed capital expenditures to modify its infrastructure and manage CCRs during 2019. 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 obligation due to the uncertainty about the requirements that will be established by environmental authorities, compliance strategies that will be used and the preliminary nature of available data used to estimate costs. As allowed by the rule, 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. Based upon a study performed in 2016 of the final rule, capital compliance costs were expected to be approximately $170.0 million. The EPA has proposed revisions to the final rule, and public comments were due on January 21, 2020. 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).

E. 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 Plans 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 MWh. 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 scheduled to be complete by the end of 2020 for one facility. NIPSCO has filed a notice with the IURC of its intention not to move forward with one of its approved PPAs due to the failure to meet a condition precedent in the agreement as a result of local zoning restrictions.

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 joint venture owned by NIPSCO, the developer and an unrelated tax equity partner. The aforementioned joint venture is expected to be fully owned by NIPSCO 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, successful execution of an agreement with a tax equity partner, and timely completion of construction. NIPSCO submitted the BTA to the IURC for approval in February 2019 and the IURC approved the BTA on August 7, 2019. Required FERC filings occurred after receiving the IURC order and the related approvals were received. Construction of the facility is expected to be completed by the end of 2020.

On October 1, 2019, NIPSCO announced the opening of its next round of RFP to consider potential resources to meet the future electric needs of its customers. The RFP closed on November 20, 2019, and NIPSCO continues to evaluate the results. NIPSCO is considering all sources in the RFP process.

In October 2019, NIPSCO executed a BTA with a developer to construct an additional renewable generation facility with a nameplate capacity of approximately 300 MW. Once complete, ownership of the facility would be transferred to a joint venture owned by NIPSCO, the developer and an unrelated tax equity partner. The aforementioned joint venture is expected to be fully owned by NIPSCO 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, successful execution of an agreement with a tax equity partner, and timely completion of construction. NIPSCO submitted the BTA to the IURC for approval on October 22, 2019, and the IURC approved the BTA on February 19, 2020. Required FERC filings are expected to be filed by the end of June 2020. Construction of the facility is expected to be completed by the end of 2021.

Greater Lawrence Incident Restoration. In addition to the amounts estimated for third-party claims and fines, penalties and settlements associated with government investigations described above, since the Greater Lawrence Incident, we have recorded expenses of approximately $420 million for other incident-related costs. We estimate that total other incident-related costs will range from $450 million to $460 million, depending on the incurrence of costs associated with resolving outstanding inquiries and investigations discuss above in " - C. Legal Proceedings." Such costs include certain consulting costs, legal costs, vendor 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 capital cost of the pipeline replacement, which is set forth below, or any estimates for fines and penalties, which are discussed above in " - C. Legal Proceedings."

As discussed in "- C. Legal Proceedings," the aggregate amount of third-party liability insurance coverage available for losses arising from the Greater Lawrence Incident is $800 million. We have collected the entire $800 million as of December 31, 2019. Expenses related to the incident have exceeded the total amount of insurance coverage available under our policies.

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

(in millions)	Year Ended December 31, 2018	**Year Ended December 31, 2019**	Incident to Date
Third-party claims and government fines, penalties and settlements	$ 757	**$ 284**	$ 1,041
Other incident-related costs	266	**154**	420
Total	1,023	**438**	1,461
Insurance recoveries recorded	(135)	**(665)**	(800)
Loss (benefit) to income before income taxes	$ 888	**$ (227)**	$ 661

The following table presents activity related to our Greater Lawrence Incident insurance recovery, which we have recovered in full as of December 31, 2019.

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

[(1)]$5 million of insurance recoveries were collected during 2018.

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.

Since the Greater Lawrence Incident and through December 31, 2019, we have invested approximately $258 million of capital spend for the pipeline replacement; this work was completed in 2019. We maintain property insurance for gas pipelines and other applicable property. Columbia of Massachusetts has filed a proof of loss with its property insurer for the full cost of the pipeline replacement. In January 2020, we filed a lawsuit against the property insurer, seeking payment of our property claim. We are currently unable to predict the timing or amount of any insurance recovery under the property policy. The recovery of any capital investment not reimbursed through insurance will be addressed in a future regulatory proceeding; a future regulatory proceeding is dependent on the outcome of the sale of the Massachusetts Business. The outcome of such a proceeding (if any) 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.

State Income Taxes Related to Greater Lawrence Incident Expenses. As of December 31, 2018, expenses related to the Greater Lawrence Incident were $1,023 million. In the fourth quarter of 2019, we filed an application for Alternative Apportionment with the MA DOR to request an allocable approach to these expenses for purposes of Massachusetts state income taxes, which, if approved, would result in a state deferred tax asset of approximately $50 million, net. The MA DOR is expected to review the application within nine months from the date of filing, and we believe it is reasonably possible that the application will be accepted, or an alternative method proposed.

20. Accumulated Other Comprehensive Loss

The following table displays the activity of Accumulated Other Comprehensive Loss, net of tax:

(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	0.6	(24.2)	1.9	(21.7)
Amounts reclassified from accumulated other comprehensive loss	0.2	1.7	1.5	3.4
Net current-period other comprehensive income (loss)	0.8	(22.5)	3.4	(18.3)
Balance as of December 31, 2017	**$ 0.2**	**$ (29.4)**	**$ (14.2)**	**$ (43.4)**
Other comprehensive income (loss) before reclassifications	(3.0)	55.8	(4.4)	48.4
Amounts reclassified from accumulated other comprehensive loss	0.4	(33.1)	—	(32.7)
Net current-period other comprehensive income (loss)	(2.6)	22.7	(4.4)	15.7
Reclassification due to adoption of ASU 2018-02	—	(6.3)	(3.2)	(9.5)
Balance as of December 31, 2018	**$ (2.4)**	**$ (13.0)**	**$ (21.8)**	**$ (37.2)**
Other comprehensive income (loss) before reclassifications	6.1	(64.3)	2.3	(55.9)
Amounts reclassified from accumulated other comprehensive loss	(0.4)	0.1	0.8	0.5
Net current-period other comprehensive income (loss)	5.7	(64.2)	3.1	(55.4)
Balance as of December 31, 2019	**$ 3.3**	**$ (77.2)**	**$ (18.7)**	**$ (92.6)**

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

21. Other, Net

Year Ended December 31, *(in millions)*	**2019**	2018	2017
Interest income	**$ 7.7**	$ 6.6	$ 4.6
AFUDC equity	**8.0**	14.2	12.6
Charitable contributions[1]	**(5.1)**	(45.3)	(19.9)
Pension and other postretirement non-service cost[2]	**(16.5)**	18.0	(10.6)
Interest rate swap settlement gain[3]	**—**	46.2	—
Miscellaneous	**0.7**	3.8	(0.2)
Total Other, net	**$ (5.2)**	$ 43.5	$ (13.5)

[1] 2018 charitable contributions include $20.7 million related to the Greater Lawrence Incident and $20.0 million of discretionary contributions made to the Nisource Charitable Foundation. See Note 19, "Other Commitments and Contingencies" for additional information on the Greater Lawrence Incident.
[2] See Note 11, "Pension and Other Postretirement Benefits" for additional information.
[3] See Note 9, "Risk Management Activities" for additional information.

22. Interest Expense, Net

Year Ended December 31, *(in millions)*	**2019**	2018	2017
Interest on long-term debt	**$ 327.7**	$ 342.2	$ 354.8
Interest on short-term borrowings	**50.8**	31.8	14.9
Debt discount/cost amortization	**8.3**	7.7	7.2
Accounts receivable securitization fees	**2.6**	2.6	2.5
Allowance for borrowed funds used and interest capitalized during construction	**(7.5)**	(9.1)	(6.2)
Debt-based post-in-service carrying charges	**(18.7)**	(35.0)	(36.4)
Other	**15.7**	13.1	16.4
Total Interest Expense, net	**$ 378.9**	$ 353.3	$ 353.2

23. Segments of Business

At December 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.

The following table provides information about our reportable 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.

Year Ended December 31, *(in millions)*	**2019**	2018	2017
Operating Revenues			
Gas Distribution Operations			
Unaffiliated	**$ 3,509.7**	$ 3,406.4	$ 3,087.9
Intersegment	**13.1**	13.1	14.2
Total	**3,522.8**	3,419.5	3,102.1
Electric Operations			
Unaffiliated	**1,698.4**	1,707.4	1,785.7
Intersegment	**0.8**	0.8	0.8
Total	**1,699.2**	1,708.2	1,786.5
Corporate and Other			
Unaffiliated	**0.8**	0.7	1.0
Intersegment	**468.1**	517.6	510.8
Total	**468.9**	518.3	511.8
Eliminations	**(482.0)**	(531.5)	(525.8)
Consolidated Operating Revenues	**$ 5,208.9**	$ 5,114.5	$ 4,874.6

Year Ended December 31, *(in millions)*		**2019**		2018		2017
Operating Income (Loss)						
Gas Distribution Operations	**$**	**675.4**	$	(254.1)	$	550.1
Electric Operations		**406.8**		386.1		367.4
Corporate and Other[(2)]		**(191.5)**		(7.3)		3.7
Consolidated Operating Income	**$**	**890.7**	$	124.7	$	921.2
Depreciation and Amortization						
Gas Distribution Operations	**$**	**403.2**	$	301.0	$	269.3
Electric Operations		**277.3**		262.9		277.8
Corporate and Other		**36.9**		35.7		23.2
Consolidated Depreciation and Amortization	**$**	**717.4**	$	599.6	$	570.3
Assets						
Gas Distribution Operations	**$**	**14,224.5**	$	13,527.0	$	12,048.8
Electric Operations		**6,027.6**		5,735.2		5,478.6
Corporate and Other		**2,407.7**		2,541.8		2,434.3
Consolidated Assets	**$**	**22,659.8**	$	21,804.0	$	19,961.7
Capital Expenditures[(1)]						
Gas Distribution Operations	**$**	**1,380.3**	$	1,315.3	$	1,125.6
Electric Operations		**468.9**		499.3		592.4
Corporate and Other		**18.6**		—		35.8
Consolidated Capital Expenditures	**$**	**1,867.8**	$	1,814.6	$	1,753.8

[(1)]Amounts differ from those presented on the Statements of Consolidated Cash Flows primarily due to the inclusion of capital expenditures included in current liabilities and AFUDC Equity.
[(2)] In 2019, Corporate and Other reflects an impairment charge of $204.8 million for goodwill related to Columbia of Massachusetts. For additional information, see Note 6, "Goodwill and Other Intangible Assets."

24. Quarterly Financial Data (Unaudited)

Quarterly financial data does not always reveal the trend of our business operations due to nonrecurring items and seasonal weather patterns, which affect earnings and related components of revenue and operating income.

