

Columbia Gas of Pennsylvania, Inc.
2021 General Rate Case
Docket No. R-2021-3024296
Standard Data Request
GASROR No. 01-09
Volume 1 of 3

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-001:

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

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

Response:

- a. See Attachment A to Exhibit No. 403 for a copy of the December 31, 2019 NiSource Inc. Annual Message to Stockholders.
- b. See Attachment B to Exhibit No. 403 for a copy of the December 31, 2019 10K.
- c. See GAS-ROR-001, Attachments A through C for the NiSource Inc. June 30, 2020 SEC Form 10Q (Attachment A), March 31, 2020 SEC Form 10Q (Attachment B) and September 30, 2019 SEC Form 10Q (Attachment C).

See Exhibit No. 402 for a copy of the September 30, 2020 NiSource Inc. 10Q.

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

FORM 10-Q

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

For the quarterly period ended June 30, 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

(State or other jurisdiction of
incorporation or organization)

801 East 86th Avenue
Merrillville, IN

(Address of principal executive offices)

35-2108964

(I.R.S. Employer
Identification No.)

46410

(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
Depository 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: 383,023,038 shares outstanding at July 30, 2020.

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

Table of Contents

		Page
	<u>Defined Terms</u>	<u>3</u>
<u>PART I</u>	<u>FINANCIAL INFORMATION</u>	
Item 1.	Financial Statements - unaudited	
	<u>Condensed Statements of Consolidated Income (Loss) (unaudited)</u>	<u>7</u>
	<u>Condensed Statements of Consolidated Comprehensive Income (Loss) (unaudited)</u>	<u>8</u>
	<u>Condensed Consolidated Balance Sheets (unaudited)</u>	<u>9</u>
	<u>Condensed Statements of Consolidated Cash Flows (unaudited)</u>	<u>11</u>
	<u>Condensed Statements of Consolidated Equity (unaudited)</u>	<u>12</u>
	<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	<u>15</u>
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>47</u>
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>67</u>
Item 4.	<u>Controls and Procedures</u>	<u>67</u>
<u>PART II</u>	<u>OTHER INFORMATION</u>	
Item 1.	<u>Legal Proceedings</u>	<u>68</u>
Item 1A.	<u>Risk Factors</u>	<u>68</u>
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>68</u>
Item 3.	<u>Defaults Upon Senior Securities</u>	<u>68</u>
Item 4.	<u>Mine Safety Disclosures</u>	<u>68</u>
Item 5.	<u>Other Information</u>	<u>68</u>
Item 6.	<u>Exhibits</u>	<u>69</u>
	<u>Signature</u>	<u>70</u>

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
AOI	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
GSEP	Gas System Enhancement Program
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 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
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)
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; the pending sale of the Massachusetts Business, including the terms and closing conditions under the Asset Purchase Agreement; 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.

Index	Page
<u>Condensed Statements of Consolidated Income (Loss) (unaudited)</u>	<u>7</u>
<u>Condensed Statements of Consolidated Comprehensive Income (Loss) (unaudited)</u>	<u>8</u>
<u>Condensed Consolidated Balance Sheets (unaudited)</u>	<u>9</u>
<u>Condensed Statements of Consolidated Cash Flows (unaudited)</u>	<u>11</u>
<u>Condensed Statements of Consolidated Equity (unaudited)</u>	<u>12</u>
<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	<u>15</u>
<u>1. Basis of Accounting Presentation</u>	<u>15</u>
<u>2. Recent Accounting Pronouncements</u>	<u>16</u>
<u>3. Revenue Recognition</u>	<u>17</u>
<u>4. Earnings Per Share</u>	<u>21</u>
<u>5. Equity</u>	<u>21</u>
<u>6. Gas in Storage</u>	<u>22</u>
<u>7. Assets and Liabilities Held For Sale</u>	<u>22</u>
<u>8. Property, Plant and Equipment</u>	<u>23</u>
<u>9. Asset Retirement Obligations</u>	<u>23</u>
<u>10. Regulatory Matters</u>	<u>23</u>
<u>11. Risk Management Activities</u>	<u>27</u>
<u>12. Fair Value</u>	<u>28</u>
<u>13. Transfers of Financial Assets</u>	<u>31</u>
<u>14. Goodwill</u>	<u>31</u>
<u>15. Income Taxes</u>	<u>32</u>
<u>16. Pension and Other Postretirement Benefits</u>	<u>32</u>
<u>17. Long-Term Debt</u>	<u>33</u>
<u>18. Short-Term Borrowings</u>	<u>33</u>
<u>19. Other Commitments and Contingencies</u>	<u>34</u>
<u>20. Accumulated Other Comprehensive Loss</u>	<u>44</u>
<u>21. Other, Net</u>	<u>45</u>
<u>22. Business Segment Information</u>	<u>45</u>

PART I

ITEM 1. FINANCIAL STATEMENTS

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

	Three Months Ended June 30,		Six Months Ended June 30,	
<i>(in millions, except per share amounts)</i>	2020	2019	2020	2019
Operating Revenues				
Customer revenues	\$ 932.7	\$ 969.2	\$ 2,458.6	\$ 2,803.7
Other revenues	30.0	41.2	109.6	76.5
Total Operating Revenues	962.7	1,010.4	2,568.2	2,880.2
Operating Expenses				
Cost of sales (excluding depreciation and amortization)	188.4	253.5	650.8	933.8
Operation and maintenance	353.1	49.2	797.7	601.6
Depreciation and amortization	177.5	177.9	361.8	353.0
Loss on classification as held for sale	84.4	—	364.6	—
Loss (gain) on sale of fixed assets and impairments, net	(0.6)	(0.1)	(0.7)	0.1
Other taxes	68.2	66.4	154.1	154.0
Total Operating Expenses	871.0	546.9	2,328.3	2,042.5
Operating Income	91.7	463.5	239.9	837.7
Other Income (Deductions)				
Interest expense, net	(97.0)	(94.1)	(189.9)	(189.7)
Other, net	6.5	(0.3)	11.9	(1.0)
Total Other Deductions, Net	(90.5)	(94.4)	(178.0)	(190.7)
Income before Income Taxes	1.2	369.1	61.9	647.0
Income Taxes	5.9	72.2	(9.0)	131.2
Net Income (Loss)	(4.7)	296.9	70.9	515.8
Preferred dividends	(13.8)	(13.8)	(27.6)	(27.6)
Net Income (Loss) Available to Common Shareholders	(18.5)	283.1	43.3	488.2
Earnings (Loss) Per Share				
Basic Earnings (Loss) Per Share	\$ (0.05)	\$ 0.76	\$ 0.11	\$ 1.31
Diluted Earnings (Loss) Per Share	\$ (0.05)	\$ 0.75	\$ 0.11	\$ 1.30
Basic Average Common Shares Outstanding	383.5	373.9	383.3	373.6
Diluted Average Common Shares	383.5	375.2	384.2	374.9

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Condensed Statements of Consolidated Comprehensive Income (Loss) (unaudited)

(in millions, net of taxes)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net Income (Loss)	\$ (4.7)	\$ 296.9	\$ 70.9	\$ 515.8
Other comprehensive income (loss):				
Net unrealized gain on available-for-sale debt securities ⁽¹⁾	5.7	2.1	0.3	4.9
Net unrealized gain (loss) on cash flow hedges ⁽²⁾	2.7	(30.5)	(130.6)	(49.8)
Unrecognized pension and OPEB benefit ⁽³⁾	0.3	0.4	1.0	1.3
Total other comprehensive income (loss)	8.7	(28.0)	(129.3)	(43.6)
Comprehensive Income (Loss)	\$ 4.0	\$ 268.9	\$ (58.4)	\$ 472.2

⁽¹⁾ Net unrealized gain on available-for-sale debt securities, net of \$1.5 million and \$0.6 million tax expense in the second quarter of 2020 and 2019, respectively, and \$0.1 million and \$1.3 million tax expense for the six months ended 2020 and 2019, respectively.

⁽²⁾ Net unrealized gain (loss) on cash flow hedges, net of \$0.9 million tax expense and \$10.0 million tax benefit in the second quarter of 2020 and 2019, respectively, and \$43.2 million and \$16.5 million tax benefit for the six 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 second quarter of 2020 and 2019, respectively, and \$0.1 million tax benefit and \$0.5 million tax expense for the six months ended 2020 and 2019, respectively.

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Consolidated Balance Sheets (unaudited)

<i>(in millions)</i>	June 30, 2020	December 31, 2019
ASSETS		
Property, Plant and Equipment		
Utility plant	\$ 20,427.1	\$ 24,502.6
Accumulated depreciation and amortization	(5,549.0)	(7,609.3)
Net utility plant	14,878.1	16,893.3
Other property, at cost, less accumulated depreciation	894.3	18.9
Net Property, Plant and Equipment	15,772.4	16,912.2
Investments and Other Assets		
Unconsolidated affiliates	1.4	1.3
Available-for-sale debt securities (amortized cost of \$151.4 and \$150.1, allowance for credit losses of \$0.8 and \$0, respectively)	155.2	154.2
Other investments	72.6	74.7
Total Investments and Other Assets	229.2	230.2
Current Assets		
Cash and cash equivalents	142.2	139.3
Restricted cash	11.4	9.1
Accounts receivable	577.1	876.1
Allowance for credit losses	(31.4)	(19.2)
Accounts receivable, net	545.7	856.9
Gas inventory	112.4	250.9
Materials and supplies, at average cost	131.8	120.2
Electric production fuel, at average cost	67.6	53.6
Exchange gas receivable	17.9	48.5
Assets held for sale	1,542.3	—
Regulatory assets	145.7	225.7
Prepayments and other	142.6	149.7
Total Current Assets	2,859.6	1,853.9
Other Assets		
Regulatory assets	1,926.3	2,013.9
Goodwill	1,485.9	1,485.9
Deferred charges and other	163.1	163.7
Total Other Assets	3,575.3	3,663.5
Total Assets	\$ 22,436.5	\$ 22,659.8

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

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

	June 30, 2020	December 31, 2019
<i>(in millions, except share amounts)</i>		
CAPITALIZATION AND LIABILITIES		
Capitalization		
Stockholders' Equity		
Common stock - \$0.01 par value, 600,000,000 shares authorized; 382,917,033 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	6,676.5	6,666.2
Retained deficit	(1,576.7)	(1,370.8)
Accumulated other comprehensive loss	(221.9)	(92.6)
Total Stockholders' Equity	5,661.8	5,986.7
Long-term debt, excluding amounts due within one year	8,810.2	7,856.2
Total Capitalization	14,472.0	13,842.9
Current Liabilities		
Current portion of long-term debt	15.6	13.4
Short-term borrowings	1,163.5	1,773.2
Accounts payable	402.5	666.0
Dividends payable - common stock	80.4	—
Dividends payable - preferred stock	8.1	—
Customer deposits and credits	163.1	256.4
Taxes accrued	195.7	231.6
Interest accrued	106.0	99.4
Risk management liabilities	120.0	12.6
Exchange gas payable	27.7	59.7
Regulatory liabilities	184.9	160.2
Liabilities held for sale	455.4	—
Legal and environmental	21.6	20.1
Accrued compensation and employee benefits	120.3	156.3
Claims accrued	22.4	165.4
Other accruals	140.5	131.5
Total Current Liabilities	3,227.7	3,745.8
Other Liabilities		
Risk management liabilities	200.0	134.0
Deferred income taxes	1,477.4	1,485.3
Deferred investment tax credits	9.1	9.7
Accrued insurance liabilities	85.4	81.5
Accrued liability for postretirement and postemployment benefits	351.3	373.2
Regulatory liabilities	1,967.7	2,352.0
Asset retirement obligations	447.1	416.9
Other noncurrent liabilities	198.8	218.5
Total Other Liabilities	4,736.8	5,071.1
Commitments and Contingencies (Refer to Note 19, "Other Commitments and Contingencies")	—	—
Total Capitalization and Liabilities	\$ 22,436.5	\$ 22,659.8

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

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

Six Months Ended June 30, (in millions)	2020	2019
Operating Activities		
Net Income	\$ 70.9	\$ 515.8
Adjustments to Reconcile Net Income to Net Cash from Operating Activities:		
Depreciation and amortization	361.8	353.0
Deferred income taxes and investment tax credits	(11.4)	126.5
Loss on classification as held for sale	364.6	—
Other adjustments	7.7	13.6
Changes in Assets and Liabilities:		
Components of working capital	(75.9)	(9.0)
Regulatory assets/liabilities	17.0	(40.9)
Deferred charges and other noncurrent assets	(17.4)	(68.4)
Other noncurrent liabilities	(9.6)	35.6
Net Cash Flows from Operating Activities	707.7	926.2
Investing Activities		
Capital expenditures	(819.3)	(843.5)
Cost of removal	(66.7)	(55.7)
Other investing activities	(0.6)	1.2
Net Cash Flows used for Investing Activities	(886.6)	(898.0)
Financing Activities		
Issuance of long-term debt	1,000.0	—
Repayments of long-term debt and finance lease obligations	(7.8)	(46.0)
Issuance of short-term debt (maturity > 90 days)	1,350.0	500.0
Repayment of short-term debt (maturity > 90 days)	(1,350.0)	(350.0)
Change in short-term borrowings, net (maturity ≤ 90 days)	(609.7)	(46.2)
Issuance of common stock, net of issuance costs	7.5	7.1
Equity costs, premiums and other debt related costs	(17.6)	(4.2)
Dividends paid - common stock	(160.7)	(149.1)
Dividends paid - preferred stock	(27.6)	(28.5)
Net Cash Flows from (used for) Financing Activities	184.1	(116.9)
Change in cash, cash equivalents and restricted cash	5.2	(88.7)
Cash, cash equivalents and restricted cash at beginning of period	148.4	121.1
Cash, Cash Equivalents and Restricted Cash at End of Period	\$ 153.6	\$ 32.4