(in millions, except per share data)	First Quarter[(1)]	Second Quarter[(2)]	Third Quarter[(3)]	Fourth Quarter[(4)]
2019				
Operating Revenues	$ 1,869.8	$ 1,010.4	$ 931.5	$ 1,397.2
Operating Income (Loss)	374.2	463.5	91.0	(38.0)
Net Income (Loss)	218.9	296.9	6.6	(139.3)
Preferred Dividends	(13.8)	(13.8)	(13.8)	(13.7)
Net Income (Loss) Available to Common Shareholders	205.1	283.1	(7.2)	(153.0)
Earnings (Loss) Per Share				
Basic Earnings (Loss) Per Share	$ 0.55	$ 0.76	$ (0.02)	$ (0.41)
Diluted Earnings (Loss) Per Share	$ 0.55	$ 0.75	$ (0.02)	$ (0.41)
2018				
Operating Revenues	$ 1,750.8	$ 1,007.0	$ 895.0	$ 1,461.7
Operating Income (Loss)	400.6	118.4	(315.9)	(78.4)
Net Income (Loss)	276.1	24.5	(339.5)	(11.7)
Preferred Dividends	—	(1.3)	(5.6)	(8.1)
Net Income (Loss) Available to Common Shareholders	276.1	23.2	(345.1)	(19.8)
Earnings (Loss) Per Share				
Basic Earnings (Loss) Per Share	$ 0.82	$ 0.07	$ (0.95)	$ (0.05)
Diluted Earnings (Loss) Per Share	$ 0.81	$ 0.07	$ (0.95)	$ (0.05)

(1) Net income for the first quarter of 2019 was impacted by $108.0 million in insurance recoveries (pretax) related to the Greater Lawrence Incident. See Note 19-E, "Other Matters" for additional information.
(2) Net income for the second quarter of 2019 was impacted by $297.0 million in insurance recoveries (pretax) related to the Greater Lawrence Incident. See Note 19-E, "Other Matters" for additional information.
(3) Net loss for the third quarter of 2018 was impacted by approximately $462 million in expenses (pretax) related to the Greater Lawrence Incident restoration and a $33.0 million loss (pretax) on an early extinguishment of long-term debt. See Note 19-E, "Other Matters" and Note 14, "Long-Term Debt" for additional information.
(4) Net loss for the fourth quarter of 2019 was impacted by an impairment charge of $204.8 million for goodwill and an impairment charge of $209.7 million for franchise rights, in each case related to Columbia of Massachusetts. For additional information, see Note 6, "Goodwill and Other Intangible Assets."

25. Supplemental Cash Flow Information

The following table provides additional information regarding our Consolidated Statements of Cash Flows for the years ended December 31, 2019, 2018 and 2017:

Year Ended December 31, *(in millions)*	**2019**	2018	2017
Supplemental Disclosures of Cash Flow Information			
Non-cash transactions:			
Capital expenditures included in current liabilities	**$ 223.6**	$ 152.0	$ 173.0
Assets acquired under a finance lease	**26.4**	54.6	11.5
Assets acquired under an operating lease	**13.4**	—	—
Reclassification of other property to regulatory assets[(1)]	**—**	245.3	—
Assets recorded for asset retirement obligations[(2)]	**54.6**	78.1	11.4
Schedule of interest and income taxes paid:			
Cash paid for interest, net of interest capitalized amounts	**$ 349.7**	$ 354.2	$ 339.9
Cash paid for income taxes, net of refunds	**10.8**	3.3	5.5

(1)See Note 8 "Regulatory Matters" for additional information.
(2)See Note 7 "Asset Retirement Obligations" for additional information.

26. Subsequent Event

On February 26, 2020, NiSource and Columbia of Massachusetts entered into the Asset Purchase Agreement with Eversource. Upon the terms and subject to the conditions set forth in the Asset Purchase Agreement, NiSource and Columbia of Massachusetts agreed to sell to Eversource, with certain additions and exceptions: (1) substantially all of the assets of Columbia of Massachusetts and (2) all of the assets held by any of Columbia of Massachusetts' affiliates that primarily relate to the Massachusetts Business, and Eversource agreed to assume certain liabilities of Columbia of Massachusetts and its affiliates. The liabilities assumed by Eversource under the Asset Purchase Agreement do not include, among others, any liabilities arising out of the Greater Lawrence Incident or liabilities of Columbia of Massachusetts or its affiliates pursuant to civil claims for injury of persons or damage to property to the extent such injury or damage occurs prior to the closing in connection with the Massachusetts Business. The Asset Purchase Agreement provides for a purchase price of $1,100 million in cash, subject to adjustment based on Columbia of Massachusetts' net working capital as of the closing. The closing of the transactions contemplated by the Asset Purchase Agreement is subject to Hart-Scott Rodino Antitrust Improvements Act of 1976 and regulatory approvals, resolution of certain proceedings before governmental bodies and other conditions. The Massachusetts Business did not meet the requirements under GAAP to be classified as held-for-sale as of December 31, 2019. When the Massachusetts Business meets the requirements to be classified as held-for-sale, in each period leading up to the closing date of the transaction, the assets and liabilities of the Massachusetts Business will be measured at fair value, less costs to sell. The final pre-tax gain or loss on the transaction will be determined as of the closing date. Assuming the Massachusetts Business is classified as held-for-sale at March 31, 2020, we estimate that the total pre-tax loss to be measured in the quarter ended March 31, 2020 will be approximately $360 million, based on December 31, 2019 asset and liability balances and estimated transaction costs. This estimated pre-tax loss is subject to change based on estimated transaction costs, working capital adjustments and asset and liability balances at each measurement date leading up to the closing date. The sale is expected to close by September 30, 2020, subject to closing conditions.

NISOURCE INC.

SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS

Twelve months ended December 31, 2019

($ in millions)	Balance Jan. 1, 2019	Additions: Charged to Costs and Expenses	Additions: Charged to Other Account [(1)]	Deductions for Purposes for which Reserves were Created	Balance Dec. 31, 2019
Reserves Deducted in Consolidated Balance Sheet from Assets to Which They Apply:					
Reserve for accounts receivable	$ 21.1	$ 21.6	$ 41.3	$ 64.8	$ 19.2
Reserve for other investments	3.0	—	—	—	3.0

Twelve months ended December 31, 2018

($ in millions)	Balance Jan. 1, 2018	Additions: Charged to Costs and Expenses	Additions: Charged to Other Account [(1)]	Deductions for Purposes for which Reserves were Created	Balance Dec. 31, 2018
Reserves Deducted in Consolidated Balance Sheet from Assets to Which They Apply:					
Reserve for accounts receivable	$ 18.3	$ 20.2	$ 43.7	$ 61.1	$ 21.1
Reserve for other investments	3.0	—	—	—	3.0

Twelve months ended December 31, 2017

($ in millions)	Balance Jan. 1, 2017	Additions: Charged to Costs and Expenses	Additions: Charged to Other Account [(1)]	Deductions for Purposes for which Reserves were Created	Balance Dec. 31, 2017
Reserves Deducted in Consolidated Balance Sheet from Assets to Which They Apply:					
Reserve for accounts receivable	$ 23.3	$ 14.8	$ 39.1	$ 58.9	$ 18.3
Reserve for other investments	3.0	—	—	—	3.0

[(1)] Charged to Other Accounts reflects the deferral of bad debt expense to a regulatory asset.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our chief executive officer and chief financial officer are responsible for evaluating the effectiveness of 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 the Company in reports that are filed or submitted under the Exchange Act are accumulated and communicated to 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, disclosure controls and procedures were effective to provide reasonable assurance that financial information was processed, recorded and reported accurately.

Management’s Annual Report on Internal Control over Financial Reporting

Our management, including our chief executive officer and chief financial officer, are responsible for establishing and maintaining internal control over financial reporting, as such term is defined under Rule 13a-15(f) or Rule 15d-15(f) promulgated under the Exchange Act. However, management would note that a control system can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Our management has adopted the 2013 framework set forth in the Committee of Sponsoring Organizations of the Treadway Commission report, Internal Control - Integrated Framework, the most commonly used and understood framework for evaluating internal control over financial reporting, as its framework for evaluating the reliability and effectiveness of internal control over financial reporting. During 2019, we conducted an evaluation of our internal control over financial reporting. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of the end of the period covered by this annual report.

Deloitte & Touche LLP, our independent registered public accounting firm, issued an attestation report on our internal controls over financial reporting which is included herein.

Changes in Internal Controls

There have been no changes in our internal control over financial reporting during the most recently completed 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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ITEM 9A. CONTROLS AND PROCEDURES

NISOURCE INC.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of NiSource Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of NiSource Inc. and subsidiaries (the "Company") as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2019, of the Company and our report dated February 27, 2020, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP
Columbus, Ohio
February 27, 2020

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ITEM 9B. OTHER INFORMATION

NISOURCE INC.

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Except for the information required by this item with respect to our executive officers included at the end of Part I of this report on Form 10-K, the information required by this Item 10 is incorporated herein by reference to the discussion in "Proposal 1 Election of Directors," and "Corporate Governance" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 19, 2020.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item 11 is incorporated herein by reference to the discussion in "Corporate Governance - Compensation Committee Interlocks and Insider Participation," "Director Compensation," "Executive Compensation," and "Executive Compensation - Compensation Committee Report," of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 19, 2020.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item 12 is incorporated herein by reference to the discussion in "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 19, 2020.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item 13 is incorporated herein by reference to the discussion in "Corporate Governance - Policies and Procedures with Respect to Transactions with Related Persons" and "Corporate Governance - Director Independence" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 19, 2020.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item 14 is incorporated herein by reference to the discussion in "Independent Auditor Fees" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 19, 2020.

PART IV

NISOURCE INC.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

Financial Statements and Financial Statement Schedules
The following financial statements and financial statement schedules filed as a part of the Annual Report on Form 10-K are included in Item 8, "Financial Statements and Supplementary Data."

Exhibits
The exhibits filed herewith as a part of this report on Form 10-K are listed on the Exhibit Index below. Each management contract or compensatory plan or arrangement of ours, listed on the Exhibit Index, is separately identified by an asterisk.

Pursuant to Item 601(b), paragraph (4)(iii)(A) of Regulation S-K, certain instruments representing long-term debt of our subsidiaries have not been included as Exhibits because such debt does not exceed 10% of the total assets of ours and our subsidiaries on a consolidated basis. We agree to furnish a copy of any such instrument to the SEC upon request.

EXHIBIT NUMBER	DESCRIPTION OF ITEM
(1.1)	Form of Equity Distribution Agreement (incorporated by reference to Exhibit 1.1 to the NiSource Inc. Form 8-K filed on November 1, 2018).
(1.2)	Form of Master Forward Sale Confirmation (incorporated by reference to Exhibit 1.2 to the NiSource Inc. Form 8-K filed on November 1, 2018).
(2.1)	Separation and Distribution Agreement, dated as of June 30, 2015, by and between NiSource Inc. and Columbia Pipeline Group, Inc. (incorporated by reference to Exhibit 2.1 to the NiSource Inc. Form 8-K filed on July 2, 2015).
(2.2)	Asset Purchase Agreement, dated as of February 26, 2020, by and among NiSource Inc., Bay State Gas Company d/b/a Columbia Gas of Massachusetts and Eversource Energy (incorporated by reference to Exhibit 2.1 of the NiSource Inc. Form 8-K filed on February 27, 2020).***
(3.1)	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Registrant's Form 10-Q, filed with the Commission on August 3, 2015).
(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).
(3.3)	Bylaws of NiSource Inc., as amended and restated through January 26, 2018 (incorporated by reference to Exhibit 3.1 to the NiSource Inc. Form 8-K filed on January 26, 2018).
(3.4)	Certificate of Designations of 5.65% Series A Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock (incorporated by reference to Exhibit 3.1 of the NiSource Inc. Form 8-K filed on June 12, 2018).
(3.5)	Form of Certificate of Designations of 6.50% Series B Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock (incorporated by reference to Exhibit 3.1 of the NiSource Inc. Form 8-K filed on November 29, 2018).

(3.6) Certificate of Designations of 6.50% Series B Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock (incorporated by reference to Exhibit 3.1 of the NiSource Inc. Form 8-K filed on December 6, 2018).

(3.7)	Certificate of Designations of Series B-1 Preferred Stock (incorporated by reference to Exhibit 3.1 to the NiSource Inc. Form 8-K filed on December 27, 2018).
(4.1)	Indenture, dated as of March 1, 1988, by and between Northern Indiana Public Service Company ("NIPSCO") and Manufacturers Hanover Trust Company, as Trustee (incorporated by reference to Exhibit 4 to the NIPSCO Registration Statement (Registration No. 33-44193)).
(4.2)	First Supplemental Indenture, dated as of December 1, 1991, by and between Northern Indiana Public Service Company and Manufacturers Hanover Trust Company, as Trustee (incorporated by reference to Exhibit 4.1 to the NIPSCO Registration Statement (Registration No. 33-63870)).
(4.3)	Indenture Agreement, dated as of February 14, 1997, by and between NIPSCO Industries, Inc., NIPSCO Capital Markets, Inc. and Chase Manhattan Bank as trustee (incorporated by reference to Exhibit 4.1 to the NIPSCO Industries, Inc. Registration Statement (Registration No. 333-22347)).
(4.4)	Second Supplemental Indenture, dated as of November 1, 2000, by and among NiSource Capital Markets, Inc., NiSource Inc., New NiSource Inc., and The Chase Manhattan Bank, as trustee (incorporated by reference to Exhibit 4.45 to the NiSource Inc. Form 10-K for the period ended December 31, 2000).
(4.5)	Indenture, dated November 14, 2000, among NiSource Finance Corp., NiSource Inc., as guarantor, and The Chase Manhattan Bank, as Trustee (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form S-3, dated November 17, 2000 (Registration No. 333-49330)).
(4.6)	Form of 3.490% Notes due 2027 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on May 17, 2017).
(4.7)	Form of 4.375% Notes due 2047 (incorporated by reference to Exhibit 4.2 to the NiSource Inc. Form 8-K filed on May 17, 2017).
(4.8)	Form of 3.950% Notes due 2048 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on September 8, 2017).
(4.9)	Form of 2.650% Notes due 2022 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on November 14, 2017).
(4.10)	Second Supplemental Indenture, dated as of November 30, 2017, between NiSource Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.4 to Post-Effective Amendment No. 1 to Form S-3 filed November 30, 2017 (Registration No. 333-214360)).
(4.11)	Third Supplemental Indenture, dated as of November 30, 2017, between NiSource Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 to the NiSource Inc. Form 8-K filed on December 1, 2017).
(4.12)	Second Supplemental Indenture, dated as of February 12, 2018, between Northern Indiana Public Service Company and The Bank of New York Mellon, solely as successor trustee under the Indenture dated as of March 1, 1988 between the Company and Manufacturers Hanover Trust Company, as original trustee. (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 10-Q filed on May 2, 2018).
(4.13)	Third Supplemental Indenture, dated as of June 11, 2018, by and between NiSource Inc. and The Bank of New York Mellon, as trustee (including form of 3.650% Notes due 2023) (incorporated by reference to Exhibit 4.1 of the NiSource Inc. Form 8-K filed on June 12, 2018).
(4.14)	Deposit Agreement, dated as of December 5, 2018, among NiSource, Inc., Computershare Inc. and Computershare Trust Company, N.A., acting jointly as depositary, and the holders from time to time of the depositary receipts described therein (incorporated by reference to Exhibit 4.1 of the NiSource Inc. Form 8-K filed on December 6, 2018).
(4.15)	Form of Depositary Receipt (incorporated by reference to Exhibit 4.1 of the NiSource Inc. Form 8-K filed on December 6, 2018).
(4.16)	Amended and Restated Deposit Agreement, dated as of December 27, 2018, among NiSource, Inc., Computershare Inc. and Computershare Trust Company, N.A., acting jointly as depositary, and the holders from time to time of the

depositary receipts described therein (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on December 27, 2018).

(4.17) Form of Depositary Receipt (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on December 27, 2018).

(4.18) Form of 2.950% Notes due 2029 (incorporated by reference to Exhibit 4.1 to NiSource Inc. Form 8-K filed on August 12, 2019).

(4.19)	Amended and Restated NiSource Inc. Employee Stock Purchase Plan (incorporated by reference to Exhibit C to the Registrant's Definitive Proxy Statement on Schedule 14A, filed with the Commission on April 1, 2019).
(4.20)	Description of NiSource Inc.'s Securities Registered Under Section 12 of the Exchange Act. **
(10.1)	2010 Omnibus Incentive Plan (incorporated by reference to Exhibit B to the NiSource Inc. Definitive Proxy Statement to Stockholders for the Annual Meeting held on May 11, 2010, filed on April 2, 2010).*
(10.2)	First Amendment to the 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.2 to the NiSource Inc. Form 10-K filed on February 18, 2014.)*
(10.3)	2010 Omnibus Incentive Plan (incorporated by reference to Exhibit C to the NiSource Inc. Definitive Proxy Statement to Stockholders for the Annual Meeting held on May 12, 2015, filed on April 7, 2015).*
(10.4)	Second Amendment to the NiSource Inc. 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Form 8-K filed October 23, 2015.)*
(10.5)	Form of Amended and Restated 2013 Performance Share Agreement effective on implementation of the spin-off on July 1, 2015, (under the 2010 Omnibus Incentive Plan)(incorporated by reference to Exhibit 10.1 to the NiSource Inc. Form 10-Q filed on November 3, 2015).*
(10.6)	Form of Amended and Restated 2014 Performance Share Agreement effective on the implementation of the spin-off on July 1, 2015, (under the 2010 Omnibus Incentive Plan)(incorporated by reference to Exhibit 10.2 to the NiSource Inc. Form 10-Q filed on November 3, 2015).*
(10.7)	Form of Amendment to Restricted Stock Unit Award Agreement related to Vested but Unpaid NiSource Restricted Stock Unit Awards for Nonemployee Directors of NiSource entered into as of July 13, 2015 (incorporated by reference to Exhibit 10.3 to the NiSource Inc. Form 10-Q filed on November 3, 2015).*
(10.8)	NiSource Inc. Nonemployee Director Retirement Plan, as amended and restated effective May 13, 2008 (incorporated by reference to Exhibit 10.2 to the NiSource Inc. Form 10-K filed on February 27, 2009).*
(10.9)	Supplemental Life Insurance Plan effective January 1, 1991, as amended, (incorporated by reference to Exhibit 2 to the NIPSCO Industries, Inc. Form 8-K filed on March 25, 1992).*
(10.10)	Revised Form of Change in Control and Termination Agreement (incorporated by reference to Exhibit 10.2 to the NiSource Inc. Form 8-K filed on October 23, 2015.)*
(10.11)	Form of Restricted Stock Agreement under the 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.18 to the NiSource Inc. Form 10-K filed on February 28, 2011).*
(10.12)	Form of Restricted Stock Unit Award Agreement for Non-employee directors under the Non-employee Director Stock Incentive Plan (incorporated by reference to Exhibit 10.19 to the NiSource Inc. Form 10-K filed on February 28, 2011).*
(10.13)	Form of Restricted Stock Unit Award Agreement for Nonemployee Directors under the 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to NiSource Inc. Form 10-Q filed on August 2, 2011).*
(10.14)	Form of Restricted Stock Unit Award Agreement under the 2010 Omnibus Incentive Plan.* (incorporated by reference to Exhibit 10.17 to the NiSource Inc. Form 10-K filed on February 22, 2017)
(10.15)	Form of Restricted Stock Unit Award Agreement for Nonemployee Directors under the 2010 Omnibus Incentive Plan. (incorporated by reference to Exhibit 10.18 to the NiSource Inc. Form 10-K filed on February 22, 2017) *
(10.16)	Amended and Restated NiSource Inc. Executive Deferred Compensation Plan effective November 1, 2012 (incorporated by reference to Exhibit 10.21 to the NiSource Inc. Form 10-K filed on February 19, 2013).*
(10.17)	NiSource Inc. Executive Severance Policy, as amended and restated, effective January 1, 2015 (incorporated by reference to Exhibit 10.21 to the NiSource Inc. Form 10-K filed on February 18, 2015).*
(10.18)	Note Purchase Agreement, dated as of August 23, 2005, by and among NiSource Finance Corp., as issuer, NiSource Inc., as guarantor, and the purchasers named therein (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Current Report on Form 8-K filed on August 26, 2005).
(10.19)	Amendment No. 1, dated as of November 10, 2008, to the Note Purchase Agreement by and among NiSource Finance Corp., as issuer, NiSource Inc., as guarantor, and the purchasers whose names appear on the signature page

thereto (incorporated by reference to Exhibit 10.30 to the NiSource Inc. Form 10-K filed on February 27, 2009).

(10.20)	Letter Agreement, dated as of March 17, 2015, by and between NiSource Inc. and Donald Brown. (incorporated by reference Exhibit 10.1 to the NiSource Inc. Form 10-Q filed on April 30, 2015).*
(10.21)	Letter Agreement, dated as of February 23, 2016, by and between NiSource Inc. and Pablo A. Vegas. (incorporated by reference Exhibit 10.29 to the NiSource Inc. Form 10-K filed on February 22, 2017).*
(10.22)	Employee Matters Agreement, dated as of June 30, 2015, by and between NiSource Inc. and Columbia Pipeline Group, Inc. (incorporated by reference to Exhibit 10.2 of the NiSource Inc. Form 8-K filed on July 2, 2015).
(10.23)	Form of Change in Control and Termination Agreement (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Form 10-Q filed on August 2, 2017).
(10.24)	Form of Performance Share Award Agreement under the 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.33 to the NiSource Form 10-K filed on February 20, 2018).*
(10.25)	Form of Restricted Stock Unit Award Agreement under the 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.34 to the NiSource Form 10-K filed on February 20, 2018).*
(10.26)	Common Stock Subscription Agreement, dated as of May 2, 2018, by and among NiSource Inc. and the purchasers named therein (incorporated by reference to Exhibit 10.1 of the NiSource Inc. Form 8-K filed on May 2, 2018).
(10.27)	Registration Rights Agreement, dated as of May 2, 2018, by and among NiSource Inc. and the purchasers named therein (incorporated by reference to Exhibit 10.2 of the NiSource Inc. Form 8-K filed on May 2, 2018).
(10.28)	Purchase Agreement, dated as of June 6, 2018, by and among NiSource Inc. and Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and MUFG Securities Americas Inc., as representatives, relating to the 5.650% Series A Preferred Stock (incorporated by reference to Exhibit 10.1 of the NiSource Inc. Form 8-K filed on June 12, 2018).
(10.29)	Purchase Agreement, dated as of June 6, 2018, by and among NiSource Inc. and Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and MUFG Securities Americas Inc., as representatives, relating to the 3.650% Notes due 2023 (incorporated by reference to Exhibit 10.2 of the NiSource Inc. Form 8-K filed on June 12, 2018).
(10.30)	Registration Rights Agreement, dated as of June 11, 2018, by and among NiSource Inc. and Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and MUFG Securities Americas Inc., as representatives, relating to the 5.650% Series A Preferred Stock (incorporated by reference to Exhibit 10.3 of the NiSource Inc. Form 8-K filed on June 12, 2018).
(10.31)	Registration Rights Agreement, dated as of June 11, 2018, by and among NiSource Inc. and Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and MUFG Securities Americas Inc., as representatives, relating to the 3.650% Notes due 2023 (incorporated by reference to Exhibit 10.4 of the NiSource Inc. Form 8-K filed on June 12, 2018).
(10.32)	Amended and Restated NiSource Inc. Supplemental Executive Retirement Plan effective August 10, 2017 (incorporated by reference to Exhibit 10.1 of the NiSource Inc. Form 10-Q filed on November 1, 2018).
(10.33)	Amended and Restated Pension Restoration Plan for NiSource Inc. and Affiliates effective August 10, 2017 (incorporated by reference to Exhibit 10.2 of the NiSource Inc. Form 10-Q filed on November 1, 2018).
(10.34)	Amended Restated Savings Restoration Plan for NiSource Inc. and Affiliates effective August 10, 2017 (incorporated by reference to Exhibit 10.3 of the NiSource Inc. Form 10-Q filed on November 1, 2018).
(10.35)	Form of 2019 Performance Share Award Agreement under the 2010 Omnibus Incentive Plan. (incorporated by reference to Exhibit 10.45 of the NiSource Inc. Form 10-K filed on February 20, 2019).
(10.36)	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).

(10.37) 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).

(10.38) 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).

(10.39) Form of Performance Share Award Agreement* **

(10.40) Form of Restricted Stock Unit Award Agreement* **

(10.41) Form of Cash-Based Award Agreement* **

(10.42) Columbia Gas of Massachusetts Plea Agreement dated February 26, 2020 (incorporated by reference to Exhibit 10.2 of the NiSource Inc. Form 8-K filed on February 27, 2020).