Supplemental Disclosures of Cash Flow Information

Six Months Ended June 30, (in millions)	2020	2019
Non-cash transactions:		
Capital expenditures included in current liabilities	\$ 167.7	\$ 169.3
Dividends declared but not paid	88.5	82.7
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.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statements of Consolidated Equity (unaudited)

<i>(in millions)</i>	Common Stock	Preferred Stock ⁽¹⁾	Treasury Stock	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Total
Balance as of April 1, 2020	\$ 3.8	\$ 880.0	\$ (99.9)	\$ 6,671.5	\$ (1,483.4)	\$ (230.6)	\$ 5,741.4
Comprehensive Income:							
Net loss	—	—	—	—	(4.7)	—	(4.7)
Other comprehensive income, net of tax	—	—	—	—	—	8.7	8.7
Dividends:							
Common stock (\$0.21 per share)	—	—	—	—	(80.4)	—	(80.4)
Preferred stock (See Note 5)	—	—	—	—	(8.2)	—	(8.2)
Stock issuances:							
Employee stock purchase plan	—	—	—	1.4	—	—	1.4
Long-term incentive plan	—	—	—	0.4	—	—	0.4
401(k) and profit sharing	—	—	—	3.2	—	—	3.2
Balance as of June 30, 2020	\$ 3.8	\$ 880.0	\$ (99.9)	\$ 6,676.5	\$ (1,576.7)	\$ (221.9)	\$ 5,661.8

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

<i>(in millions)</i>	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 Income:							
Net income	—	—	—	—	70.9	—	70.9
Other comprehensive loss, net of tax	—	—	—	—	—	(129.3)	(129.3)
Dividends:							
Common stock (\$0.63 per share)	—	—	—	—	(241.1)	—	(241.1)
Preferred stock (See Note 5)	—	—	—	—	(35.7)	—	(35.7)
Stock issuances:							
Employee stock purchase plan	—	—	—	2.7	—	—	2.7
Long-term incentive plan	—	—	—	(0.1)	—	—	(0.1)
401(k) and profit sharing	—	—	—	7.7	—	—	7.7
Balance as of June 30, 2020	\$ 3.8	\$ 880.0	\$ (99.9)	\$ 6,676.5	\$ (1,576.7)	\$ (221.9)	\$ 5,661.8

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Condensed Statements of Consolidated Equity (unaudited) (continued)

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

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

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

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

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

Shares (in thousands)	Preferred	Common		
	Shares	Shares	Treasury	Outstanding
Balance as of April 1, 2020	440	386,657	(3,963)	382,694
Issued:				
Employee stock purchase plan	—	60	—	60
Long-term incentive plan	—	32	—	32
401(k) and profit sharing	—	131	—	131
Balance as of June 30, 2020	440	386,880	(3,963)	382,917

Shares (in thousands)	Preferred	Common		
	Shares	Shares	Treasury	Outstanding
Balance as of January 1, 2020	440	386,099	(3,963)	382,136
Issued:				
Employee stock purchase plan	—	106	—	106
Long-term incentive plan	—	379	—	379
401(k) and profit sharing	—	296	—	296
Balance as of June 30, 2020	440	386,880	(3,963)	382,917

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

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited)

1. Basis of Accounting Presentation

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

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

During the first quarter of 2020, the United States and countries around the globe were impacted by the outbreak of the novel coronavirus (COVID-19). On March 11, 2020, the World Health Organization (WHO) declared the outbreak of COVID-19 to be a global pandemic. In response to this declaration and the rapid spread of COVID-19 within the United States, federal, state and local governments throughout the country have imposed varying degrees of restrictions on social and commercial activity to promote social distancing in an effort to slow the spread of the illness. These measures have had and continue to have a significant adverse impact upon many sectors of the economy.

COVID-19 has impacted our results of operation in the first half of 2020. As a result of COVID-19, we have experienced, and expect to continue to experience, lower commercial and industrial demand for both the Electric Operations and the Gas Distribution Operations segments and higher residential demand for both the Electric Operations and the Gas Distribution Operations segments. In addition, we have incurred incremental costs for COVID-19 related services and supplies, as well as higher bad debt expense. Due to the uncertainty and evolving situation, we will 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 10, "Regulatory Matters," Note 14, "Goodwill," and Note 15, "Income Taxes," for information on COVID-19.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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, <i>Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans</i>	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 are currently in discussions with our third-party specialist to evaluate the effects of this pronouncement on our Notes to Condensed Consolidated Financial Statements (unaudited). These discussions include, but are not limited to, understanding new information to be provided by the specialists in order to meet disclosure requirements. We expect to adopt this ASU on its effective date.
ASU 2019-12, <i>Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes</i>	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.	The most relevant amendment requires that an entity recognize a franchise tax (or similar tax) that is partially based on income as an income-based tax and account for any incremental amount incurred as a non-income-based tax. For us, these taxes include the Massachusetts excise tax that is currently recorded as non-income based taxes. Consequently, we do not expect an impact on our 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, <i>Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Statements</i>	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 through December 31, 2022.	We are currently evaluating 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 June 30, 2020, we have not applied any expedients and options available under this ASU.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Recently Adopted Accounting Pronouncements

Standard	Adoption
ASU 2019-04, <i>Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments</i>	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.
ASU 2016-13, <i>Financial Instruments-Credit Losses (Topic 326)</i>	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 Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

The tables below reconcile revenue disaggregation by customer class to segment revenue, as well as to revenues reflected on the Condensed Statements of Consolidated Income (Loss) (unaudited) for the three and six months ended June 30, 2020 and June 30, 2019:

Three Months Ended June 30, 2020 (in millions)	Gas Distribution Operations		Electric Operations		Corporate and Other		Total
Customer Revenues⁽¹⁾							
Residential	\$	414.7	\$	127.5	\$	—	\$ 542.2
Commercial		122.7		112.9		—	235.6
Industrial		48.6		89.3		—	137.9
Off-system		8.0		—		—	8.0
Miscellaneous		5.3		3.5		0.2	9.0
Total Customer Revenues	\$	599.3	\$	333.2	\$	0.2	\$ 932.7
Other Revenues		7.0		23.0		—	30.0
Total Operating Revenues	\$	606.3	\$	356.2	\$	0.2	\$ 962.7

⁽¹⁾ Customer revenue amounts exclude intersegment revenues. See Note 22, "Business Segment Information," for discussion of intersegment revenues.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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

⁽¹⁾ Customer revenue amounts exclude intersegment revenues. See Note 22, "Business Segment Information," for discussion of intersegment revenues.

Six Months Ended June 30, 2020 <i>(in millions)</i>	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Customer Revenues⁽¹⁾				
Residential	\$ 1,211.2	\$ 246.7	\$ —	\$ 1,457.9
Commercial	392.1	233.1	—	625.2
Industrial	122.8	198.4	—	321.2
Off-system	26.7	—	—	26.7
Miscellaneous	17.8	9.4	0.4	27.6
Total Customer Revenues	\$ 1,770.6	\$ 687.6	\$ 0.4	\$ 2,458.6
Other Revenues	63.7	45.9	—	109.6
Total Operating Revenues	\$ 1,834.3	\$ 733.5	\$ 0.4	\$ 2,568.2

⁽¹⁾ Customer revenue amounts exclude intersegment revenues. See Note 22, "Business Segment Information," for discussion of intersegment revenues.

Six Months Ended June 30, 2019 <i>(in millions)</i>	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Customer Revenues⁽¹⁾				
Residential	\$ 1,350.3	\$ 224.7	\$ —	\$ 1,575
Commercial	452.3	234.4	—	686.7
Industrial	135.8	319.1	—	454.9
Off-system	43.5	—	—	43.5
Miscellaneous	29.6	13.6	0.4	43.6
Total Customer Revenues	\$ 2,011.5	\$ 791.8	\$ 0.4	\$ 2,803.7
Other Revenues	31.1	45.4	—	76.5
Total Operating Revenues	\$ 2,042.6	\$ 837.2	\$ 0.4	\$ 2,880.2

⁽¹⁾ Customer revenue amounts exclude intersegment revenues. See Note 22, "Business Segment Information," for discussion of intersegment revenues.

Customer Accounts Receivable. Accounts receivable on our Condensed Consolidated Balance Sheets (unaudited) includes both billed and unbilled amounts, as well as certain amounts that are not related to customer revenues. Unbilled amounts of accounts receivable relate to a portion of a customer's consumption of gas or electricity from the date of the last cycle billing through the last day of the month (balance sheet date). Factors taken into consideration when estimating unbilled revenue include historical usage, customer rates and weather. The opening and closing balances of customer receivables for the six months ended June 30, 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.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

<i>(in millions)</i>	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 June 30, 2020	326.6	187.9
Decrease	\$ (140.0)	\$ (158.7)

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. Although individual state regulatory commissions have instituted regulatory moratoriums in connection with COVID-19 that impact our ability to pursue our credit risk mitigation practices, we believe this to be temporary, and we expect to reinstate our common credit mitigation practices upon expiration of the state specific moratoriums. Our regulated operations also utilize certain regulatory mechanisms that facilitate recovery of bad debt costs within tariff-based rates, which provides further evidence of collectability. In addition, in connection with COVID-19, certain of our regulated operations have been authorized to recognize a regulatory asset for bad debt costs above levels currently in rates (see Note 10, "Regulatory Matters," for additional information). 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, gas 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 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 general economic conditions.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

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 six months ended June 30, 2020 are presented in the tables below:

Three Months Ended June 30, 2020 (in millions)	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Beginning balance	\$ 15.9	\$ 3.6	\$ 0.8	\$ 20.3
Current period provisions	13.3	2.9	—	16.2
Write-offs charged against allowance	(6.9)	(1.5)	—	(8.4)
Recoveries of amounts previously written off	3.1	0.2	—	3.3
Ending balance of the allowance for credit losses	\$ 25.4	\$ 5.2	\$ 0.8	\$ 31.4

Six Months Ended June 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	22.4	4.4	—	26.8
Write-offs charged against allowance	(13.8)	(2.5)	—	(16.3)
Recoveries of amounts previously written off	7.7	0.2	—	7.9
Ending balance of the allowance for credit losses	25.4	5.2	0.8	31.4

⁽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 June 30, 2020.

As of June 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 and 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 impacts of governmental COVID-19 relief programs, the expansion of unemployment benefits initiatives, and flexible payment plans being offered to customers impacted or experiencing hardship as a result of COVID-19, which 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 June 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.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

4. Earnings Per Share

Basic EPS is computed by dividing net income 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 (See Note 5 "Equity"). The computation of diluted average common shares for the three months ended June 30, 2020 is not presented as we had a net loss on the Condensed Statements of Consolidated Income (Loss) (unaudited) during the period, 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)	Three Months Ended June 30,	Six Months Ended June 30,	
	2019	2020	2019
Denominator			
Basic average common shares outstanding	373,898	383,304	373,628
Dilutive potential common shares:			
Shares contingently issuable under employee stock plans	800	719	930
Shares restricted under employee stock plans	136	192	135
Forward Agreements	398	—	252
Diluted Average Common Shares	375,232	384,215	374,945

5. Equity

Common Stock. As of June 30, 2020, we had 600,000,000 shares of common stock authorized for issuance, of which 382,917,033 shares were outstanding.

ATM Program. 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.

As of June 30, 2020, the ATM program had approximately \$200.7 million of equity available for issuance. The program expires on December 31, 2020. We did not have any activity under the ATM program for the three and six months ended June 30, 2020.

Preferred Stock. As of June 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:

(in millions except shares and per share amounts)	Liquidation Preference Per Share	Shares	Three Months Ended June 30,		Six Months Ended June 30,		June 30, December 31,	
			2020	2019	2020	2019	2020	2019
			Dividends Declared Per Share					
							Outstanding	
5.650% Series A	\$ 1,000.00	400,000	—	—	28.25	28.25	\$ 393.9	\$ 393.9
6.500% Series B	\$ 25,000.00	20,000	406.25	406.25	1,218.75	1,268.40	\$ 486.1	\$ 486.1

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

In addition, 20,000 shares of Series B–1 Preferred Stock, par value \$0.01 per share, were outstanding as of June 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 June 30, 2020, Series A Preferred Stock had \$1.0 million of cumulative preferred dividends in arrears, or \$2.51 per share, and Series B Preferred Stock had \$1.4 million of cumulative preferred dividends in arrears, or \$72.23 per share.