(10.43) NiSource Deferred Prosecution Agreement dated February 26, 2020 (incorporated by reference to Exhibit 10.1 of the NiSource Inc. Form 8-K filed on February 27, 2020).

(21) List of Subsidiaries.**

(23) Consent of Deloitte & Touche LLP.**

(31.1) Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.**

(31.2) Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.**

(32.1) Certification of Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).**

(32.2) Certification of Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).**

(101.INS) Inline 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) Inline XBRL Schema Document.**

(101.CAL) Inline XBRL Calculation Linkbase Document.**

(101.LAB) Inline XBRL Labels Linkbase Document.**

(101.PRE) Inline XBRL Presentation Linkbase Document.**

(101.DEF) Inline XBRL Definition Linkbase Document.**

(104) Cover page Interactive Data File (formatted as inline XBRL, and contained in Exhibit 101.)

* Management contract or compensatory plan or arrangement of NiSource Inc.

** Exhibit filed herewith.

*** Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. NiSource agrees to furnish supplementally a copy of any omitted schedules or exhibits to the SEC upon request.

References made to NIPSCO filings can be found at Commission File Number 001-04125. References made to NiSource Inc. filings made prior to November 1, 2000 can be found at Commission File Number 001-09779.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

NiSource Inc.
(Registrant)

Date: February 27, 2020

By: /s/ JOSEPH HAMROCK
Joseph Hamrock
President, Chief Executive Officer and Director
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ JOSEPH HAMROCK Joseph Hamrock	President, Chief Executive Officer and Director (Principal Executive Officer)	Date: February 27, 2020
/s/ DONALD E. BROWN Donald E. Brown	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	Date: February 27, 2020
/s/ JOSEPH W. MULPAS Joseph W. Mulpas	Vice President and Chief Accounting Officer (Principal Accounting Officer)	Date: February 27, 2020
/s/ KEVIN T. KABAT Kevin T. Kabat	Chairman and Director	Date: February 27, 2020
/s/ PETER A. ALTABEF Peter A. Altabef	Director	Date: February 27, 2020
/s/ THEODORE H. BUNTING, JR. Theodore H. Bunting, Jr.	Director	Date: February 27, 2020
/s/ ERIC L. BUTLER Eric L. Butler	Director	Date: February 27, 2020
/s/ ARISTIDES S. CANDRIS Aristides S. Candris	Director	Date: February 27, 2020
/s/ WAYNE S. DEVEYDT Wayne S. DeVeydt	Director	Date: February 27, 2020
/s/ DEBORAH A. HENRETTA Deborah A. Henretta	Director	Date: February 27, 2020
/s/ DEBORAH A.P. HERSMAN Deborah A. P. Hersman	Director	Date: February 27, 2020
/s/ MICHAEL E. JESANIS Michael E. Jesanis	Director	Date: February 27, 2020
/s/ CAROLYN Y. WOO Carolyn Y. Woo	Director	Date: February 27, 2020

Exhibit 4.20

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

NiSource Inc. ("NiSource") has two classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"):

(i) common stock, par value $0.01 per share (the "common stock"); and
(ii) 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 ("Series B 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 ("Series B-1 Preferred Stock"), par value $0.01 per share, liquidation preference $0.01 per share (the "Depositary Shares").

The following is a summary description of the material terms of such securities. It may not contain all the information that is important to you. For additional information, you should refer to the provisions of our Amended and Restated Certificate of Incorporation (the "certificate of incorporation") and our bylaws, as amended and restated (the "bylaws"), each of which is an exhibit to the Annual Report on Form 10-K to which this description is an exhibit and are incorporated herein by reference.

GENERAL

Authorized Capital Stock

The authorized capital stock of NiSource consists of 620,000,000 shares, of which 600,000,000 are common stock, par value $0.01, and 20,000,000 are preferred stock, par value $0.01. The board of directors of NiSource has designated (i) 400,000 shares of the preferred stock as 5.650% Series A Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock ("Series A Preferred Stock"), liquidation preference $1,000 per share, (ii) 20,000 shares of the preferred stock as Series B Preferred Stock, and (iii) 20,000 shares of the preferred stock as Series B-1 Preferred Stock. The shares of Series B Preferred Stock and Series B-1 Preferred Stock are represented by 20,000,000 Depositary Shares, each representing 1/1000th ownership interest in a share of each of the Series B Preferred Stock and the Series B-1 Preferred Stock.

The shares of Series A Preferred Stock are not registered pursuant to Section 12 of the Exchange Act and are not separately described below, but they are referenced as relevant when describing the other securities discussed herein.

Anti-Takeover Provisions

NiSource's certificate of incorporation includes provisions that may have the effect of deterring hostile takeovers or delaying or preventing changes in control of management of NiSource. More specifically, the certificate of incorporation provides that stockholders may not cumulate their votes and stockholder action may be taken only at a duly called meeting and not by written consent. In addition, NiSource's bylaws contain requirements for advance notice of stockholder proposals and director nominations. These and other provisions of the certificate of incorporation and bylaws and Delaware law could discourage potential acquisition proposals and could delay or prevent a change in control of management of NiSource.

Under Delaware law, the approval of the holders of a majority of the outstanding shares of a class of NiSource's capital stock would be necessary to authorize any amendment to the certificate of incorporation that would increase or decrease the aggregate number of authorized shares of such class of capital stock or that would adversely alter or change the powers, preferences or special right of such class of capital stock. Further, pursuant to the certificates of designations for the Series A Preferred Stock, Series B Preferred Stock and Series B-1 Preferred Stock, the holders of two-thirds of any series of such preferred stock must approve certain amendments to the certificate of incorporation that would have a material adverse effect on the existing preferences, rights, powers, duties or obligations of such series of preferred stock. The effect of these provision may permit the holders of NiSource's outstanding shares of capital stock to block a proposed amendment to the certificate of incorporation in connection with a potential acquisition of NiSource if such amendment would adversely affect the powers, preferences or special rights of such capital stock.

NiSource is subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. Section 203 prevents certain Delaware corporations, including those whose securities are listed on a national securities exchange, such as the New York Stock Exchange, from engaging, under certain circumstances, in a “business combination” (as defined therein), which includes, among other things, a merger or sale of more than 10% of the corporation’s assets, with any interested stockholder for three years following the date that the stockholder became an interested stockholder. An interested stockholder is a stockholder who acquired 15% or more of the corporation’s outstanding voting stock or an affiliate or associate of such person.

DESCRIPTION OF COMMON STOCK

Liquidation Rights

In the event of any liquidation, dissolution or winding up of NiSource, whether voluntary or involuntary, after payment or provision for payment of the debts and other liabilities of NiSource and the distribution in full of all preferential amounts (including any accumulated and unpaid dividends) to which the holders of the Series A Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and any other series of preferred stock of NiSource hereafter created are entitled, the holders of common stock will share ratably in the remaining assets in proportion to the number of shares of common stock held by them respectively. A consolidation or merger of NiSource with or into any other corporation, or any purchase or redemption of shares of any class of NiSource’s capital stock, will not be deemed to be a liquidation, dissolution or winding up of NiSource’s affairs.

Voting Rights

Except as otherwise required by Delaware law or as otherwise provided in the certificate of designations for the Series A Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock or any other series of preferred stock of NiSource hereafter created, holders of NiSource’s common stock exclusively possess voting power for the election of NiSource’s directors and all other matters requiring stockholder action. Each holder of common stock, if entitled to vote on a matter, is entitled to one vote per share. Holders of common stock are not entitled to cumulative voting rights. Holders of common stock will be notified of any stockholders’ meeting according to applicable law.

Dividend Rights

Holders of common stock will be entitled to receive dividends, when, as and if declared by NiSource’s board of directors out of legally available funds for such purpose in accordance with Delaware law, subject to the powers, preferences and rights afforded to the holders of the Series A Preferred Stock, Series B Preferred Stock and any other series of preferred stock of NiSource hereafter created. Dividends may be paid in cash, capital stock or other property of NiSource.

NiSource is prohibited by the terms of each of its Series A Preferred Stock and its Series B Preferred Stock from declaring or paying dividends on any shares of NiSource’s common stock (other than dividends payable solely in shares of its common stock) or redeeming, repurchasing or acquiring shares of its common stock unless full cumulative dividends have been paid with respect to the Series A Preferred Stock and the Series B Preferred Stock, respectively, through the most recently completed respective dividend periods.

NiSource is an energy holding company that derives substantially all of its revenues and earnings from the operating results of the rate-regulated businesses of its subsidiaries. Accordingly, NiSource’s ability to pay dividends on its capital stock is dependent primarily upon the earnings and cash flows of its subsidiaries and the distribution or other payment of such earnings to NiSource. NiSource’s subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts on the capital stock of NiSource or to make any funds available therefor, whether by dividends, loans or other payments.

No Preemptive Rights

Holders of NiSource’s common stock are not entitled to, as holders of common stock, any preemptive rights with respect to any shares of NiSource’s capital stock or any of its securities convertible into or exercisable for its capital stock.

SERIES B PREFERRED STOCK

Ranking

The Series B Preferred Stock ranks, with respect to dividends and distributions upon liquidation: (i) senior to NiSource's common stock and any other class or series of capital stock that does not expressly provide that it ranks on a parity with or senior to the Series B Preferred Stock with respect to dividends and such distributions (the "Series B Junior Securities"); (ii) on a parity with the Series A Preferred Stock, the Series B-1 Preferred Stock (except with respect to dividends) and any other class or series of capital stock that does not expressly provide that it ranks junior or senior to the Series B Preferred Stock with respect to dividends and such distributions (the "Series B Parity Securities"); and (iii) junior to any class or series of capital stock that expressly provides that it ranks senior to the Series B Preferred Stock with respect to dividends and such distributions (the "Series B Senior Securities").

Liquidation Rights

In the event of any liquidation, the holders of the Series B Preferred Stock are entitled to receive out of NiSource's assets available for distribution to stockholders (subject to the rights of holders of Series B Senior Securities and Series B Parity Securities in respect of distributions upon the liquidation) before any distribution of assets is made to holders of Series B Junior Securities, a liquidation preference of $25,000 per share. Any accumulated and unpaid dividends on the Series B Preferred Stock and Series B Parity Securities will be paid prior to any distributions in liquidation. A consolidation or merger of NiSource with or into any other entity will not be deemed to be a liquidation.

Voting Rights

The Series B Preferred Stock has no voting, consent or approval rights except as set forth below or as otherwise provided by Delaware law. On any matter described below in which the holders of the Series B Preferred Stock are entitled to vote as a class (whether separately or together with the holders of any Series B Parity Securities), such holders will be entitled to twenty-five votes per share. The Series B Preferred Stock is paired with the Series B-1 Preferred Stock and the holders of the Series B-1 Preferred Stock are entitled to the voting rights described below under the heading "-Series B-1 Preferred Stock-Voting Rights."

Adverse Changes. Unless NiSource has received the affirmative vote or consent of the holders of at least two-thirds of the outstanding shares of Series B Preferred Stock, voting as a single class, no amendment to the certificate of incorporation may be adopted that would have a material adverse effect on the existing preferences, rights, powers, duties or obligations of the Series B Preferred Stock. However, such voting requirement shall not be implicated by any amendment to the certificate of incorporation (i) relating to the issuance of additional shares of preferred stock (subject to the voting rights discussed in the following paragraph) and (ii) in connection with a merger or another transaction in which either the Series B Preferred Stock remains outstanding or is exchanged for a series of preferred stock of the surviving entity, in either case, with the terms thereof materially unchanged in any respect adverse to the holders of Series B Preferred Stock.

Parity and Senior Preferred Stock. Unless NiSource has received the affirmative vote or consent of the holders of at least two-thirds of the outstanding shares of Series B Preferred Stock, voting as a class together with holders of the Series A Preferred Stock and any other Series B Parity Securities and upon which like voting rights have been conferred and are exercisable, NiSource may not: (i) create or issue any Series B Parity Securities (including any additional shares of Series A Preferred Stock or Series B Preferred Stock, but excluding any payments-in-kind on such shares) if the cumulative dividends payable on the outstanding shares of Series B Preferred Stock (or Series B Parity Securities, if applicable) are in arrears; or (ii) create or issue any Series B Senior Securities.

Dividends

Holders of Series B Preferred Stock will be entitled to receive, when, as and if declared by NiSource's board of directors out of legally available funds for such purpose, cumulative quarterly cash dividends (subject to the dividend rights of any Series B Parity Securities or Series B Senior Securities) at an initial rate of 6.50% per annum of the $25,000 liquidation preference per share (equal to $1,625 per share per annum). On and after March 15, 2024, dividends will accumulate for each five-year period thereafter according to a formula based on the rate of certain U.S. Treasury securities with a five year maturity plus the applicable margin.

NiSource is prohibited by the terms of the Series B Preferred Stock from declaring or paying dividends on any Series B Junior Securities (other than a dividend payable solely in such Series B Junior Securities) or redeeming, repurchasing or acquiring shares of any Series B Junior Securities unless full cumulative dividends have been paid on all outstanding shares of Series B Preferred Stock and any Series B Parity Securities entitled to dividends through the most recently completed respective dividend periods. In addition, NiSource may not repurchase, redeem or otherwise acquire any shares of Series A Preferred Stock or Series A Parity Securities, unless (i) effected pursuant to a purchase or exchange offer made on the same relative terms to all holders of such shares of preferred stock or (ii) (A) full cumulative dividends have been paid or provided for on all outstanding shares of such preferred stock entitled to dividends through the most recently completed respective dividend periods and (B) NiSource expects to have sufficient funds to pay in full the next dividend on all such outstanding shares of preferred stock.

Redemption

NiSource may redeem the Series B Preferred Stock, at its option, in whole or in part, on March 15, 2024 or on any fifth anniversary thereafter by paying $25,000 per share plus an amount equal to all accumulated and unpaid dividends thereon to, but not including, the redemption date, whether or not declared. In addition, following the occurrence of a "Ratings Event" (as defined in the certificate of designations of the Series B Preferred Stock), NiSource may, at its option, redeem the Series B Preferred Stock in whole, but not in part, at a redemption price equal to $25,500 per share (102% of the liquidation preference) plus an amount equal to all accumulated and unpaid dividends thereon to the redemption date, whether or not declared.

No Conversion or Preemptive Rights

The Series B Preferred Stock is not convertible into any other class of NiSource's capital stock and the holders of the Series B Preferred Stock do not, as holders of Series B Preferred Stock, have any preemptive rights with respect to any shares of NiSource's capital stock or any of its securities convertible into or exercisable for its capital stock.

SERIES B-1 PREFERRED STOCK

The Series B-1 Preferred Stock was 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. 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, and upon the transfer, redemption or repurchase of the underlying Series B Preferred Stock, the same number of shares of Series B-1 Preferred Stock must simultaneously be transferred (to the same transferee), redeemed or repurchased, as the case may be. A summary of certain powers, preferences, rights, qualifications, limitations and restrictions of the Series B-1 Preferred Stock are set forth below.

Ranking

The Series B-1 Preferred Stock ranks, with respect to distributions upon liquidation: (i) senior to NiSource's common stock and any other class or series of capital stock that does not expressly provide that it ranks on a parity with or senior to the Series B-1 Preferred Stock with respect to such distributions (the "Series B-1 Junior Securities"); (ii) on a parity with the Series A Preferred Stock, the Series B Preferred Stock and any other class or series of capital stock that does not expressly provide that it ranks junior or senior to the Series B-1 Preferred Stock with respect to such distributions (the "Series B-1 Parity Securities"); and (iii) junior to any class or series of capital stock that expressly provides that it ranks senior to the Series B-1 Preferred Stock with respect to such distributions (the "Series B-1 Senior Securities").

Liquidation Rights

In the event of any liquidation, the holders of the Series B-1 Preferred Stock are entitled to receive out of NiSource's assets available for distribution to stockholders (subject to the rights of holders of Series B-1 Senior Securities and Series B-1 Parity Securities in respect of distributions upon liquidation), before any distribution of assets is made to holders of Series B-1 Junior Securities, a liquidation preference of $0.01 per share. Any accumulated and unpaid dividends on the Series B-1 Parity Securities will be paid prior to any distributions in liquidation. A consolidation or merger of NiSource with or into any other entity will not be deemed to be a liquidation.

Voting Rights

The Series B-1 Preferred Stock has no voting, consent or approval rights except as set forth below or as otherwise provided by Delaware law. On any matter described below in which the holders of the Series B-1 Preferred Stock are entitled to vote as a class (whether separately or together with the holders of any Series B-1 Parity Securities), such holders will be entitled to twenty-five votes per share.

Adverse Changes. Unless NiSource has received the affirmative vote or consent of the holders of at least two-thirds of the outstanding shares of Series B-1 Preferred Stock, voting as a single class, no amendment to the certificate of incorporation may be adopted that would have a material adverse effect on the existing preferences, rights, powers, duties or obligations of the Series B-1 Preferred Stock. However, such voting requirement shall not be implicated by any amendment to the certificate of incorporation (i) relating to the issuance of additional shares of preferred stock and (ii) in connection with a merger or another transaction in which either the Series B-1 Preferred Stock remains outstanding or is exchanged for a series of preferred stock of the surviving entity, in either case, with the terms thereof materially unchanged in any respect adverse to the holders of Series B-1 Preferred Stock.

Election of Directors upon Nonpayment Events. If and whenever dividends on any shares of Series B Preferred Stock shall not have been declared and paid for at least six dividend periods, whether or not consecutive (a “Nonpayment Event”), the number of directors then constituting NiSource’s board of directors will automatically be increased by two and the holders of Series B-1 Preferred Stock, voting as a class together with the holders of any outstanding Series B-1 Parity Securities having like voting rights that are exercisable at that time (“Director Voting Preferred Stock”), shall be entitled to elect the two additional directors (the “Preferred Stock Directors”), provided that (i) such election does not violate the corporate governance requirements of the New York Stock Exchange that companies must have a majority of independent directors and (ii) such director is not prohibited or disqualified from serving as a director of NiSource by any applicable law. The Preferred Stock Directors shall each be entitled to one vote per director on any matter before NiSource’s board of directors for a vote.

When all accumulated and unpaid dividends on the Series B Preferred Stock have been paid in full, then (a) the right of the holders of Series B-1 Preferred Stock to elect the Preferred Stock Directors shall cease, (b) the terms of office of the Preferred Stock Directors will automatically terminate and (c) the number of directors constituting NiSource’s board of directors will automatically decrease by two. Any Preferred Stock Director may be removed at any time without cause by holders of a majority of the outstanding shares of the Series B-1 Preferred Stock and Director Voting Preferred Stock (voting together as a single class). So long as a Nonpayment Event continues, any vacancy in the office of a Preferred Stock Director (after the initial election of Preferred Stock Directors) may be filled by the written consent of the Preferred Stock Director remaining in office (if any), in lieu of a vote by the Series B-1 Preferred Stock and Voting Preferred Stock (voting together as a single class).

Dividends

Holders of Series B-1 Preferred Stock are not entitled to receive dividends.

Redemption

The shares of Series B-1 Preferred Stock are subject to mandatory redemption, in whole or in part, at a redemption price of $0.01 per share upon the redemption of the underlying shares of Series B Preferred Stock with which such shares of Series B-1 Preferred Stock are paired. The shares of Series B-1 Preferred Stock are not otherwise subject to redemption.

No Conversion or Preemptive Rights

The Series B-1 Preferred Stock is not convertible into any other class of NiSource’s capital stock and the holders of the Series B-1 Preferred Stock do not, as holders of Series B-1 Preferred Stock, have any preemptive rights with respect to any shares of NiSource’s capital stock or any of its securities convertible into or exercisable for its capital stock.

DEPOSITARY SHARES REPRESENTING SERIES B PREFERRED STOCK AND SERIES B-1 PREFERRED STOCK

General

Each Depositary Share represents a 1/1,000th ownership interest in a share of the Series B Preferred Stock and a 1/1,000th ownership interest in a share of the Series B-1 Preferred Stock. The Depositary Shares are evidenced by depositary receipts issued pursuant to a deposit agreement (the “Deposit Agreement”) among NiSource, Computershare Inc. and Computershare Trust Company, N.A., acting jointly as the depositary (the “depositary”), and the holders from time to time of the depositary receipts evidencing the Depositary Shares. This description of the Depositary Shares is qualified in its entirety by the provisions of the respective certificates of designations of the Series B Preferred Stock and Series B-1 Preferred Stock and the Deposit Agreement, each of which is an exhibit to the Annual Report on Form 10-K to which this description is an exhibit and are incorporated herein by reference.

Dividends and Other Distributions

The depositary will distribute any cash dividends or other cash distributions received in respect of the deposited Series B Preferred Stock and Series B-1 Preferred Stock to the record holders of Depositary Shares relating to the underlying Series B Preferred Stock and Series B-1 Preferred Stock in proportion to the number of Depositary Shares held by the holders. The depositary will distribute any property received by it other than cash to the record holders of Depositary Shares entitled to those distributions, unless it determines, in consultation with NiSource, that the distribution cannot be made proportionally among those holders or that it is not feasible to make a distribution. In that event, the depositary may, with NiSource's approval, sell the property (at a public or private sale) and distribute the net proceeds from the sale to the holders of the Depositary Shares in proportion to the number of Depositary Shares they hold.

Redemption of Depositary Shares

If NiSource redeems the Series B Preferred Stock and Series B-1 Preferred Stock represented by the Depositary Shares, a proportionate number of Depositary Shares will be redeemed from the proceeds received by the depositary resulting from the redemption of the Series B Preferred Stock and Series B-1 Preferred Stock held by the depositary. The redemption price per depositary share will be equal to 1/1,000th of the redemption price per share payable with respect to each of the Series B Preferred Stock and Series B-1 Preferred Stock. Whenever NiSource redeems shares of Series B Preferred Stock and Series B-1 Preferred Stock held by the depositary, the depositary will redeem, as of the same redemption date, the number of Depositary Shares representing shares of Series B Preferred Stock and Series B-1 Preferred Stock so redeemed.

Voting the Preferred Stock

When the depositary receives notice of any meeting at which the holders of the Series B Preferred Stock and/or Series B-1 Preferred Stock are entitled to vote, the depositary will mail, or otherwise transmit by an authorized method, the information contained in the notice to the record holders of the Depositary Shares. Each record holder of the Depositary Shares on the record date, which will be the same date as the record date for the Series B Preferred Stock and/or Series B-1 Preferred Stock, may instruct the depositary to vote the amount of the Series B Preferred Stock and/or Series B-1 Preferred Stock entitled to vote represented by the holder's Depositary Shares. To the extent practicable, the depositary will vote the number of shares entitled to vote represented by such Depositary Shares in accordance with the instructions it receives. If the depositary does not receive specific instructions from the holders of any Depositary Shares representing the Series B Preferred Stock and/or Series B-1 Preferred Stock entitled to vote, it will abstain from voting the number of shares of Series B Preferred Stock and/or Series B-1 Preferred Stock represented thereby.

Amendment and Termination of the Depositary Agreement

The form of depositary receipt evidencing the Depositary Shares and any provision of the Depositary Agreement may be amended by agreement between the depositary and NiSource. However, any amendment that materially and adversely alters the rights of the holders of Depositary Shares will not be effective unless such amendment has been approved by the holders of at least a majority of the Depositary Shares then outstanding. The Depositary Agreement may be terminated by NiSource upon sixty days' prior written notice to the depositary or by the depositary upon mailing notice to NiSource and the holders of all Depositary Shares then outstanding if at any time sixty days have expired after the depositary provided written notice to NiSource of its resignation and a successor depositary has not been appointed. The Depositary Agreement shall automatically terminate after there has been a final distribution in respect of the Series B Preferred Stock and Series B-1 Preferred Stock in connection with NiSource's liquidation, dissolution or winding and such distribution has been distributed to the holders of Depositary Shares.