6. Gas in Storage

We use both the LIFO inventory methodology and the weighted-average cost methodology to value natural gas in storage. Gas Distribution Operations prices natural gas storage injections at the average of the costs of natural gas supply purchased during the year. For interim periods, the difference between current projected replacement cost and the LIFO cost for quantities of gas temporarily withdrawn from storage is recorded as a temporary LIFO liquidation credit or debit within the Condensed Consolidated Balance Sheets (unaudited). Due to seasonality requirements, we expect interim variances in LIFO layers to be replenished by year end. We had a temporary LIFO liquidation debit of \$19.4 million and zero as of June 30, 2020 and December 31, 2019, respectively, for certain gas distribution companies recorded within “Prepayments and other,” on the Condensed Consolidated Balance Sheets (unaudited).

7. Assets and Liabilities Held For Sale

On February 26, 2020, NiSource and Columbia of Massachusetts entered into an 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.

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 and a proposed multi-year rate plan. Additionally, the petition seeks 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. If approved as filed, the Settlement Agreement would provide final resolution or termination of proceedings before certain governmental bodies, as outlined in the Asset Purchase Agreement closing conditions. Under the terms of the Settlement Agreement, at the closing of the sale to Eversource, 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, which will be 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 is conditioned on its approval in full by the Massachusetts DPU no later than September 30, 2020. See Note 19-B, “Legal Proceedings,” for details about the joint petition and Settlement Agreement.

As of June 30, 2020, the Massachusetts Business meets 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 six months ended June 30, 2020 is \$84.4 million and \$364.6 million, respectively, based on June 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 estimated transaction costs, the net working capital adjustment, and asset and liability balances at each measurement date leading up to the closing date. The final pre-tax loss on the transaction will be determined as of the closing date. The sale is targeted to close by the end of the third quarter or shortly thereafter, subject to closing conditions.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Pretax Income (Loss)	(\$92.6)	\$319.4	(\$328.8)	\$238.7

The pretax income (loss) amounts exclude allocated executive compensation expense and interest expense for intercompany and external debt that will not be assumed by Eversource or required to be repaid at closing. The pretax income (loss) amounts for the three and six months ended June 30, 2020 and 2019 include costs directly related to the Greater Lawrence Incident. In addition, the pretax loss amounts for the three and six months ended June 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 June 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	1,669.1	140.6	90.3	(357.7)	1,542.3
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	42.0		61.3	352.1	455.4

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

8. Property, Plant and Equipment

In the second quarter of 2020, we received approval from MISO to retire the R.M. Schahfer Generating Station (Units 14, 15, 17 and 18) in 2023. As a result of this approval, we have reclassified \$876.0 million in net book value of certain plant and equipment for the R.M. Schahfer Generating Station units 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 in 2023. 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 19-D, "Other Matters," for additional information.

9. 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 19-C, "Environmental Matters," for additional information on CCRs.

10. 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,

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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.

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 - 2019	15.0	121.7	1/18-12/18	February 28, 2019	Approved August 28, 2019	September 2019
Columbia of Ohio	CEP - 2020	18.0	185.1	1/19-12/19	February 28, 2020	Order Expected August 2020	September 2020
NIPSCO - Gas	TDSIC 10 ⁽¹⁾	1.6	12.4	7/18-4/19	June 25, 2019	Approved October 16, 2019	November 2019
NIPSCO - Gas	TDSIC 11 ⁽²⁾	(1.7)	38.7	5/19-12/19	February 25, 2020	Approved June 24, 2020	July 2020
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	Order Expected September 2020	October 2020
Columbia of Massachusetts	GSEP - 2020 ⁽³⁾⁽⁴⁾	0.9	37.5	1/20-12/20	October 31, 2019	Approved April 30, 2020	May 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 Maryland	STRIDE - 2020	1.3	15.0	1/20-12/20	January 29, 2020	Approved February 19, 2020	February 2020
NIPSCO - Electric	TDSIC - 6	28.1	131.1	12/18-6/19	August 21, 2019	Approved December 18, 2019	January 2020
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⁾⁽⁵⁾	(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

⁽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.

[Table of Contents](#)**ITEM 1. FINANCIAL STATEMENTS (continued)****NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

⁽⁴⁾Incremental revenue reflects a 50% decrease in projected 2020 capital investments due to the October 3, 2019 order from the Massachusetts DPU that imposed work restrictions on Columbia of Massachusetts and the Massachusetts DPU's ongoing investigations.

⁽⁵⁾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 ⁽²⁾	\$ 100.4	in process	April 24, 2020	Order Expected Q1 2021	February 2021
Columbia of Maryland	\$ 5.0	in process	May 15, 2020	Order Expected Q4 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 June 3, the Pennsylvania Commission's Chief Administrative Law Judge issued an order that postpones the suspension period for Columbia of Pennsylvania's general rate increase from the statutorily established suspension date of January 23, 2021 to February 4, 2021 for reasons related to COVID-19. Columbia of Pennsylvania is seeking the Commission's reconsideration and reversal of that order.

COVID-19 Regulatory Filings

Beginning in March 2020, moratoriums on disconnections of residential and commercial customers for non-payment of utility service and late payment fees were issued in each of the states we operate. In general, these moratoriums will continue into the third or fourth quarter of 2020, depending on the jurisdiction.

In response to COVID-19, we have engaged 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. No regulatory asset was recorded as of June 30, 2020. Recovery of any regulatory asset, when recorded, will be addressed in future proceedings. 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.

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, convenience 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. The order 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 June 30, 2020, \$0.7 million of incremental bad debt expense was 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 from the Pennsylvania PUC on May 13, 2020 authorizing Columbia of Pennsylvania to create a regulatory asset for incremental bad debt expense above levels currently in rates incurred since March 13, 2020. While Columbia of Pennsylvania is not authorized to defer any other incremental costs, it is required to track costs incurred and any benefits received in connection with COVID-19. As of June 30, 2020, \$0.1 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.

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.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Columbia of Maryland received an order from the Maryland PSC on April 9, 2020 authorizing Columbia of Maryland to create a regulatory asset for incremental COVID-19 related costs 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 June 30, 2020, \$0.3 million of incremental bad debt expense and COVID-19 related costs had been deferred to a regulatory asset. Recovery of the regulatory asset will be addressed in future base rate proceedings.

Columbia of Massachusetts is participating in two working groups established by the Massachusetts DPU to focus on customer assistance and financial ratemaking matters. Customer assistance recommendations, which enable utilities to provide flexible payment arrangements to customers who need financial assistance, were provided to Massachusetts DPU on May 29, 2020. The Massachusetts DPU issued an order on June 26, 2020 approving the customer assistance recommendations and established reporting requirements. A financial ratemaking proposal, which includes the establishment of a regulatory asset for COVID-19 related expenses and semi-annual adjustments to cash working capital, is being reviewed and discussed by the working group, including a counterproposal from the Massachusetts Attorney General's Office.

Columbia of Kentucky is engaging with peer utilities and is working closely with the Kentucky PSC on COVID-19 developments that impact customers and utility operations, including exploring flexible payment plans for customers who need financial assistance in order to mitigate the amount of uncollectible customer receivables and tracking COVID-19 related costs.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

11. 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)	June 30, 2020	December 31, 2019
Risk Management Assets - Current⁽¹⁾		
Interest rate risk programs	\$ —	\$ —
Commodity price risk programs	15.5	0.6
Total	\$ 15.5	\$ 0.6
Risk Management Assets - Noncurrent⁽²⁾		
Interest rate risk programs	\$ —	\$ —
Commodity price risk programs	8.5	3.8
Total	\$ 8.5	\$ 3.8
Risk Management Liabilities - Current		
Interest rate risk programs	\$ 108.3	\$ —
Commodity price risk programs	11.7	12.6
Total	\$ 120.0	\$ 12.6
Risk Management Liabilities - Noncurrent		
Interest rate risk programs	\$ 141.8	\$ 76.2
Commodity price risk programs	58.2	57.8
Total	\$ 200.0	\$ 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 whereby variability in the market price of gas is assumed by the respective utility. The objective of our commodity price risk programs is to mitigate the gas cost variability, for us or on behalf of our customers, associated with natural gas purchases or sales by economically hedging the various gas cost components using a combination of futures, options, forwards or other derivative contracts.

NIPSCO received IURC approval to lock in a fixed price for its natural gas customers using long-term forward purchase instruments. The term of these instruments may range from five to ten years and is limited to 20 percent of NIPSCO's average annual GCA purchase volume. Gains and losses on these derivative contracts are deferred as regulatory liabilities or assets and are remitted to or collected from customers through NIPSCO's quarterly GCA mechanism. These instruments are not designated as accounting hedges.

Interest Rate Risk Management

As of June 30, 2020, we have forward-starting interest rate swaps with an aggregate notional value totaling \$500.0 million to hedge the variability in cash flows attributable to changes in the benchmark interest rate during the periods from the effective dates of the swaps to the anticipated dates of forecasted debt issuances, which are expected to take place by 2024. These interest rate swaps are designated as cash flow hedges. The gains and losses related to these swaps are recorded to AOCI and are recognized in "Interest expense, net" concurrently with the recognition of interest expense on the associated debt, once issued. If it becomes probable that a hedged forecasted transaction will no longer occur, the accumulated gains or losses on the derivative will be recognized currently in "Other, net" in the Condensed Statements of Consolidated Income (Loss) (unaudited).

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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

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

12. Fair Value

A. Fair Value Measurements

Recurring Fair Value Measurements

The following tables present financial assets and liabilities measured and recorded at fair value on our Condensed Consolidated Balance Sheets (unaudited) on a recurring basis and their level within the fair value hierarchy as of June 30, 2020 and December 31, 2019:

Recurring Fair Value Measurements June 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 June 30, 2020
Assets				
Risk management assets	\$ —	\$ 24.0	\$ —	\$ 24.0
Available-for-sale debt securities	—	155.2	—	155.2
Total	\$ —	\$ 179.2	\$ —	\$ 179.2
Liabilities				
Risk management liabilities	\$ —	\$ 320.0	\$ —	\$ 320.0
Total	\$ —	\$ 320.0	\$ —	\$ 320.0

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

significant impact on the measurement of fair value, the instrument is categorized within Level 3. Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements which reduce exposures. As of June 30, 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.

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 11, "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 11, "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 six months ended June 30, 2020, we recorded \$0.8 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.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses ⁽¹⁾	Allowance for Credit Losses	Fair Value
June 30, 2020 (in millions)					
Available-for-sale debt securities					
U.S. Treasury debt securities	\$ 25.8	\$ 0.5	\$ —	\$ —	\$ 26.3
Corporate/Other debt securities	125.6	6.6	(2.5)	(0.8)	128.9
Total	\$ 151.4	\$ 7.1	\$ (2.5)	\$ (0.8)	\$ 155.2

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses ⁽²⁾	Allowance for Credit Losses	Fair Value
December 31, 2019 (in millions)					
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 \$26.1 million, respectively, at June 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 six months ended June 30, 2020 and 2019.

The cost of maturities sold is based upon specific identification. At June 30, 2020, approximately \$4.2 million of U.S. Treasury debt securities and approximately \$5.0 million of Corporate/Other debt securities have maturities of less than a year.

There are no material items in the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis for the three and six months ended June 30, 2020 and 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 June 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 six months ended June 30, 2020 is \$84.4 million and \$364.6 million, respectively. For additional information, see Note 7, "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. For the three and six months ended June 30, 2020, there was no change in the method or significant assumptions used to estimate the fair value of long-term debt.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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

<i>(in millions)</i>	Carrying Amount as of June 30, 2020	Estimated Fair Value as of June 30, 2020	Carrying Amount as of Dec. 31, 2019	Estimated Fair Value as of Dec. 31, 2019
Long-term debt (including current portion)	\$ 8,825.8	\$ 10,493.6	\$ 7,869.6	\$ 8,764.4

13. Transfers of Financial Assets

Columbia of Ohio, NIPSCO and Columbia of Pennsylvania each maintain a receivables agreement whereby they transfer their customer accounts receivables to third-party financial institutions through wholly-owned and consolidated special purpose entities. The three agreements expire between August 2020 and May 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 June 30, 2020, the maximum amount of debt that could be recognized related to our accounts receivable programs is \$350.0 million.

The following table reflects the gross receivables balance and net receivables transferred, as well as short-term borrowings related to the securitization transactions as of June 30, 2020 and December 31, 2019:

<i>(in millions)</i>	June 30, 2020	December 31, 2019
Gross Receivables	\$ 467.3	\$ 569.1
Less: Receivables not transferred	153.8	215.9
Net receivables transferred	\$ 313.5	\$ 353.2
Short-term debt due to asset securitization	\$ 313.5	\$ 353.2

For the six months ended June 30, 2020 and 2019, \$39.7 million and \$79.2 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 \$0.8 million and \$0.6 million for the three months ended June 30, 2020 and 2019, respectively and \$1.5 million and \$1.4 million for the six months ended June 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.