Exhibit 10.39

NiSource Inc.

20__ Omnibus Incentive Plan

20__ Performance Share Award Agreement

This Performance Share Award Agreement (the "Agreement") is made and entered into as of _______________ (the "Grant Date"), by and between NiSource Inc., a Delaware corporation (the "Company"), and __________________ an Employee of the Company (the "Grantee"), pursuant to the terms of the NiSource Inc. 20__ Omnibus Incentive Plan, as amended (the "Plan"). Any term capitalized but not defined in this Agreement shall have the meaning set forth in the Plan.

Section 1. Performance Share Award. The Company hereby grants to the Grantee, on the terms and conditions hereinafter set forth, a target award of ______________Performance Shares (the "Performance Shares"). The Performance Shares shall be represented by a bookkeeping entry with respect to the Grantee (the "Performance Share Account"), and each Performance Share shall be settled in one Share, to the extent provided under this Agreement and the Plan. This Agreement and the award shall be null and void unless the Grantee accepts this Agreement electronically within the Grantee's stock plan account with the Company's stock plan administrator according to the procedures then in effect.

Section 2. Performance-Based Vesting Conditions.

(a) General. Subject to the remainder of this Agreement, the Performance Shares shall vest pursuant to the terms of this Agreement and the Plan based on the achievement of the performance goals set forth in this Section 2 over the performance period beginning on _________________ and ending on _________________ (the "Performance Period"), provided (i) that that the Grantee remains in continuous Service through _________________ (the "Vesting Date") and (ii) the Company achieves the threshold cumulative NOEPS goal set forth in Section 2(b). Attainment of the performance goals shall be determined and certified by the Compensation Committee of the Board of Directors of the Company (the "Committee") prior to the settlement of the Performance Shares.

(b) Financial Performance Goal. Subject to the terms of this Agreement and the Plan, _________________shall be eligible to vest based on the Company's achievement of cumulative NOEPS during the Performance Period, as follows:

Performance Level(1)	Cumulative NOEPS	Percentage of Performance Shares that Shall Vest(2)
Threshold	$_______	___________
Target	$_______	___________
Maximum	$______and above	___________

(1) The vesting percentage for performance between performance levels shall be determined based on linear interpolation.

(2) The number of Performance Shares that shall vest based on the Company's cumulative NOEPS performance shall be subject to a performance modifier of +/- 25% based on the Company's RTSR over the Performance Period, with such Performance Shares (i) increasing by 25% if the Company's RTSR is in the top quartile of the TSR Peer Group, (ii) decreasing by 25% if the Company's RTSR is in the bottom quartile of the TSR Peer Group, and (iii) remaining the same if the Company's RTSR is in the second or third quartiles of the TSR Peer Group. No other adjustment shall be made based on the Company's RTSR.

(c) [Insert Secondary] Performance Goals. Subject to the terms of this Agreement and the Plan and provided the Company's threshold cumulative NOEPS goal is met, _________________shall be eligible to vest based on the achievement of the [Insert Secondary Performance] Goals set forth below, with each goal equally weighted:

Performance Measure	**Goal(1)**

(1) If the Company fails to achieve the applicable performance goal, then the Performance Shares allocated to such performance goal shall not be eligible to vest.

(d) Definitions.

(i) "cumulative NOEPS" means the Company's cumulative net operating earnings per share, as reported in the Company's annual financial statements. Additional adjustments to cumulative net operating earnings per share shall be made to the targets and results for: (x) transactions that the Company discloses on Form 8-K filed with the Securities and Exchange Commission, including merger, acquisition, divestiture, consolidation or corporate restructuring, any recapitalization, reorganization, spin-off, split-up, combination, liquidation, dissolution, sale of assets or similar corporate transactions that meet disclosure thresholds; and (y) pending transactions as a result of requirements to present operations as "held for sale" under Accounting Standard Codification 205.

(ii)

(iii) "RTSR" means the annualized growth in the dividends and share price of a Share, calculated using a 20 day trading average of the Company's closing price beginning on ___________________ and ending _________________ compared to the TSR performance of the TSR Peer Group. The starting and ending share prices for the computation of RTSR will equal the average closing price of each company's common stock over the 20 trading days immediately preceding the first and last day of the performance period.

(iv) "TSR Peer Group" means the peer group of companies determined by the Committee at its meeting on __________________.

Section 3. Termination of Employment.

(a) Termination of Service Prior to Vesting Date. Except as set forth below, if the Grantee's Service is terminated for any reason prior to the Vesting Date, then the Grantee shall forfeit the Performance Shares credited to the Grantee's Performance Share Account.

(b) Retirement, Disability or Death.

(i) Notwithstanding the foregoing, in the event that the Grantee's Service terminates prior to the Vesting Date as a result of the Grantee's (i) Retirement, (ii) Disability, or (iii) death and such death occurs with less than or equal to twelve months remaining in the Performance Period, then the Grantee (or the Grantee's beneficiary or estate in the case of the Grantee's death) shall vest in a pro rata portion of the Performance Shares, based on the actual performance results for the Performance Period. Such pro rata portion of the Performance Shares shall be determined by multiplying the number of Performance Shares earned based on actual performance by a fraction, where the numerator shall equal the number of calendar months (including partial calendar months) that have elapsed from the Grant Date through the date of the Grantee's termination of Service, and the denominator shall be the number of calendar months (including partial calendar months) that have elapsed between the Grant Date and the Vesting Date.

(ii) If the Grantee terminates Service due to death prior to the Vesting Date and with more than 12 months remaining in the Performance Period, then the Grantee's beneficiary or estate shall vest, on the date of termination, in a pro rata portion of the target Performance Shares. Such pro rata portion of the Performance Shares shall be determined by multiplying the number of target Performance Shares by a fraction, where the numerator shall equal the number of calendar months (including partial calendar months) that have elapsed from the Grant Date through the date of the Grantee's termination of Service, and the denominator shall be the number of calendar months (including partial calendar months) that have elapsed between the Grant Date and the Vesting Date.

(iii) "Retirement" means the Grantee's termination from Service at or after attainment of age 55 and completing at least ten years of service (within the meaning of the Company's tax-qualified pension plan as in effect on the Grant Date, regardless of whether the Grantee is eligible for such plan).

(c) Change in Control. Notwithstanding the foregoing provisions, in the event of a Change in Control, the Performance Shares under this Agreement shall be subject to the Change in Control provisions set forth in the Plan. In the event of any conflict between the Plan and this Agreement, the Plan shall control. Notwithstanding any other agreement between the Company and the Grantee, the "Good Reason" definition set forth in the Plan shall govern this award.

Section 4. Delivery of Shares. Subject to the terms of this Agreement and except as otherwise provided for herein, the Company shall convert the Performance Shares in the Grantee's Performance Share Account into Shares and issue or deliver the total number of Shares due to the Grantee within 60 days following the Vesting Date (but in any event no later than the March 15th immediately following the year in which the substantial risk of forfeiture with respect to the Performance Shares lapses) or, if earlier, within 30 days following (a) the Grantee's death in accordance with Section 3(b)(ii), (b) Grantee's termination of Service without Cause or due to Good Reason in accordance with the Change in Control provisions of the Plan or (c) a Change in Control in the event the Performance Shares do not become Alternative Awards under the Plan. The delivery of the Shares shall be subject to payment of the applicable withholding tax liability and the forfeiture provisions of this Agreement. If the Grantee dies before the Company has issued or distributed the vested Performance Shares, the Company shall transfer any Shares with respect to the vested Performance Shares in accordance with the Grantee's written beneficiary designation or to the Grantee's estate if no written beneficiary designation is provided. The issuance or deliver of the Shares hereunder shall be evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company. The Company shall pay all original issue or transfer taxes and all fees and expenses incident to such issuance or delivery, except as otherwise provided in Section 5.

Section 5. Withholding of Taxes. As a condition precedent to the delivery to Grantee of any Shares upon vesting of the Performance Shares, Grantee shall, upon request by the Company, pay to the Company such amount of cash as the Company may be required, under all applicable federal, state, local or other laws or regulations, to withhold and pay over as income or other withholding taxes (the "Required Tax Payments") with respect to the Performance Shares. If Grantee shall fail to advance the Required Tax Payments after request by the Company, the Company may, in its discretion, deduct any Required Tax Payments from any amount then or thereafter payable by the Company to Grantee or withhold Shares. Grantee may elect to satisfy his or her obligation to advance the Required Tax Payments by any of the following means: (a) a cash payment to the Company; (b) delivery to the Company (either actual delivery or by attestation procedures established by the Company) of previously owned whole Shares having a Fair Market Value, determined as of the date the obligation to withhold or pay taxes first arises in connection with the Performance Shares (the "Tax Date"), equal to the Required Tax Payments; (c) authorizing the Company to withhold from the Shares otherwise to be delivered to Grantee upon the vesting of the Performance Shares, a number of whole Shares having a Fair Market Value, determined as of the Tax Date, equal to the Required Tax Payments; or (d) any combination of (a), (b) and (c). Shares to be delivered or withheld may not have a Fair Market Value in excess of the minimum amount of the Required Tax Payments. Any fraction of a Share which would be required to satisfy such an obligation shall be disregarded and the remaining amount due shall be paid in cash by Grantee. No Shares shall be delivered until the Required Tax Payments have been satisfied in full.

Section 6. Compliance with Applicable Law. Notwithstanding anything contained herein to the contrary, the Company's obligation to issue or deliver certificates evidencing the Performance Shares shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required. The delivery of all or any Shares that relate to the Performance Shares shall be effective only at such time that the issuance of such Shares shall not violate any state or federal securities or other laws. The Company is under no obligation to effect any registration of Shares under the Securities Act of 1933 or to effect any state registration or qualification of the Shares that may be issued under this Agreement. Subject to Section 409A of the Code (the "Section 409A"), the Company may, in its sole discretion, delay the delivery of Shares or place restrictive legends on Shares in order to ensure that the issuance of any Shares shall be in compliance with federal or state securities laws and the rules of any exchange upon which the Company's Shares are traded. If the Company delays the delivery of Shares in order to ensure compliance with any state or federal securities or other laws, the Company shall deliver the Shares at the earliest date at which the Company reasonably believes that such delivery shall not cause such violation, or at such later date that may be permitted under Section 409A.

Section 7. Restriction on Transferability. Except as otherwise provided under the Plan, until the Performance Shares have vested under this Agreement, the Performance Shares granted herein and the rights and privileges conferred hereby may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated (by operation of law or otherwise), other than by will or the laws of descent and distribution. Any attempted transfer in violation of the provisions of this paragraph shall be void, and the purported transferee shall obtain no rights with respect to such Performance Shares.

Section 8. Grantee's Rights Unsecured. The right of the Grantee or his or her beneficiary to receive a distribution hereunder shall be an unsecured claim against the general assets of the Company, and neither the Grantee nor his or her beneficiary shall have any rights in or against any amounts credited to the Grantee's Performance Share Account, any Shares or any other specific assets of the Company. All amounts credited to the Grantee's Performance Share Account shall constitute general assets of the Company and may be disposed of by the Company at such time and for such purposes as it may deem appropriate.

Section 9. No Rights as Stockholder or Employee. The Grantee shall not have any privileges of a stockholder of the Company (including, without limitation, any voting rights or rights to receive dividends) with respect to the Performance Shares subject to this Agreement. Furthermore, nothing in this Agreement shall confer upon the Grantee any right to continue as an Employee of the Company or any Affiliate or to interfere in any way with the right of the Company or any Affiliate to terminate the Grantee's Service at any time.

Section 10. Adjustments. If at any time while the award is outstanding, the number of outstanding Performance Shares is changed by reason of a reorganization, recapitalization, stock split or any of the other events described in the Plan, the number and kind of Performance Shares and the performance goals, as applicable, shall be adjusted in accordance with the provisions of the Plan.

Section 11. Notices. Any notice hereunder by the Grantee shall be given to the Company in writing, and such notice shall be deemed duly given only upon receipt thereof at the following address: Corporate Secretary, NiSource Inc., 801 East 86th Avenue, Merrillville, IN 46410-6271 (or at such other address as the Company may designate by notice to the Grantee). Any notice hereunder by the Company shall be given to the Grantee in writing, and such notice shall be deemed duly given only upon receipt thereof at such address as the Grantee may have on file with the Company.

Section 12. Administration. The administration of this Agreement, including the interpretation and amendment or termination of this Agreement, shall be performed in accordance with the Plan. All determinations and decisions made by the Committee, the Board, or any delegate of the Committee as to the provisions of this Agreement shall be conclusive, final, and binding on all persons. Notwithstanding the foregoing, if subsequent guidance is issued under Section 409A that would impose additional taxes, penalties, or interest to either the Company or the Grantee, the Company may administer this Agreement in accordance with such guidance and amend this Agreement without the consent of the Grantee to the extent such actions, in the reasonable judgment of the Company, are considered necessary to avoid the imposition of such additional taxes, penalties, or interest.

Section 13. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Indiana, without giving effect to the choice of law principles thereof.

Section 14. Entire Agreement; Agreement Subject to Plan. This Agreement and the Plan contain all of the terms and conditions with respect to the subject matter hereof and supersede any previous agreements, written or oral, relating to the subject matter hereof. This Agreement is subject to the provisions of the Plan and shall be interpreted in accordance therewith. In the event that the provisions of this Agreement and the Plan conflict, the Plan shall control. The Grantee hereby acknowledges receipt of a copy of the Plan.

Section 15. Section 409A Compliance. This Agreement and the Performance Shares granted hereunder are intended to be exempt from Section 409A to the maximum extent possible, and shall be interpreted and construed accordingly.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Company has caused the Performance Shares subject to this Agreement to be granted, and the Grantee has accepted the Performance Shares subject to the terms of the Agreement, as of the date first above written.

NiSource Inc.

____
By: __________________
Its: __________________

GRANTEE

By: ____
____

Exhibit 10.40

NiSource Inc.
20__ Omnibus Incentive Plan

20__ Restricted Stock Unit Award Agreement

This Restricted Stock Unit Award Agreement (the "Agreement"), is made and entered into as of [________] (the "Date of Grant"), by and between NiSource Inc., a Delaware corporation (the "Company"), and [________], an Employee of the Company (the "Grantee").

Section 1. **<u>Restricted Stock Unit Award</u>.** The Company hereby grants to the Grantee, on the terms and conditions hereinafter set forth, an Award of [________] Restricted Stock Units. The Restricted Stock Units will be represented by a bookkeeping entry (the "RSU Account") of the Company, and each Restricted Stock Unit shall be equivalent to one share of the Company's common stock.

Section 2. <u>Grantee Accounts</u>. The number of Restricted Stock Units granted pursuant to this Agreement shall be credited to the Grantee's RSU Account. Each RSU Account shall be maintained on the books of the Company until full payment of the balance thereof has been made to the Grantee (or the Grantee's beneficiaries or estate if the Grantee is deceased) in accordance with Section 1 above. No funds shall be set aside or earmarked for any RSU Account, which shall be purely a bookkeeping device.

Section 3. <u>Vesting and Lapse of Restrictions</u>.

(a) <u>Vesting</u>. Subject to the forfeiture conditions described later in this Agreement, the Restricted Stock Units shall vest [________] (the "Vesting Date"), at which date they shall become 100% vested, provided that the Grantee is continuously employed by the Company through and including the Vesting Date. Except as set forth in subsection (b) hereof, if Grantee's Service is terminated for any reason prior to the Vesting Date, the unvested Restricted Stock Units subject to this Agreement shall immediately terminate and be automatically forfeited by Grantee.

(b) <u>Effect of Termination of Service Prior to Vesting</u>. Notwithstanding the foregoing, in the event that the Grantee's Service terminates prior to the Vesting Date as a result of (i) the Grantee's Retirement, (ii) the Grantee's death, or (iii) the Grantee's Disability, the restrictions set forth in subsection (a) above shall lapse with respect to a *pro rata* portion of such Restricted Stock Units on the date of termination of Service. Such *pro rat*a lapse of restrictions shall be determined using a fraction, where the numerator shall be the number of full or partial calendar months elapsed between the Date of Grant and the date the Grantee terminates Service, and the denominator shall be the number of full or partial calendar months between the Date of Grant and the Vesting Date. For purposes of this Agreement, "Retirement" means the Grantee's termination from Service with the Company at or after attainment of age 55 and completing 10 years of service (within the meaning of the Company's tax-qualified pension plan in effect on the Date of Grant, regardless of whether the Grantee is eligible for such plan).

(c) <u>Change in Control</u>. Notwithstanding the foregoing provisions, in the event of a Change in Control, the Restricted Stock Units under this Agreement shall be subject to the Change in Control provisions set forth in the Plan. In the event of any conflict between the Plan and this Agreement, the Plan shall control. Notwithstanding the foregoing or anything herein to the contrary, in the event the Restricted Stock Units do not become Alternative Awards under the Plan, then the Restricted Stock Units shall be settled within 60 days following the Change in Control; provided, however, in the event the Restricted Stock Units constitute nonqualified deferred compensation subject to Code Section 409A and the Change in Control is not a "change in control event" within the meaning of Code Section 409A, then, to the extent required to comply with Code Section 409A, the vested Restricted Stock Units shall be settled within 60 days following the Vesting Date or, if earlier and subject to Section 4, upon Grantee's termination of Service.

Section 4. Delivery of Shares. Once Restricted Stock Units have vested under this Agreement, the Company will determine the number of Shares represented by the vested Restricted Stock Units in the Grantee's RSU Account and deliver the total number of Shares due to the Grantee within 60 days following the Vesting Date or, if earlier, Grantee's termination of Service in accordance with Section 3(b). Notwithstanding the foregoing, to the extent any portion of the Restricted Stock Units are subject to Code Section 409A, if any Restricted Stock Units vest prior to the Vesting Date in connection with a Grantee's "separation from service" within the meaning of Code Section 409A and the Grantee is a "specified employee" within the meaning of Code Section 409A at the time of such separation from service, the Shares represented by the vested Restricted Stock Units shall be issued and delivered on the first business day after the date that is six (6) months following the date of the Grantee's separation from service (or if earlier, the Grantee's date of death). The delivery of the Shares shall be subject to payment of the applicable withholding tax liability and the forfeiture provisions of this Agreement. If the Grantee dies before the Company has distributed any portion of the vested Restricted Stock Units, the Company will transfer any Shares payable with respect to the vested Restricted Stock Units in accordance with the Grantee's written beneficiary designation or to the Grantee's estate if no written beneficiary designation is provided.

Section 5. Withholding of Taxes. The Company shall have the power and the right to deduct or withhold, or require the Grantee to remit to the Company, an amount sufficient to satisfy federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Agreement.

Section 6. Securities Law Compliance. The delivery of all or any Shares that relate to the Restricted Stock Units shall only be effective at such time that the issuance of such Shares will not violate any state or federal securities or other laws. The Company is under no obligation to effect any registration of Shares under the Securities Act of 1933 or to effect any state registration or qualification of the Shares that may be issued under this Agreement. The Company may, in its sole discretion, delay the delivery of Shares or place restrictive legends on Shares in order to ensure that the issuance of any Shares will be in compliance with federal or state securities laws and the rules of any exchange upon which the Shares are then traded. If the Company delays the delivery of Shares in order to ensure compliance with any state or federal securities or other laws, the Company shall deliver the Shares at the earliest date at which the Company reasonably believes that such delivery will not cause such violation, or at such later date that may be permitted under Code Section 409A.

Section 7. Restriction on Transferability. Except as otherwise provided under the Plan, until the Restricted Stock Units have vested under this Agreement, the Restricted Stock Units granted herein and the rights and privileges conferred hereby may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated (by operation of law or otherwise), other than by will or the laws of descent and distribution. Any attempted transfer in violation of the provisions of this paragraph shall be void, and the purported transferee shall obtain no rights with respect to such Restricted Stock Units.

Section 8. Grantee's Rights Unsecured. The right of the Grantee or his or her beneficiary to receive a distribution hereunder shall be an unsecured claim against the general assets of the Company, and neither the Grantee nor his or her beneficiary shall have any rights in or against any amounts credited to the Grantee's RSU Account or any other specific assets of the Company. All amounts credited to the Grantee's RSU Account shall constitute general assets of the Company and may be disposed of by the Company at such time and for such purposes, as it may deem appropriate.

Section 9. No Rights as Stockholder or Employee.

(a) Unless and until Shares have been issued to the Grantee, the Grantee shall not have any privileges of a stockholder of the Company with respect to any Restricted Stock Units subject to this Agreement, nor shall the Company have any obligation to issue any dividends or otherwise afford any rights to which Shares are entitled with respect to any such Restricted Stock Units.

(b) Nothing in this Agreement or the Award shall confer upon the Grantee any right to continue as an Employee of the Company or any Affiliate or to interfere in any way with the right of the Company or any Affiliate to terminate the Grantee's Service at any time.

Section 10. Adjustments. If at any time while the Award is outstanding, the number of outstanding Restricted Stock Units is changed by reason of a reorganization, recapitalization, stock split or any of the other events described in the Plan, the number and kind of Restricted Stock Units shall be adjusted in accordance with the provisions of the Plan. In the event of certain corporate events specified in the Change in Control provisions of the Plan, any unvested Restricted Stock Units may be replaced by substituted Awards or forfeited in exchange for payment of cash in accordance with the Change in Control procedures and provisions of the Plan.

Section 11. Notices. Any notice hereunder by the Grantee shall be given to the Company in writing and such notice shall be deemed duly given only upon receipt thereof at the following address: Corporate Secretary, NiSource Inc., 801 East 86th Avenue, Merrillville, IN 46410-6271, or at such other address as the Company may designate by notice to the Grantee. Any notice hereunder by the Company shall be given to the Grantee in writing and such notice shall be deemed duly given only upon receipt thereof at such address as the Grantee may have on file with the Company.

Section 12. Administration. The administration of this Agreement, including the interpretation and amendment or termination of this Agreement, will be performed in accordance with the Plan. All determinations and decisions made by the Committee, the Board, or any delegate of the Committee as to the provisions of this Agreement shall be conclusive, final, and binding on all persons. This Agreement at all times shall be governed by the Plan, which is incorporated in this Agreement by reference, and in no way alter or modify the Plan. All capitalized terms used in this Agreement and not defined herein shall have the meaning set forth in the Plan. To the extent a conflict exists between this Agreement and the Plan, the provisions of the Plan shall govern. Notwithstanding the foregoing, if subsequent guidance is issued under Code Section 409A that would impose additional taxes, penalties, or interest to either the Company or the Grantee, the Company may administer this Agreement in accordance with such guidance and amend this Agreement without the consent of the Grantee to the extent such actions, in the reasonable judgment of the Company, are considered necessary to avoid the imposition of such additional taxes, penalties, or interest.

Section 13. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Indiana, without giving effect to the choice of law principles thereof.