14. Goodwill

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

<i>(in millions)</i>	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.

While our annual goodwill impairment test was performed with a valuation date of May 1, 2020, we continue to monitor events and circumstances that may indicate that it is more likely than not that the fair value of our reporting units is less than the

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

reporting unit carrying value, including the on-going evaluation of the impact of COVID-19. At June 30, 2020, we assessed events and circumstances related to COVID-19, including, but not limited to, general economic conditions, access to capital, developments in the equity and credit markets, the impact on NiSource's share price, the availability and cost of materials and labor, the impact on revenue and cash flow, and regulatory and political activity. The results of this assessment indicated that it was not more likely than not that the fair values of our reporting units were less than their respective carrying values at June 30, 2020.

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 19-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.

15. 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 June 30, 2020 and 2019 were 491.7% and 19.6%, respectively. The effective tax rates for the six months ended June 30, 2020 and 2019 were (14.5)% and 20.3%, 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.

The increase in the three month effective tax rates of 472.1% in 2020 compared to 2019 is primarily attributable to the non-deductible payment in lieu of penalties, offset by increased amortization of excess deferred federal income tax liabilities and state income taxes.

The decrease in the six month effective tax rates of 34.8% in 2020 compared to 2019 is primarily attributed to the 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 7, "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.

Other 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 \$9.9 million through June 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. It is also possible that Congress and other agencies will enact additional legislation or policies in connection with COVID-19, and we will continue to assess the potential impacts of these developments on our financial position and results of operations. There are no material income tax impacts on our consolidated financial position, results of operations, and cash flows during the six months ended June 30, 2020.

16. Pension and Other Postretirement Benefits

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

For the six months ended June 30, 2020, we contributed \$1.5 million to our pension plans and \$11.5 million to our other postretirement benefit plans.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

The following table provides the components of the plans' actuarially determined net periodic benefit cost for the three and six months ended June 30, 2020 and 2019:

Three Months Ended June 30, (in millions)	Pension Benefits		Other Postretirement Benefits	
	2020	2019	2020	2019
Components of Net Periodic Benefit Cost⁽¹⁾				
Service cost	\$ 8.0	\$ 7.3	\$ 1.6	\$ 1.3
Interest cost	13.5	18.2	3.9	4.8
Expected return on assets	(28.4)	(27.2)	(3.6)	(3.3)
Amortization of prior service credit	0.2	—	(0.5)	(0.8)
Recognized actuarial loss	8.7	11.4	1.3	0.5
Total Net Periodic Benefit Cost	\$ 2.0	\$ 9.7	\$ 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).

Six Months Ended June 30, (in millions)	Pension Benefits		Other Postretirement Benefits	
	2020	2019	2020	2019
Components of Net Periodic Benefit Cost⁽¹⁾				
Service cost	\$ 16.0	\$ 14.6	\$ 3.2	\$ 2.6
Interest cost	27.0	36.4	7.8	9.6
Expected return on assets	(56.8)	(54.4)	(7.2)	(6.6)
Amortization of prior service credit	0.4	—	(1.0)	(1.6)
Recognized actuarial loss	17.4	22.8	2.6	1.0
Total Net Periodic Benefit Cost	\$ 4.0	\$ 19.4	\$ 5.4	\$ 5.0

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

17. Long-Term Debt

On April 13, 2020, we completed our 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.

18. 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 June 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 no commercial paper outstanding as of June 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 \$313.5 million in transfers as of June 30, 2020 and \$353.2 million in transfers as of December 31, 2019. Refer to Note 13, "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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

National Association. The term loan matures March 31, 2021, at which point any and all outstanding borrowings under the agreement are due. 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.

Short-term borrowings were as follows:

<i>(in millions)</i>	June 30, 2020	December 31, 2019
Commercial paper weighted-average interest rate of 2.03% at December 31, 2019	—	570.0
Accounts receivable securitization facility	313.5	353.2
Term loan interest rate of 0.93% and 2.40% at June 30, 2020 and December 31, 2019, respectively	850.0	850.0
Total Short-Term Borrowings	\$ 1,163.5	\$ 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.

19. Other Commitments and Contingencies

A. Guarantees and Indemnities. We and certain of our subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries as a part of normal business. Such agreements include guarantees and stand-by letters of credit. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to a subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the subsidiaries' intended commercial purposes. As of June 30, 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 June 30, 2020, our guarantees for the Rosewater and Indiana Crossroads BTAs totaled \$34.0 million. In July 2020, the amount of the guarantees increased to \$195.6 million with the signing of the Rosewater equity capital contribution agreement. 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.

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 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, and we are implementing the one remaining safety recommendation resulting from the investigation.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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. Pursuant to these authorities, the Massachusetts DPU is investigating Columbia of Massachusetts as described below, although a Settlement Agreement resolving the investigations is currently pending approval (as defined and further described below).

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 Massachusetts 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. Columbia of Massachusetts submitted its plan on 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 Massachusetts 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 Massachusetts 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 Massachusetts 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 evaluated 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 included 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 Massachusetts 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 Massachusetts DPU on any work that Columbia of Massachusetts conducts in Massachusetts. Such restrictions on work remain in place until modified by the Massachusetts 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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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 Massachusetts 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 Massachusetts 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 Massachusetts 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 Massachusetts DPU also noted that its investigation into all of the above described time periods is ongoing and that if the Massachusetts 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 Massachusetts 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.

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.

On June 22, 2020, the independent evaluator engaged by the Massachusetts DPU pursuant to the October 1, 2019 orders referenced above issued its assessment of the gas pipeline work completed as part of the incident restoration effort. The assessment included recommendations for Columbia of Massachusetts.

On July 2, 2020, the Massachusetts DPU notified Columbia of Massachusetts that all non-emergency related work to be conducted at regulator stations is suspended and directed the company to perform a review of all of its records related to regulator station facilities within the distribution system, upon completion of which Columbia of Massachusetts shall provide its findings and action plan to the Massachusetts DPU.

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 includes and seeks 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 is conditioned on its approval in full by the Massachusetts DPU no later than September 30, 2020.

If the Massachusetts DPU does not approve the Settlement Agreement in its entirety by September 30, 2020, or if, for any reason, the closing of the Transaction does not take place, the Settlement Agreement will be null and void, even if already approved by the Massachusetts DPU. Notwithstanding the foregoing, the Massachusetts Attorney General may, in her sole discretion, or DOER may, in its sole discretion, rescind the Settlement Agreement in its entirety prior to the Massachusetts

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

DPU'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 Massachusetts DPU. The Settling Parties agree that the requested date of September 30, 2020 for the approval of the Settlement Agreement may be extended upon the mutual consent of the Settling Parties and notification of such extension to the Massachusetts DPU.

Set forth below are 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 agree 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 takes responsibility for the Greater Lawrence Incident and does not 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 be subject to the payment of penalties potentially up to the maximum allowed by law.

The Settling Parties also agree 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 agree 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 will be issuing in DPU 19-140, including Compliance Actions (as defined in the Consent Order) that correspond to the entirety of cases pending before the Massachusetts DPU. 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 agree 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 agree 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 will be withheld from the proceeds received from Eversource at the closing of the Transaction. See Note 7, "Assets and Liabilities Held for Sale," for additional information.

Energy Relief Fund. Under the Settlement Agreement, the Settling Parties agree 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 shall be jointly administered by the Massachusetts AGO and DOER. The Arrearage Forgiveness Fund shall be jointly administered by the Massachusetts AGO and Eversource.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Massachusetts Legislative Matters. Increased scrutiny related to gas system safety and regulatory oversight in Massachusetts, including new legislative proposals, is expected to continue during the current two year legislative session that ends in December 2020. To date, the Joint Committee on Telecommunications, Utilities and Energy has advanced two separate bills related to gas system safety to the House and Senate Ways and Means Committees for consideration.

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 paid within 30 days of sentencing; (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. Columbia of Massachusetts has retained 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.

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.

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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. 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 \$1,039 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 \$1,039 million to \$1,055 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. 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 7, "Assets and Liabilities Held for Sale," respectively.

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. 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.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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 June 30, 2020 and December 31, 2019, we had recorded a liability of \$97.4 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. See section D, "Other Matters NIPSCO 2018 Integrated Resource Plan," below for additional information.

Air

Future legislative and regulatory programs could significantly limit allowed GHG emissions or impose a cost or tax on GHG emissions. Additionally, rules that 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.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Waste

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

MGP. A program has been instituted to identify and investigate former MGP sites where Gas Distribution Operations subsidiaries or predecessors may have liability. The program has identified 63 such sites where liability is probable. Remedial actions at many of these sites are being overseen by state or federal environmental agencies through consent agreements or voluntary remediation agreements.

We utilize a probabilistic model to estimate our future remediation costs related to MGP sites. The model was prepared with the assistance of a third party and incorporates our experience and general industry experience with remediating MGP sites. We complete an annual refresh of the model in the second quarter of each fiscal year. No material changes to the estimated future remediation costs were noted as a result of the refresh completed as of June 30, 2020. Our total estimated liability related to the facilities subject to remediation was \$92.0 million and \$102.2 million at June 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.

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. The EPA has proposed revisions to the final rule. NIPSCO does not anticipate material ELG compliance costs based on the preferred option announced as part of NIPSCO's 2018 Integrated Resource Plan (discussed below).

D. Other Matters.

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

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

In the second quarter of 2020, the MISO approved NIPSCO's plan to retire the R.M. Schahfer Generating Station units in 2023. In accordance with ASC 980-360, the net book value of certain plant and equipment for the R.M. Schahfer Generating Station units 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 R.M. Schahfer Generating Station units in 2023. The order allows for the recovery of and on the net book value of the units by the end of 2032. Refer to Note 8, "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 units, 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 the retirement date approaches and more information becomes available, additional plant retirement-related charges may be incurred.

In connection with the planned retirement of the Schahfer Generating Station and Michigan City Generating Station units, 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. NIPSCO is monitoring any possible impact COVID-19 may have on the expected completion date of this project.

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 will 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 (approximately 10 years after the facility goes into service). 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 COVID-19. NIPSCO is continuing to monitor the impact of COVID-19.

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 in 2023. The planned replacement in 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 will 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 (approximately 10 years after the facility goes into service). NIPSCO's purchase requirement under the Indiana

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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 second half 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. NIPSCO plans to submit the third PPA to the IURC for approval in the second half 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.

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. The EO directs the U.S. Secretary of Energy to issue implementing regulations by September 28, 2020. 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. 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 \$436 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 inquiries and investigations 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, or any estimates for fines and penalties, which are discussed above in " - B. Legal Proceedings."

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).

	Total Costs Incurred through	Costs Incurred during the Three Months Ended		Costs Incurred during the Six Months Ended		
(in millions)	December 31, 2019	June 30, 2020				Incident to Date
Third-party claims	\$ 1,041	\$ (2)	\$ (2)	\$ (2)	\$ 1,039	
Other incident-related costs	420	7	16	16	436	
Total	1,461	5	14	14	1,475	
Insurance recoveries recorded	(800)	—	—	—	(800)	
Total costs incurred	\$ 661	\$ 5	\$ 14	\$ 14	\$ 675	

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.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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. This pipeline replacement cost is part of the Massachusetts Business that is classified as held for sale at June 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 June 30, 2020. See Note 7, "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 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 six to nine 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. Otherwise, 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. As the voluntary separation program commenced August 5, 2020, and benefits are dependent upon the employees who elect to participate in, and ultimately qualify for, the program, we did not recognize any expense for the program for the three and six months ended June 30, 2020.

20. Accumulated Other Comprehensive Loss

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

Three Months Ended June 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 April 1, 2020	\$ (2.1)	\$ (210.5)	\$ (18.0)	\$ (230.6)
Other comprehensive income before reclassifications	6.0	2.7	—	8.7
Amounts reclassified from accumulated other comprehensive income (loss)	(0.3)	—	0.3	—
Net current-period other comprehensive income	5.7	2.7	0.3	8.7
Balance as of June 30, 2020	\$ 3.6	\$ (207.8)	\$ (17.7)	\$ (221.9)

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

Six Months Ended June 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	0.8	(130.6)	0.4	(129.4)
Amounts reclassified from accumulated other comprehensive income (loss)	(0.5)	—	0.6	0.1
Net current-period other comprehensive income (loss)	0.3	(130.6)	1.0	(129.3)
Balance as of June 30, 2020	\$ 3.6	\$ (207.8)	\$ (17.7)	\$ (221.9)

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Three Months Ended June 30, 2019 <i>(in millions)</i>	Gains and Losses on Securities ⁽¹⁾	Gains and Losses on Cash Flow Hedges ⁽¹⁾	Pension and OPEB Items ⁽¹⁾	Accumulated Other Comprehensive Loss ⁽¹⁾
Balance as of April 1, 2019	\$ 0.4	\$ (32.3)	\$ (20.9)	\$ (52.8)
Other comprehensive income (loss) before reclassifications	2.3	(30.5)	—	(28.2)
Amounts reclassified from accumulated other comprehensive income (loss)	(0.2)	—	0.4	0.2
Net current-period other comprehensive income (loss)	2.1	(30.5)	0.4	(28.0)
Balance as of June 30, 2019	\$ 2.5	\$ (62.8)	\$ (20.5)	\$ (80.8)

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

Six Months Ended June 30, 2019 <i>(in millions)</i>	Gains and Losses on Securities ⁽¹⁾	Gains and Losses on Cash Flow Hedges ⁽¹⁾	Pension and OPEB Items ⁽¹⁾	Accumulated Other Comprehensive Loss ⁽¹⁾
Balance as of January 1, 2019	\$ (2.4)	\$ (13.0)	\$ (21.8)	\$ (37.2)
Other comprehensive income (loss) before reclassifications	5.0	(49.8)	0.5	(44.3)
Amounts reclassified from accumulated other comprehensive income (loss)	(0.1)	—	0.8	0.7
Net current-period other comprehensive income (loss)	4.9	(49.8)	1.3	(43.6)
Balance as of June 30, 2019	\$ 2.5	\$ (62.8)	\$ (20.5)	\$ (80.8)

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

21. Other, Net

	Three Months Ended June 30,		Six Months Ended June 30,	
<i>(in millions)</i>	2020	2019	2020	2019
Interest income	\$ 1.4	\$ 1.2	\$ 3.1	\$ 3.3
AFUDC equity	1.4	2.5	3.1	4.2
Pension and other postretirement non-service cost	3.1	(3.1)	5.8	(5.9)
Miscellaneous	0.6	(0.9)	(0.1)	(2.6)
Total Other, net	\$ 6.5	\$ (0.3)	\$ 11.9	\$ (1.0)

22. Business Segment Information

At June 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 Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Operating Revenues				
Gas Distribution Operations				
Unaffiliated	\$ 606.3	\$ 603.8	\$ 1,834.3	\$ 2,042.6
Intersegment	3.0	3.3	6.0	6.6
Total	609.3	607.1	1,840.3	2,049.2
Electric Operations				
Unaffiliated	356.2	406.4	733.5	837.2
Intersegment	0.2	0.2	0.4	0.4
Total	356.4	406.6	733.9	837.6
Corporate and Other				
Unaffiliated	0.2	0.2	0.4	0.4
Intersegment	100.7	114.2	207.4	225.3
Total	100.9	114.4	207.8	225.7
Eliminations	(103.9)	(117.7)	(213.8)	(232.3)
Consolidated Operating Revenues	\$ 962.7	\$ 1,010.4	\$ 2,568.2	\$ 2,880.2
Operating Income (Loss)				
Gas Distribution Operations	\$ 1.7	\$ 379.0	\$ 80.2	\$ 654.4
Electric Operations	86.9	85.7	165.4	180.7
Corporate and Other	3.1	(1.2)	(5.7)	2.6
Consolidated Operating Income	\$ 91.7	\$ 463.5	\$ 239.9	\$ 837.7

[Table of Contents](#)

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

NiSource Inc.

Index	Page
Executive Summary	48
Summary of Consolidated Financial Results	52
Results and Discussion of Segment Operations	54
Gas Distribution Operations	55
Electric Operations	59
Liquidity and Capital Resources	63
Off Balance Sheet Arrangements	65
Market Risk Disclosures	65
Other Information	66

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

NiSource Inc.

EXECUTIVE SUMMARY

This Management's Discussion and Analysis of Financial Condition and Results of Operations (Management's Discussion) analyzes our financial condition, results of operations and cash flows and those of our subsidiaries. It also includes management's analysis of past financial results and certain potential factors that may affect future results, potential future risks and approaches that may be used to manage those risks. See "Note regarding forward-looking statements" at the beginning of this report for a list of factors that may cause results to differ materially.

Management's Discussion is designed to provide an understanding of our operations and financial performance and should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 31, 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 seven states. We generate substantially all of our operating income through these rate-regulated businesses, which are summarized for financial reporting purposes into two primary reportable segments: Gas Distribution Operations and Electric Operations.

Refer to the "Business" section of our Annual Report on Form 10-K for the fiscal year ended December 31, 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. Refer also to the discussion of *Electric Supply* within our Electric Operations discussion for additional information on our long term electric generation strategy.

COVID-19: During the first quarter of 2020, the United States and countries around the globe were impacted by the outbreak of COVID-19. On March 11, 2020, the WHO declared the outbreak of COVID-19 to be a global pandemic. In response to this declaration and the rapid spread of COVID-19 within the United States, federal, state and local governments throughout the country have imposed varying degrees of restrictions on social and commercial activity to promote social distancing in an effort to slow the spread of the illness. These measures have had and continue to have a significant adverse impact upon many sectors of the economy.

We provide essential natural gas and electric services. The safety of our employees and customers, while providing these 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), which 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. This includes, without limitation, assessing COVID-19 cases, conditions and mandates by location, utilizing employee and customer health and mitigation plans, utilizing technology to maximize work-from-home capabilities, securing appropriate personal protective equipment and cleaning facilities, coordinating customer, employee and stakeholder messaging, and monitoring impacts to supply chain and contractor networks. We are also monitoring guidance from the Centers for Disease Control (CDC), as well as local, state and federal agencies.

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 limiting company vehicle occupancy to one person. 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 cases within our company. We will continue to follow CDC guidance and implement safety measures to ensure our employees and customer safety during this pandemic.

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

NiSource Inc.

We have suspended shut-offs for non-payment and late payment charges in response to the COVID-19 pandemic. These suspensions apply to residential, commercial and industrial customers and are expected to remain in effect through the third or fourth quarters of 2020, depending on requirements provided by state regulatory commissions. In addition, we are offering more flexible payment plans to customers impacted or experiencing hardship as a result of COVID-19. 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.

We continue to have interactions with the state regulatory commissions for each of our operating companies regarding COVID-19. These interactions primarily focus on steps we are taking to safely maintain essential services, including waivers of certain regulatory requirements, where needed, to allow for continued safe operations. We are also engaging regulators to address the short-term and long-term economic impact COVID-19 has, and may continue to have, on our customers and our operations. Regulatory deferrals have been allowed by the state regulatory commissions in Maryland, Ohio, Virginia, Pennsylvania and Indiana. For information on the impact of COVID-19 regulatory filings, see Note 10, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited).

COVID-19 has resulted in new federal and state laws. Under the provisions of the CARES Act, we have deferred payroll tax payments of approximately \$9.9 million through June 30, 2020. We believe the deferral of payroll tax payments could provide a cash flow benefit by delaying about \$30.0 million of 2020 payroll tax payments, of which 50% would be due at the end of 2021 and the remaining 50% would be due at the end of 2022. Given the recent enactment of the CARES Act and additional guidance issued by the IRS, we are currently evaluating the impact of the employer payroll tax credits and other potentially applicable provisions. For information on the impact of the CARES Act on Income Taxes, see Note 15, "Income Taxes," in the Notes to Condensed Consolidated Financial Statements (unaudited).

COVID-19 has impacted our results of operation in the first half of 2020. As a result of COVID-19, we have experienced, and expect to continue to experience, changes in the demand for gas and electric. For the six months ended June 30, 2020, usage was lower compared to same period in 2019, with approximately \$17.8 million in lower usage revenue primarily attributable to lower gas and electric commercial and industrial demand resulting from COVID-19, partially offset by higher residential demand primarily attributable to COVID-19 that resulted in higher residential usage revenue of approximately \$6.9 million. Also, for the six months ended June 30, 2020, revenue from late payment and reconnections fees were lower compared to the same period in 2019, with approximately \$3.8 million in reduced revenue primarily attributable to COVID-19. During the six months ended June 30, 2020, we incurred approximately \$10.8 million in expenses for personal protective equipment and other COVID-19 related services and supplies, as well as higher bad debt expense in comparison to the same period in 2019 of approximately \$7.2 million primarily resulting from economic conditions, as well as the suspension of shut-offs for non-payment. We did experience lower cash flows from operations in the second quarter of 2020 in comparison to the second quarter 2019; however, we believe we have sufficient liquidity for the next 12 to 24 months as a result of the refinancing of our \$850 million term loan on April 1, 2020, the issuance of \$1.0 billion notes on April 13, 2020, the anticipated cash proceeds from the sale of the Massachusetts Business that we expect to close by the end of the third quarter of 2020 or shortly thereafter, the available capacity under our short-term revolving credit facility and accounts receivable securitization facilities, and our ability to access capital markets. We have reduced our expected 2020 capital investments by \$145 million to conserve cash. There are no other 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.

We are continuously evaluating and monitoring the impact of COVID-19 on our operating results and liquidity. We believe our future operating results and liquidity will be impacted by COVID-19. Such impact of COVID-19 includes, but is not limited to:

- Lower revenue and cash flow during the second half of 2020, in comparison to the second half 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 second half of 2020, in comparison to the second half of 2019, due to the continuing suspension of late payment and reconnection fees.
- 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.

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

NiSource Inc.

- A continued increase in bad debt and decrease in cash flows in the second half 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.
- A sustained increase in COVID-19 related materials, supplies and contract services costs during the second half of 2020, partially offset by any allowed regulatory deferral of incremental COVID-19 related expenses, a reduction in non-safety related employee and administrative expenses, and efforts to address dis-synergies and improve efficiencies.
- An increase in internal labor costs from higher overtime costs in the second half of 2020.
- The impact of the employer payroll tax credit and payroll tax payment deferral under the CARES Act. As discussed above, 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 has issued additional guidance related to the employer tax credit as recently as mid-June, and we are currently evaluating the impact of the employer payroll tax credits.

In addition, we are monitoring the following areas that could impact our operating results and liquidity:

- A delay in cash flows in the event that the sale of the Massachusetts Business does not close by the end of the third quarter of 2020 or shortly thereafter, which could impact our liquidity.
- Future volatility in the capital and credit markets that could impact our liquidity by limiting our access to capital or increasing the cost of capital.
- A deterioration in market conditions that could reduce our reporting units' fair values below their carrying values, resulting in future goodwill impairment charges. Currently, we have no impairments related to goodwill or long lived assets.
- A potential increase in future pension expense and pension funding requirements due to the degradation of interest rates and capital market conditions. Any increase in pension expense would not be determined until the year-end remeasurement or at an interim remeasurement if triggered by higher than expected lump sum payments. We expect to trigger an interim remeasurement during the second half of 2020 due to higher than expected lump sum payments.
- Potential delays in capital construction projects, including the impact on our renewable generation projects.
- A potential reduction in labor availability and productivity due to the health impact COVID-19 could have on our employees and contractors.
- The potential for delayed state regulatory filings, regulatory approvals and recovery of invested capital.
- The impact of any new state regulatory actions and federal laws.

This is an evolving situation, and we cannot predict the extent or duration of the outbreak, or the total effects on the global, national or local economy, or our operations or financial results. We will continue to monitor developments affecting our workforce, customers, suppliers and operations and take additional measures as needed in an effort to help mitigate the impacts of the COVID-19 pandemic on our company and in our communities.

Greater Lawrence Incident: The Greater Lawrence Incident occurred on September 13, 2018. The following table summarizes expenses incurred and insurance recoveries recorded since the Greater Lawrence Incident. The amounts set forth in the table below do not include the estimated capital cost of the pipeline replacement described below and as set forth in Note 19- D, "Other Matters - Greater Lawrence Pipeline Replacement," in the Notes to Condensed Consolidated Financial Statements (unaudited).

	Total Costs Incurred through	Costs Incurred during the Three Months Ended	Costs Incurred during the Six Months Ended	
(in millions)	December 31, 2019	June 30, 2020		Incident to Date
Third-party claims	\$ 1,041	\$ (2)	\$ (2)	\$ 1,039
Other incident-related costs	420	7	16	436
Total	1,461	5	14	1,475
Insurance recoveries recorded	(800)	—	—	(800)
Total costs incurred	\$ 661	\$ 5	\$ 14	\$ 675

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

NiSource Inc.

Inclusive of the \$1,039 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 - B. Legal Proceedings," will range from \$1,039 million to \$1,055 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. These costs also do not include the payment in lieu of penalties, which is set forth in Note 7, "Assets and Liabilities Held for Sale."

We expect to incur a total of \$445 million to \$455 million in other incident-related costs, inclusive of the \$436 million recorded for the incident to date, as set forth in Note 19, "Other Commitments and Contingencies - D. 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.

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. This pipeline replacement cost is part of the Massachusetts Business that is classified as held for sale at June 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 June 30, 2020. See Note 7, "Assets and Liabilities Held for Sale," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information.

Refer to Note 19-B and D, "Legal Proceedings" and "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited), "Summary of Consolidated Financial Results," "Results and Discussion of Segment Operation - Gas Distribution Operations," and "Liquidity and Capital Resources" in this Management's Discussion for additional information related to the Greater Lawrence Incident.