Section 14. Government Regulations. Notwithstanding anything contained herein to the contrary, the Company's obligation to issue or deliver certificates evidencing the Restricted Stock Units shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

Section 15. Entire Agreement; Code Section 409A Compliance. This Agreement and the Plan contain the terms and conditions with respect to the subject matter hereof and supersede any previous agreements, written or oral, relating to the subject matter hereof. This Agreement is pursuant to the terms of the Company's 20__ Omnibus Incentive Plan (the "Plan"). The applicable terms of the Plan are incorporated herein by reference, including the definition of capitalized terms contained in the Plan, and including the Code Section 409A provisions of the Plan. This Agreement shall be interpreted in accordance with Code Section 409A including the rules related to payment timing for "specified employees" within the meaning of Code Section 409A. This Agreement shall be deemed to be modified to the maximum extent necessary to be in compliance with Code Section 409A's rules. If the Grantee is unexpectedly required to include in the Grantee's current year's income any amount of compensation relating to the Restricted Stock Units because of a failure to meet the requirements of Code Section 409A, then to the extent permitted by Code Section 409A, the Grantee may receive a distribution of cash or Shares in an amount not to exceed the amount required to be included in income as a result of the failure to comply with Code Section 409A.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Company has caused this Award to be granted, and the Grantee has accepted this Award, as of the date first above written.

NiSource Inc.

____
By:
Its:

GRANTEE

By: ______________________

Exhibit 10.41

NiSource Inc.

20__ Omnibus Incentive Plan

20__ Cash Based Award Agreement

This Cash-Based Award Agreement (the "Agreement"), is made and entered into as of _____ 20__ (the "Date of Grant"), by and between NiSource Inc., a Delaware corporation (the "Company"), and ___________, an Employee of the Company (the "Grantee").

Section 1. Cash-Based Award. The Company hereby grants to the Grantee, on the terms and conditions hereinafter set forth, an Award of $__________________as a Cash-Based Award. The Cash-Based Award may be recorded as a bookkeeping entry (the "Cash-Based Account") of the Company.

Section 2. Grantee Accounts. If determined to be desirable by the Company, the amount of the Cash-Based Award pursuant to this Agreement will be credited to the Grantee's Cash-Based Account and each Cash-Based Account will be maintained on the books of the Company until full payment of the balance thereof has been made to the Grantee (or the Grantee's beneficiaries or estate if the Grantee is deceased) in accordance with Section 1 above. No funds shall be set aside or earmarked for any Cash-Based Account, which, if utilized, shall be purely a bookkeeping device.

Section 3. Vesting and Lapse of Restrictions.

(a) Vesting. Subject to the forfeiture conditions described later in this Agreement, the Cash-Based Award shall vest as set forth on Schedule A, attached hereto, provided that the Grantee is continuously employed by the Company through and including the vesting dates as described on Schedule A. Except as set forth in subsection (b) hereof, if Grantee's Service is terminated for any reason prior to the applicable Vesting Date(s) (as defined on Schedule A), any unvested portion of the Cash-Based Award subject to this Agreement shall immediately terminate and be automatically forfeited by Grantee.

(b) Effect of Termination of Service Prior to Vesting. Notwithstanding the foregoing, in the event that the Grantee's Service terminates prior to the Vesting Date as a result of (i) the Grantee's death or (ii) the Grantee's Disability, any remaining vesting conditions set forth in subsection (a) above shall lapse with respect to a *pro rata* portion of any remaining unvested portion of such Cash-Based Award on the date of termination of Service. Such *pro rata* lapse of the remaining vesting conditions shall be determined using a fraction, where the numerator shall be the number of full or partial calendar months elapsed between the Date of Grant and the date the Grantee terminates Service, and the denominator shall be the number of full or partial calendar months between the Date of Grant and the final Vesting Date. In addition, notwithstanding the foregoing, in the event that the Grantee's Service terminates prior to the Vesting Date as a result of the termination of the Grantee's Service by the Company without Cause, any remaining vesting conditions set forth in subsection (a) above shall lapse with respect to one-hundred percent (100%) of any remaining unvested portion of such Cash-Based Award on the date of termination of Service.

(c) Change in Control. Notwithstanding the foregoing provisions, in the event of a Change in Control, the Cash-Based Award under this Agreement shall be subject to the Change in Control

Provisions set forth in the Plan. In the event of any conflict between the Plan and this Agreement, the Plan shall control.

Section 4. Payment of Cash Amount. Once the Cash-Based Award has vested under this Agreement, the Company will deliver the total amount in the Cash-Based Account of the Grantee, without interest or any other appreciation factor, within 60 days following the Vesting Date, or if earlier, the Grantee's termination of service in accordance with Section 3(b). Notwithstanding the foregoing, to the extent any portion of the Cash-Based Award is subject to Code Section 409A, if any portion of the Cash-Based Award vests prior to the Vesting Date in connection with a Grantee's "separation from service" within the meaning of Code Section 409A and the Grantee is a "specified employee" within the meaning of Code Section 409A at the time of such separation from service, that portion of the Cash-Based Award will be paid on the first business day after the date that is six (6) months following the date of the Grantee's separation from service (or if earlier, the Grantee's date of death). The payment of the Cash-Based Award shall be subject to payment of the applicable withholding tax liability and the forfeiture provisions of this Agreement. If the Grantee dies before the Company has distributed any portion of the vested Cash-Based Award, the Company will transfer any amount payable with respect to the vested Cash-Based Award in accordance with the Grantee's written beneficiary designation or to the Grantee's estate if no written beneficiary designation is provided.

Section 5. Withholding of Taxes. The Company shall have the power and the right to deduct or withhold, or require the Grantee to remit to the Company, an amount sufficient to satisfy federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Agreement.

Section 6. Restriction on Transferability. Except as otherwise provided under the Plan, until the Cash-Based Award has vested under this Agreement, the right to the value of the Cash-Based Award granted herein and the rights and privileges conferred hereby may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated (by operation of law or otherwise), other than by will or the laws of descent and distribution. Any attempted transfer in violation of the provisions of this paragraph shall be void, and the purported transferee shall obtain no rights with respect to such Cash-Based Award.

Section 7. Grantee's Rights Unsecured. The right of the Grantee or his or her beneficiary to receive a distribution hereunder shall be an unsecured claim against the general assets of the Company, and neither the Grantee nor his or her beneficiary shall have any rights in or against any amounts credited to the Grantee's Cash-Based Account or any other specific assets of the Company. All amounts credited to the Grantee's Cash-Based Account shall constitute general assets of the Company and may be disposed of by the Company at such time and for such purposes, as it may deem appropriate.

Section 8. No Rights as Employee. Nothing in this Agreement or the Award shall confer upon the Grantee any right to continue as an Employee of the Company or any Affiliate or to interfere in any way with the right of the Company or any Affiliate to terminate the Grantee's Service at any time.

Section 9. Notices. Any notice hereunder by the Grantee shall be given to the Company in writing and such notice shall be deemed duly given only upon receipt thereof at the following address: Corporate Secretary, NiSource Inc., 801 East 86th Avenue, Merrillville, IN 46410-6271, or at such other address as the Company may designate by notice to the Grantee. Any notice hereunder by the Company shall be given to the Grantee in writing and such notice shall be deemed duly given only upon receipt thereof at such address as the Grantee may have on file with the Company.

Section 10. Administration. The administration of this Agreement, including the interpretation and amendment or termination of this Agreement, will be performed in accordance with the Plan. All determinations and decisions made by the Committee, the Board, or any delegate of the Committee as to the provisions of this Agreement shall be conclusive, final, and binding on all persons. This Agreement at all times shall be governed by the Plan, which is incorporated in this Agreement by reference, and in no way alter or modify the Plan. All capitalized terms used in this Agreement and not defined herein shall have the meaning set forth in the Plan. To the extent a conflict exists between this Agreement and the Plan, the provisions of the Plan shall govern. Notwithstanding the foregoing, if subsequent guidance is issued under Code Section 409A that would impose additional taxes, penalties, or interest to either the Company or the Grantee, the Company may administer this Agreement in accordance with such guidance and amend this Agreement without the consent of the Grantee to the extent such actions, in the reasonable judgment of the Company, are considered necessary to avoid the imposition of such additional taxes, penalties, or interest.

Section 11. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Indiana, without giving effect to the choice of law principles thereof.

Section 12. Government Regulations. Notwithstanding anything contained herein to the contrary, the Company's obligation to issue or deliver certificates evidencing the Restricted Stock Units shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

Section 13. Entire Agreement; Code Section 409A Compliance. This Agreement and the Plan contain the terms and conditions with respect to the subject matter hereof and supersede any previous agreements, written or oral, relating to the subject matter hereof. This Agreement is pursuant to the terms of the Company's 20__ Omnibus Incentive Plan, as amended (the "Plan"). The applicable terms of the Plan are incorporated herein by reference, including the definition of capitalized terms contained in the Plan, and including the Code Section 409A provisions of the Plan. This Agreement shall be interpreted in accordance with Code Section 409A including the rules related to payment timing for "specified employees" within the meaning of Code Section 409A. This Agreement shall be deemed to be modified to the maximum extent necessary to be in compliance with Code Section 409A's rules. If the Grantee is unexpectedly required to include in the Grantee's current year's income any amount of compensation relating to the Cash-Based Award because of a failure to meet the requirements of Code Section 409A, then to the extent permitted by Code Section 409A, the Grantee may receive a distribution of cash in an amount not to exceed the amount required to be included in income as a result of the failure to comply with Code Section 409A.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Company has caused this Award to be granted, and the Grantee has accepted this Award, as of the date first above written.

NiSource Inc.

By:

Its:

GRANTEE

By: ____
[____________]

SCHEDULE A

Exhibit 21

SUBSIDIARIES OF NISOURCE

as of December 31, 2019

Segment/Subsidiary	State of Incorporation
GAS DISTRIBUTION OPERATIONS	
Bay State Gas Company d/b/a Columbia Gas of Massachusetts	Massachusetts
Central Kentucky Transmission Company	Delaware
Columbia Gas of Kentucky, Inc.	Kentucky
Columbia Gas of Maryland, Inc.	Delaware
Columbia Gas of Ohio, Inc.	Ohio
Columbia Gas of Pennsylvania, Inc.	Pennsylvania
Columbia Gas of Virginia, Inc.	Virginia
NiSource Gas Distribution Group, Inc.	Delaware
ELECTRIC OPERATIONS	
Northern Indiana Public Service Company LLC*	Indiana
CORPORATE AND OTHER OPERATIONS	
Columbia Gas of Ohio Receivables Corporation	Delaware
Columbia Gas of Pennsylvania Receivables Corporation	Delaware
Indiana Crossroads Wind Generation LLC	Indiana
NIPSCO Accounts Receivable Corporation	Indiana
NiSource Corporate Group, LLC	Delaware
NiSource Corporate Services Company	Delaware
NiSource Development Company, Inc.	Indiana
NiSource Energy Technologies, Inc.	Indiana
NiSource Strategic Sourcing Inc.	Ohio
NiSource Insurance Corporation, Inc.	Utah
Lake Erie Land Company	Indiana
RoseWater Wind Generation LLC	Indiana
NiSource Retail Services, Inc.	Delaware (Inactive)
EnergyUSA-TPC, Inc.	Indiana (Inactive)

* Reported under Gas Distribution Operations and Electric Operations.

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-234422 on Form S-3, Registration Statement Nos. 333-107743, 333-166888, 333-204168, and 333-233382 on Form S-8, and Registration Statement Nos. 333-228790 and 333-228791 on Form S-4 of our reports dated February 27, 2020, relating to the financial statements of NiSource Inc. and subsidiaries (the "Company") and the effectiveness of the Company's internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended December 31, 2019.

/s/ DELOITTE & TOUCHE LLP
Columbus, Ohio
February 27, 2020

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 Annual Report on Form 10-K of NiSource Inc.;
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 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: February 27, 2020

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 Annual Report on Form 10-K of NiSource Inc.;

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 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: February 27, 2020

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 Annual Report of NiSource Inc. (the “Company”) on Form 10-K for the year ending December 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 result of operations of the Company.

/s/ Joseph Hamrock

Joseph Hamrock
President and Chief Executive Officer

Date: February 27, 2020

Exhibit 32.2

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

In connection with the Annual Report of NiSource Inc. (the "Company") on Form 10-K for the year ending December 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 result of operations of the Company.

/s/ Donald E. Brown

Donald E. Brown
Executive Vice President and Chief Financial Officer

Date: February 27, 2020