Columbia of Massachusetts Asset Sale: On February 26, 2020, NiSource and Columbia of Massachusetts entered into an Asset Purchase Agreement with Eversource. Upon the terms and subject to the conditions set forth in the Asset Purchase Agreement, we have agreed to sell the Massachusetts Business to Eversource for a purchase price of \$1,100 million in cash, subject to adjustment. For additional information, see Note 7, "Assets and Liabilities Held for Sale," in the Notes to Condensed Consolidated Financial Statements (unaudited).

Strategic Initiative: We have launched a multi-year, enterprise-wide strategic initiative to better leverage our current scale, improve our cost structure and drive long-term capabilities. This initiative is expected to support continued substantial capital investments in our long-term safety and modernization programs, as well as our electric generation strategy, providing value to both customers and investors. The repositioning of executive leadership roles and responsibilities in May 2020, the strategic initiative, and a voluntary separation program for certain employees, which commenced on August 5, 2020, are the first steps in a process designed to ensure that we are best positioned to support our enhanced focus on safety, operational excellence and customer value.

[Table of Contents](#)

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

NiSource Inc.

Summary of Consolidated Financial Results

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

	Three Months Ended June 30,			Six Months Ended June 30,		
(in millions, except per share amounts)	2020	2019	2020 vs. 2019	2020	2019	2020 vs. 2019
Operating Revenues	\$ 962.7	\$ 1,010.4	\$ (47.7)	\$ 2,568.2	\$ 2,880.2	\$ (312.0)
Operating Expenses						
Cost of sales (excluding depreciation and amortization)	188.4	253.5	(65.1)	650.8	933.8	(283.0)
Other Operating Expenses	682.6	293.4	389.2	1,677.5	1,108.7	568.8
Total Operating Expenses	871.0	546.9	324.1	2,328.3	2,042.5	285.8
Operating Income	91.7	463.5	(371.8)	239.9	837.7	(597.8)
Total Other Deductions, net	(90.5)	(94.4)	3.9	(178.0)	(190.7)	12.7
Income Taxes	5.9	72.2	(66.3)	(9.0)	131.2	(140.2)
Net Income (Loss)	(4.7)	296.9	(301.6)	70.9	515.8	(444.9)
Preferred dividends	(13.8)	(13.8)	—	(27.6)	(27.6)	—
Net Income (Loss) Available to Common Shareholders	(18.5)	283.1	(301.6)	43.3	488.2	(444.9)
Basic Earnings (Loss) Per Share	\$ (0.05)	\$ 0.76	\$ (0.81)	\$ 0.11	\$ 1.31	\$ (1.20)
Basic Average Common Shares Outstanding	383.5	373.9	9.6	383.3	373.6	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.

On a consolidated basis, we reported a net loss available to common shareholders of \$18.5 million, or \$0.05 per basic share for the three months ended June 30, 2020, compared to net income available to common shareholders of \$283.1 million, or \$0.76 per basic share for the same period in 2019. The decrease in income available to common shareholders during the second quarter of 2020 was primarily due to 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 an increase in the loss recorded for the classification as held for sale of the Massachusetts Business (see Note 7, "Assets and Liabilities Held for Sale," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for additional information). In addition, COVID-19 impacted our results of operation as we have experienced unfavorable changes in commercial and industrial demand for Electric Operations and unfavorable changes in industrial demand for Gas Distribution Operations, as well as incremental COVID-19 related expenses. These increases in expense and decreases in demand are partially offset by lower income taxes in the second quarter (see "Income Taxes" below).

For the six months ended June 30, 2020, we reported net income available to common shareholders of \$43.3 million, or \$0.11 per basic share compared to net income available to common shareholders of \$488.2 million, or \$1.31 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 lower gas distribution operating revenues due to the effects of warmer weather in 2020.

Operating Income

For the three months ended June 30, 2020, we reported operating income of \$91.7 million compared to operating income of \$463.5 million for the same period in 2019. The decrease in operating income was primarily due to 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 the loss recorded for the classification as held for sale of the Massachusetts Business (see Note 7, "Assets and Liabilities Held for Sale," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for additional information). In addition, COVID-19 impacted our results of operation as we have experienced unfavorable changes in the demand for gas and electric and incremental COVID-19 related expenses.

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

NiSource Inc.

For the six months ended June 30, 2020, we reported operating income of \$239.9 million compared to operating income of \$837.7 million 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 lower gas distribution operating revenues due to the effects of warmer weather in 2020.

Other Deductions, net

Other deductions, net reduced income by \$90.5 million in the second quarter of 2020 compared to a reduction in income of \$94.4 million in the prior year. This change is primarily due to lower non-service pension costs driven by a decrease in the pension benefit obligations.

Other deductions, net reduced income by \$178.0 million during the six months ended June 30, 2020 compared to a reduction in income of \$190.7 million in the prior year. The drivers for this change were consistent with that of the quarter-to-date period.

Income Taxes

For the three and six months ended June 30, 2020, the decrease in income tax expense from 2019 to 2020 is primarily attributable to lower pre-tax income, increased amortization of excess deferred federal income tax liabilities, as specified in the TCJA, discrete items primarily related to the pre-tax book loss recorded for the classification as held for sale of the Massachusetts Business, adjusted for the non-deductible payment in lieu of penalties, tax effected at statutory tax rates.

Refer to Note 15, "Income Taxes," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on income taxes and the change in the effective tax rate.

Capital Investment

For the six months ended June 30, 2020, we invested \$819.3 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 \$30 billion in total projected long-term regulated utility infrastructure investments and expect to invest a total of approximately \$1.7 to \$1.8 billion in capital during 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 took certain actions to enhance our liquidity. On April 1, 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 that matures March 31, 2021. Also, on April 13, 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, term loan borrowings, long-term debt agreements, our ability to access the capital markets, and the expected proceeds from the potential sale of the Massachusetts Business (see Note 7, "Assets and Liabilities Held for Sale," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for additional information), we believe we have adequate capital available to fund our operating activities, capital expenditures, the effects of the Greater Lawrence Incident and the effects of COVID-19 for the next 12 to 24 months. As of June 30, 2020 and December 31, 2019, we had \$1,982.0 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." See the COVID-19 discussion in the introduction to the "Executive Summary" for discussion regarding the liquidity impact from COVID-19.

Regulatory Developments

During the quarter ended June 30, 2020, 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. We also continue to monitor COVID-19 related regulatory impact. Refer to Note 10, "Regulatory Matters" and Note 19-D "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for a complete discussion of key regulatory developments that have transpired during 2020.

NiSource Inc.

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.

[Table of Contents](#)

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

NiSource Inc.
Gas Distribution Operations

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

(in millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	2020 vs. 2019	2020	2019	2020 vs. 2019
Operating Revenues	\$ 609.2	\$ 607.1	\$ 2.1	\$ 1,840.2	\$ 2,049.2	\$ (209.0)
Operating Expenses						
Cost of sales (excluding depreciation and amortization)	119.2	136.7	(17.5)	496.6	686.8	(190.2)
Operation and maintenance	263.1	(60.3)	323.4	593.2	391.0	202.2
Depreciation and amortization	86.8	99.4	(12.6)	183.3	196.8	(13.5)
Loss on classification as held for sale	84.4	—	84.4	364.6	—	364.6
Gain on sale of assets	—	(0.1)	0.1	—	(0.1)	0.1
Other taxes	54.0	52.4	1.6	122.3	120.3	2.0
Total Operating Expenses	607.5	228.1	379.4	1,760.0	1,394.8	365.2
Operating Income	\$ 1.7	\$ 379.0	\$ (377.3)	\$ 80.2	\$ 654.4	\$ (574.2)
Revenues						
Residential	\$ 410.6	\$ 379.6	\$ 31.0	\$ 1,233.9	\$ 1,355.6	\$ (121.7)
Commercial	124.1	122.7	1.4	398.1	454.3	(56.2)
Industrial	48.8	53.0	(4.2)	123.3	136.0	(12.7)
Off-System	8.0	23.4	(15.4)	26.7	43.5	(16.8)
Other	17.7	28.4	(10.7)	58.2	59.8	(1.6)
Total	\$ 609.2	\$ 607.1	\$ 2.1	\$ 1,840.2	\$ 2,049.2	\$ (209.0)
Sales and Transportation (MMDth)						
Residential	39.8	32.2	7.6	158.3	172.9	(14.6)
Commercial	28.4	28.4	—	102.1	114.4	(12.3)
Industrial	124.2	125.4	(1.2)	271.0	273.5	(2.5)
Off-System	4.1	8.9	(4.8)	15.3	16.1	(0.8)
Other	—	0.1	(0.1)	0.2	0.3	(0.1)
Total	196.5	195.0	1.5	546.9	577.2	(30.3)
Heating Degree Days	728	499	229	3,168	3,396	(228)
Normal Heating Degree Days	563	563	—	3,460	3,427	33
% Colder (Warmer) than Normal	29 %	(11)%		(8)%	(1)%	
Gas Distribution Customers						
Residential				3,237,131	3,180,255	56,876
Commercial				282,482	279,450	3,032
Industrial				5,983	6,078	(95)
Other				3	3	—
Total				3,525,599	3,465,786	59,813

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.

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

**NiSource Inc.
Gas Distribution Operations**

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

For the three months ended June 30, 2020, Gas Distribution Operations reported operating income of \$1.7 million, a decrease of \$377.3 million from the comparable 2019 period.

Operating revenues for the three months ended June 30, 2020 were \$609.2 million, an increase of \$2.1 million from the same period in 2019. The change in operating revenues was primarily driven by:

- New rates from base rate proceedings, infrastructure replacement programs and Columbia of Ohio's CEP of \$12.1 million.
- Unfavorable adjustments in 2019 to the revenue reserve for the probable future refund of certain collections from customers as a result of the lower income tax rate from the TCJA of \$5.1 million.
- The effects of customer growth of \$5.0 million.
- Higher revenues from the effects of colder weather in 2020 of \$4.4 million.
- Higher regulatory, tax and depreciation trackers, which are offset in operating expense, of \$2.8 million.
- The effects of increased residential usage primarily related to COVID-19 of \$0.7 million.

Partially offset by:

- Lower cost of sales (excluding depreciation and amortization) billed to customers, which is offset in operating expense, of \$17.5 million.
- The effects of decreased industrial usage primarily related to COVID-19 of \$4.7 million.
- The effects of decreased late payment and reconnection fees primarily related to COVID-19 of \$3.0 million.
- Lower revenue from Columbia of Ohio's DSM incentive program of \$1.1 million.

Operating expenses were \$379.4 million higher for the three months ended June 30, 2020 compared to the same period in 2019. This change was primarily driven by:

- Insurance recoveries recorded in 2019, net of third-party claims and other costs, related to the Greater Lawrence Incident of \$337.0 million.
- Loss on classification as held for sale related to the Massachusetts Business of \$84.4 million.
- Increased bad debt expense primarily related to COVID-19 of \$6.2 million.
- Increased expenses primarily due to the impact of COVID-19 related materials & supplies, outside services, and sequestration expenses of \$5.2 million.
- Higher regulatory, tax and depreciation trackers, which are offset in operating revenue, of \$2.8 million.

Partially offset by:

- Lower employee and administrative expenses of \$22.4 million.
- Lower cost of sales (excluding depreciation and amortization) billed to customers, which is offset in operating revenue, of \$17.5 million.
- Lower depreciation and amortization of \$13.0 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 \$2.0 million increase in depreciation and amortization primarily due to higher capital expenditures placed in service.

Six Months Ended June 30, 2020 vs. June 30, 2019 Operating Income

For the six months ended June 30, 2020, Gas Distribution Operations reported operating income of \$80.2 million, a decrease of \$574.2 million from the comparable 2019 period.

Operating revenues for the six months ended June 30, 2020 were \$1,840.2 million, a decrease of \$209.0 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 \$190.2 million.
- Lower revenues from the effects of warmer weather in 2020 of \$31.7 million.
- Lower regulatory, tax and depreciation trackers, which are offset in operating expense, of \$11.1 million.

[Table of Contents](#)

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

NiSource Inc.
Gas Distribution Operations

- The effects of decreased industrial usage primarily related to COVID-19 of \$4.7 million.
- The effects of decreased late payment and reconnection fees primarily related to COVID-19 of \$3.0 million.

Partially Offset by:

- New rates from base rate proceedings, infrastructure replacement programs and Columbia of Ohio's CEP of \$26.8 million.
- The effects of customer growth of \$9.4 million.
- The effects of increased residential usage primarily related to COVID-19 of \$0.7 million.

Operating expenses were \$365.2 million higher for the six months ended June 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 \$364.6 million.
- Insurance recoveries recorded in 2019, net of third-party claims and other costs, related to the Greater Lawrence Incident of \$209.8 million.
- Increased bad debt expense primarily related to COVID-19 of \$6.2 million.
- Increased expenses primarily due to the impact of COVID-19 related materials & supplies, outside services, and sequestration expenses of \$6.1 million.
- Increased property taxes of \$5.9 million due to higher capital expenditures placed in service.

Partially offset by:

- Lower cost of sales (excluding depreciation and amortization) billed to customers, which is offset in operating revenue, of \$190.2 million.
- Lower depreciation and amortization of \$13.4 million due to a \$20.0 million decrease in depreciation and amortization as a result of classifying the Massachusetts Business as held for sale, offset by a \$6.6 million increase in depreciation and amortization primarily due to higher capital expenditures placed in service.
- Lower regulatory, tax and depreciation trackers, which are offset in operating revenue, of \$11.1 million.
- Lower employee and administrative expenses of \$10.3 million.

Weather

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

Weather in the Gas Distribution Operations service territories for the second quarter of 2020 was about 29% colder than normal and about 46% colder than 2019, leading to increased operating revenues of \$4.4 million for the quarter ended June 30, 2020 compared to the same period in 2019.

Weather in the Gas Distribution Operations service territories for the six months ended June 30, 2020 was about 8% warmer than normal and about 7% warmer than 2019, leading to decreased operating revenues of \$31.7 million for the six months ended June 30, 2020 compared to the same period in 2019.

Throughput

Total volumes sold and transported for the three months ended June 30, 2020 were 196.5 MMDth, compared to 195.0 MMDth for the same period in 2019. This increase is primarily attributable to colder weather in 2020 compared to 2019, offset by decreased usage by industrial customers primarily due to COVID-19.

Total volumes sold and transported for the six months ended June 30, 2020 were 546.9 MMDth, compared to 577.2 MMDth for the same period in 2019. This decrease is primarily attributable to warmer weather in 2020 compared to 2019 and decreased usage by industrial customers primarily due to COVID-19.

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

NiSource Inc.
Gas Distribution Operations

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.

COVID-19 has impacted many sectors of the economy. COVID-19 impacted our Gas Distribution Operations in the second quarter of 2020, as described above. We continue to monitor developments affecting our workforce, customers, suppliers and operations and will take additional measures as needed in an effort to help mitigate the impacts of the COVID-19 pandemic on our company and in our communities. See the COVID-19 discussion in the introduction to the "Executive Summary" for additional information.

Greater Lawrence Incident

Refer to Note 19-B, "Legal Proceedings," and D. "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) and "Executive Summary" and "Liquidity and Capital Resources" in this Management's Discussion for additional information related to the Greater Lawrence Incident.

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. For additional information, see Note 7, "Assets and Liabilities Held for Sale," in the Notes to Condensed Consolidated Financial Statements (unaudited).

[Table of Contents](#)

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

NiSource Inc.
Electric Operations

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

(in millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	2020 vs. 2019	2020	2019	2020 vs. 2019
Operating Revenues	356.4	\$ 406.6	(50.2)	733.9	\$ 837.6	\$ (103.7)
Operating Expenses						
Cost of sales (excluding depreciation and amortization)	69.2	116.9	(47.7)	154.2	247.0	(92.8)
Operation and maintenance	108.0	123.8	(15.8)	228.9	245.5	(16.6)
Depreciation and amortization	80.6	69.2	11.4	159.5	137.4	22.1
Other taxes	11.7	11.0	0.7	25.9	27.0	(1.1)
Total Operating Expenses	269.5	320.9	(51.4)	568.5	656.9	(88.4)
Operating Income	\$ 86.9	\$ 85.7	\$ 1.2	\$ 165.4	\$ 180.7	\$ (15.3)
Revenues						
Residential	\$ 124.0	\$ 105.9	\$ 18.1	\$ 243.2	\$ 224.7	\$ 18.5
Commercial	109.8	115.2	(5.4)	230.0	234.5	(4.5)
Industrial	86.5	155.9	(69.4)	195.6	319.4	(123.8)
Wholesale	2.8	2.8	—	6.0	5.5	0.5
Other	33.3	26.8	6.5	59.1	53.5	5.6
Total	\$ 356.4	\$ 406.6	\$ (50.2)	\$ 733.9	\$ 837.6	\$ (103.7)
Sales (Gigawatt Hours)						
Residential	834.0	733.1	100.9	1,589.5	1,525.5	64.0
Commercial	831.8	891.0	(59.2)	1,710.5	1,785.4	(74.9)
Industrial	1,467.5	2,164.5	(697.0)	3,538.6	4,380.2	(841.6)
Wholesale	4.9	1.1	3.8	76.3	7.6	68.7
Other	21.5	22.3	(0.8)	49.7	56.8	(7.1)
Total	3,159.7	3,812.0	(652.3)	6,964.6	7,755.5	(790.9)
Cooling Degree Days	292	223	69	292	223	69
Normal Cooling Degree Days	239	245	(6)	239	245	(6)
% Warmer (Colder) than Normal	22 %	(9)%		22 %	(9)%	
Electric Customers						
Residential	417,251	412,990	4,261			
Commercial	57,236	56,788	448			
Industrial	2,164	2,272	(108)			
Wholesale	723	732	(9)			
Other	2	3	(1)			
Total	477,376	472,785	4,591			

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.

[Table of Contents](#)

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

NiSource Inc.
Electric Operations

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

For the three months ended June 30, 2020, Electric Operations reported operating income of \$86.9 million, an increase of \$1.2 million from the comparable 2019 period.

Operating revenues for the three months ended June 30, 2020 were \$356.4 million, a decrease of \$50.2 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 \$47.7 million.
- Lower regulatory and depreciation trackers, which are offset in operating expense, of \$7.8 million.
- The effects of decreased commercial and industrial usage primarily related to COVID-19 of \$13.1 million.
- The effects of decreased late payment and reconnection fees primarily related to COVID-19 of \$0.8 million.

Partially offset by:

- New rates from the recent base rate proceeding and electric transmission projects of \$6.8 million.
- The effects of increased residential usage primarily related to COVID-19 of \$6.2 million.
- Decreased fuel handling costs of \$3.2 million.

Operating expenses were \$51.4 million lower for the three months ended June 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 \$47.7 million.
- Lower outside service costs of \$14.6 million primarily related to lower generation-related maintenance.
- Lower regulatory and depreciation trackers, which are offset in operating revenues, of \$7.8 million.
- Lower employee and administrative costs of \$7.0 million.

Partially offset by:

- Increased depreciation of \$15.4 million primarily attributable to higher depreciation rates from the recent rate case proceeding.
- Increased expenses primarily due to the impact of COVID-19 related materials and supplies, outside services, and sequestration expenses of \$4.3 million.
- Increased bad debt expense of \$1.0 million primarily due to the impact of COVID-19.

Six Months Ended June 30, 2020 vs. June 30, 2019 Operating Income

For the six months ended June 30, 2020, Electric Operations reported operating income of \$165.4 million, a decrease of \$15.3 million from the comparable 2019 period.

Operating revenues for the six months ended June 30, 2020 were \$733.9 million, a decrease of \$103.7 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 \$92.8 million.
- Lower regulatory and depreciation trackers, which are offset in operating expense, of \$15.1 million.
- The effects of decreased commercial and industrial usage primarily related to COVID-19 of \$13.1 million.
- The effects of decreased late payment and reconnection fees primarily related to COVID-19 of \$0.8 million.

Partially offset by:

- New rates from the recent base rate proceeding and electric transmission projects of \$8.3 million.
- The effects of increased residential usage primarily related to COVID-19 of \$6.2 million.

Operating expenses were \$88.4 million lower for the six months ended June 30, 2020 compared to the same period in 2019. This change was primarily driven by:

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

**NiSource Inc.
Electric Operations**

- Lower cost of sales (excluding depreciation and amortization) billed to customers, which is offset in operating revenue, of \$92.8 million.
- Lower regulatory and depreciation trackers, which are offset in operating revenues, of \$15.1 million.
- Lower outside services costs of \$19.9 million primarily related to lower generation-related maintenance.

Partially offset by:

- Increased depreciation of \$30.5 million primarily attributable to higher depreciation rates from the recent rate case proceeding.
- Increased expenses primarily due to the impact of COVID-19 related materials and supplies, outside services, and sequestration expenses of \$4.7 million.
- Increased environmental costs of \$3.6 million.
- Increased bad debt expense of \$1.0 million primarily due to the impact of COVID-19.

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 second quarter of 2020 was about 22% warmer than normal and about 31% warmer than in 2019, resulting in increased operating revenues of \$2.2 million for the quarter ended June 30, 2020 compared to the same period in 2019.

Weather in the Electric Operations' territories for the six months ended June 30, 2020 was about 22% warmer than normal and about 31% warmer than in 2019, resulting in increased operating revenues of \$1.1 million for the six months ended June 30, 2020 compared to the same period in 2019.

Sales

Electric Operations sales for the second quarter of 2020 were 3,159.7 GWh, a decrease of 652.3 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 six months ended June 30, 2020 were 6,964.6 GWh, a decrease of 790.9 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.

COVID-19 has impacted many sectors of the economy. COVID-19 impacted Electric Operations in the second quarter of 2020, as described above. We continue to monitor developments affecting our workforce, customers, suppliers and operations and will take additional measures as needed in an effort to help mitigate the impacts of the COVID-19 pandemic on our company and in our communities. See the COVID-19 discussion in the introduction to the "Executive Summary" for additional information.

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

NiSource Inc.
Electric Operations

Electric Supply

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

The Integrated Resource Plan evaluated demand-side and supply-side resource alternatives to reliably and cost effectively meet NIPSCO customers' future energy requirements over the ensuing 20 years. The preferred option within the Integrated Resource Plan retires R.M. Schahfer Generating Station (Units 14, 15, 17, and 18) by 2023 and Michigan City Generating Station (Unit 12) by 2028. These units represent 2,080 MW of generating capacity, equal to 72% of NIPSCO's remaining capacity 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 units in 2023. The planned replacement in 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 8, "Property, Plant and Equipment" and Note 19-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. Commercial negotiations are advancing on BTAs representing a significant amount of additional solar capacity. We also expect to secure additional agreements with counterparties and initiate regulatory compliance filings into 2021. Refer to Note 19-D, "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information on the NIPSCO Integrated Resource Plan.

ITEM 2. 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 Note 19, "Other Commitments and Contingencies," in the Notes to the Condensed Consolidated Financial Statements (unaudited), 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 and Note 19 referenced earlier in this paragraph, we may incur additional expenses and liabilities in excess of our recorded liabilities and estimated additional costs associated with the Greater Lawrence Incident. Since the Greater Lawrence Incident and through June 30, 2020, 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. We plan to use the expected proceeds from the sale of the Massachusetts Business to pay down these short-term borrowings. For additional information, see Note 7, "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 six months ended June 30, 2020 was \$707.7 million, a decrease of \$218.5 million compared to the six months ended June 30, 2019. This decrease was driven by year over year increase in net payments related to the Greater Lawrence Incident. During 2020, we paid approximately \$162 million compared to insurance recoveries of \$108 million, net of payments, during 2019. Offsetting these cash outflows are higher accounts receivable collections in 2020 compared to 2019.

Investing Activities

Net cash used for investing activities for the six months ended June 30, 2020 was \$886.6 million, a decrease of \$11.4 million compared to the six months ended June 30, 2019. This decrease was mostly attributable to lower capital expenditures partially offset by higher cost of removal expenditures in 2020.

Our capital expenditures for the six months ended June 30, 2020 were \$819.3 million compared to \$843.5 million for the comparable period in 2019. The decrease was driven by reduced spend related to the Greater Lawrence Pipeline Replacement and Electric TDSIC projects, partially offset by an increase in customer growth projects. We project total 2020 capital expenditures to be approximately \$1.7 to \$1.8 billion.

Our cost of removal expenditures for the six months ended June 30, 2020 were \$66.7 million compared to \$55.7 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 17, "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 18, "Short-Term Borrowings," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on short-term debt activity.

Net Available Liquidity. As of June 30, 2020, an aggregate of \$1,982.0 million of net liquidity was available, including cash and credit available under the revolving credit facility and accounts receivable securitization programs.

[Table of Contents](#)**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)****NiSource Inc.**

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

<i>(in millions)</i>	June 30, 2020	December 31, 2019
Current Liquidity		
Revolving Credit Facility	\$ 1,850.0	\$ 1,850.0
Accounts Receivable Program ⁽¹⁾	313.5	353.2
<i>Less:</i>		
Commercial Paper	—	570.0
Accounts Receivable Program Utilized	313.5	353.2
Letters of Credit Outstanding Under Credit Facility	10.2	10.2
<i>Add:</i>		
Cash and Cash Equivalents	142.2	139.3
Net Available Liquidity	\$ 1,982.0	\$ 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%. A similar covenant in a 2005 private placement note purchase agreement requires us to maintain a debt to capitalization ratio that does not exceed 75%. As of June 30, 2020, the ratio was 63.8%.

Sale of Trade Accounts Receivables. Refer to Note 13, "Transfers of Financial Assets," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on the sale of trade accounts receivable.

Credit Ratings. The credit rating agencies periodically review our ratings, taking into account factors such as our capital structure and earnings profile. The following table includes our and certain of our subsidiaries' credit ratings and ratings outlook as of June 30, 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 June 30, 2020, the collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately \$76.9 million. In addition to agreements with ratings triggers, there are other agreements that contain "adequate assurance" or "material adverse change" provisions that could necessitate additional credit support such as letters of credit and cash collateral to transact business.

Equity. Our authorized capital stock consists of 620,000,000 shares, \$0.01 par value, of which 600,000,000 are common stock and 20,000,000 are preferred stock. As of June 30, 2020, 382,917,033 shares of common stock and 440,000 shares of preferred stock were outstanding.

Contractual Obligations. Aside from the previously referenced issuances of long-term debt and payments associated with the Greater Lawrence Incident, there were no material changes during the six months ended June 30, 2020 to our contractual obligations as of December 31, 2019.

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

NiSource Inc.

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 19, "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 19, "Other Commitments and Contingencies," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about such arrangements.

Market Risk Disclosures

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

Our Risk Management Committee has been actively engaged in monitoring the impact of COVID-19 on our business. See the COVID-19 discussion in the introduction to the "Executive Summary" for risks that have been identified related to COVID-19.

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 11, "Risk Management Activities," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further information on our commodity price risk assets and liabilities as of June 30, 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 \$3.4 million and \$7.7 million for the three and six months ended June 30, 2020, and \$5.1 million and \$10.0 million for the three and six months ended June 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 11, "Risk Management Activities," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further information on our interest rate risk assets and liabilities as of June 30, 2020 and December 31, 2019.

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

NiSource Inc.

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 individual state regulatory commissions have instituted regulatory moratoriums in connection with COVID-19 that 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.

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 14, "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 19, "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 19-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 3.600% Notes due 2030 (incorporated by reference to [Exhibit 4.1 of the NiSource Inc. Form 8-K](#) filed on April 8, 2020).
- (10.1) Term Loan Agreement, dated as of April 1, 2020, among NiSource Inc., as Borrower, the lenders party thereto, and KeyBank National Association, as Administrative Agent, and KeyBank National Association, PNC Bank, National Association and U.S. Bank National Association, as Joint Lead Arrangers and Joint Bookrunners (incorporated by reference to [Exhibit 10.1 of the NiSource Inc. 8-K](#) filed on April 1, 2020).
- (10.2) [Form of Restricted Stock Unit Award Agreement for Nonemployee Directors under the 2020 Omnibus Incentive Plan.](#)*
- (10.3) 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 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).
- (10.4) [Addendum to Plea Agreement filed on or about June 21, 2020 in the United States District Court for the District of Massachusetts.](#)*
- (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.

SIGNATURE

NiSource Inc.

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

NiSource Inc.

(Registrant)

Date: August 5, 2020

By:

/s/ Donald E. Brown

Donald E. Brown

Executive Vice President, Chief Financial Officer, and
President of NiSource Corporate Services
(Principal Financial Officer)

**NiSource Inc.
2020 Omnibus Incentive Plan**

Nonemployee Director Restricted Stock Unit Award Agreement

This Restricted Stock Unit Award Agreement (the “Agreement”) is made and entered into as of __, by and between NiSource Inc., a Delaware corporation (the “Company”), and __, a Nonemployee Director of the Company (the “Grantee”), pursuant to the terms of the NiSource, Inc. 2020 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. Restricted Stock Unit Award. The Company hereby grants to the Grantee, on the terms and conditions hereinafter set forth, an annual award of Restricted Stock Units (the “RSUs”) for each year the Grantee serves as a member of the Board. For each term for which the Grantee is elected as a member of the Board, the number of RSUs awarded shall be calculated by dividing the annual equity retainer amount, as periodically determined by resolution of the Board (or its designated committee), by the Fair Market Value of a Share on the Date of Grant, with such annual equity retainer amount prorated for partial years of Nonemployee Director service, as reflected in the annual grant notice evidencing the annual award of RSUs (the “Annual Award Notice”). For purposes of this Agreement, the “Date of Grant” shall mean the date specified in the Annual Award Notice. The RSUs shall be represented by a bookkeeping entry with respect to the Grantee (the “RSU Account”), and each RSU shall be settled in one Share, to the extent provided under the Annual Award Notice, this Agreement and the Plan.

Section 2. Acceptance of Annual Award Notice. This Agreement and the Award shall be null and void unless the Grantee accepts the applicable Annual Award Notice by executing the Annual Award Notice in the space provided therefor and returning an original execution copy of the Annual Award Notice to the Company (or electronically accepting the Annual Award Notice within the Grantee’s stock plan account with the Company’s stock plan administrator according to the procedures then in effect).

Section 3. Dividend Equivalents. The Grantee shall be credited with additional RSUs pursuant to Article XIII of the Plan to reflect dividend equivalents with respect to the period of time between the Date of Grant and the settlement of the RSUs. Such dividend equivalents shall be equal to the dividends or other distributions declared on any Shares underlying the RSUs. Dividend equivalents shall be aggregated and credited to the Grantee’s RSU Account in the form of additional RSUs based on the Fair Market Value on the dividend payment date and such additional RSUs shall be subject to the same vesting conditions and payment terms as the underlying RSUs.

Section 4. Vesting and Lapse of Restrictions.

(a) General. Except as provided for herein or in the Annual Award Notice, the annual RSUs awarded under this Agreement shall vest on the first anniversary of the Date of Grant, provided that the Grantee continuously serves as a Nonemployee Director of the Company through such vesting date. The period of time prior to vesting shall be referred to herein as the “Restriction Period.”

(b) Separation due to Retirement, Death or Disability. In the event that Grantee separates from service prior to the expiration of the Restriction Period as a result of “Retirement” (defined as the cessation of services after providing a minimum of five continuous years of service as a member of the Board), death or Disability, the Grantee shall pro rata vest in an amount of RSUs determined by using a fraction, where the numerator shall be the number of calendar months (including partial months) elapsed between the Date of Grant and the date of the Grantee’s separation from service due to Retirement, death or Disability, and the denominator of which shall be 12; provided, however, if (i) the Grantee satisfies the service requirement for Retirement, (ii) separates from the Board due to his or her decision to not stand for re-election as a Nonemployee Director and (iii) completes his or her current term as a Nonemployee Director by serving as a Nonemployee Director through the first annual meeting of the Company’s stockholders that occurs after the Date of Grant, then the RSUs awarded for such year shall vest in full upon the Grantee’s Retirement in accordance with this proviso.

(c) Change in Control. Notwithstanding the foregoing provisions, in the event of a Change in Control following the Date of Grant with respect to an annual award of RSUs, such RSUs shall be subject to Article XV of the Plan and shall vest in the event the Grantee separates from the Board upon or following such Change in Control and prior to the Vesting Date with respect to such RSUs.

Section 5. Payment of RSUs. Subject to Section 6 of this Agreement and Article XVI of the Plan, the Company shall distribute the RSUs to the Grantee with respect to each award as soon as practicable (but in no event later than 60 days) after the expiration of the Restriction Period or, if earlier, upon the Grantee’s separation from service in accordance with Section 4(b) or Section 4(c) of this Agreement; provided, however, that if the RSUs are deemed nonqualified deferred compensation under Section 409A of the Code (“Section 409A”) and become payable upon a Change in Control in accordance with Article XV of the Plan and if the Change in Control is not a “change in control event” or the settlement of the RSUs upon such Change in Control would be impermissible under Section 409A, then the vested RSUs shall be settled following the expiration of the Restriction Period or, if earlier, the Grantee’s separation from service. The Grantee shall be entitled to receive from the Company a number of Shares (including fractional Shares) equal to the number of whole and fractional RSUs that vest pursuant to the terms of this Agreement, including with respect to the number of RSUs credited to the Participant’s RSU Account as dividend equivalents.

Section 6. Election to Defer Receipt of RSU Shares. With respect to each annual award of RSUs, the receipt of Shares relating to the RSUs may be deferred beyond the expiration of the Restriction Period under the rules and procedures established by the Company and subject to Section 409A. A Grantee’s election to defer receipt of such Shares on the deferral election

form provided by the Company shall defer the payment and income recognition, until the earlier of: (i) the date Grantee's service on the Board terminates for any reason and (ii) the Grantee's specified date of payment. In accordance with Section 409A, an election to defer under this Section 6 generally must be made in the calendar year prior to the year in which services related to those RSUs are first performed. If the Grantee is newly eligible to make a deferral election under this Agreement and any other aggregated plan under Section 409A, then the Grantee may make an initial deferral election on or before the date that is 30 days after the date the Grantee first became eligible to make such an election in accordance with Section 409A. Such deferral election shall apply only to the number of RSUs earned for services performed after the effective date of such deferral election, with such number of RSUs equal to the number of RSUs that are scheduled to vest under the applicable Annual Award Notice multiplied by a fraction, the numerator of which is the number of days beginning with the date immediately after the effective date of such deferral election (but in no event shall this beginning date be before the Date of Grant) and ending on the expiration date of the Restriction Period, and the denominator of which is the number of days beginning with the Date of Grant and ending with the expiration date of the Restriction Period. Notwithstanding anything to the contrary in this Agreement, Shares shall not be issued and the Grantee shall have no rights as a stockholder in Shares issuable under this Agreement to the extent that the issuance and receipt of such Shares have been deferred in accordance with this Section 6; provided, however, that the Grantee shall continue to receive dividend equivalents during the deferral period in accordance with Section 3 of this Agreement. A Grantee's properly filed election to defer receipt of the Shares subject to an Annual Award Notice shall evidence the time of payment of such Shares elected by the Grantee. If, however, service as a member of the Board terminates prior to the expiration of the Restriction Period, any Shares that would not have vested on the date of such termination shall be cancelled regardless of a deferral election on file. Notwithstanding the foregoing, in the event that the Grantee separates from service before the date of payment elected by the Grantee, vested RSUs shall be payable as soon as practicable (but in no event later than 60 days) after such separation from service in a single payment of Shares.

Section 7. Delivery of Shares upon Death. If the Grantee dies before the Company has distributed any portion of the vested RSUs, the Company shall transfer any Shares payable with respect to the vested RSUs in accordance with the Grantee's written beneficiary designation or to the Grantee's estate if no written beneficiary designation is provided.

Section 8. Compliance with Applicable Law. Notwithstanding anything contained herein to the contrary, the Company's obligation to issue or deliver certificates evidencing the RSUs 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 RSUs 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, as amended, or to effect any state registration or qualification of the Shares that may be issued under this Agreement. Subject to 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 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 shall not cause such violation, or at such later date that may be permitted under Section 409A.

Section 9. Restriction on Transferability. Except as otherwise provided in the Plan, the RSUs 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 Section 9 shall be void, and the purported transferee shall obtain no rights with respect to such RSUs.

Section 10. 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, any Shares 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 11. No Rights as Stockholder or Nonemployee Director. 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 RSUs subject to this Agreement; provided, however, that the Grantee shall be entitled to receive dividend equivalents equal to the dividends or other distributions declared on any Shares underlying the RSUs in accordance with Section 3 of this Agreement. Furthermore, nothing in this Agreement shall confer upon the Grantee any right to continue as a Nonemployee Director 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 12. Adjustments. If at any time while the award is outstanding, the number of outstanding RSUs 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 RSUs, shall be adjusted in accordance with the provisions of the Plan.

Section 13. 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 14. 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 15. 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 16. 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 17. Section 409A. This Agreement is intended to comply with, or be exempt from, Section 409A to the maximum extent possible and shall be interpreted accordingly, and each settlement of an annual award of RSUs shall be considered a separate payment for purposes of Section 409A. The applicable terms of the Plan relating to Section 409A are incorporated herein by reference. This Agreement shall be deemed to be modified to the maximum extent necessary to be in compliance with, or exempt from, Section 409A. If the Grantee is unexpectedly required to include in the Grantee's current year's income any amount of compensation relating to the RSUs because of a failure to meet the requirements of Section 409A, then to the extent permitted by Section 409A, the Grantee may receive a distribution of Shares in an amount not to exceed the amount required to be included in income as a result of the failure to comply with Section 409A.

Section 18. Evergreen Agreement and Future Grants. In accordance with Section 1 of this Agreement, the Company shall continue to grant RSUs to the Grantee annually. Such future Awards shall be governed by the terms and conditions of this Agreement and shall be evidenced by an Annual Award Notice or statement signed by the Company. Notwithstanding the foregoing, the Company reserves the right to grant future awards to the Grantee under different terms and conditions from this Agreement. Such Awards shall be evidenced by a new award agreement signed by both the Company and the Grantee. In addition, the Company reserves the right to cancel or terminate the grant of future awards of RSUs to the Grantee and instead pay the Grantee for services in the form of cash or other Awards.

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 10.4

Addendum to February 25, 2020 Plea Agreement

1. This Addendum modifies the executed February 25, 2020 plea agreement (the “Plea Agreement”) entered into by and between the United States Attorney for the District of Massachusetts (the “the U.S. Attorney”) and Bay State Gas Company, doing business as (“d/b/a”) Columbia Gas of Massachusetts (“Defendant”).
2. This Addendum modifies only the language of paragraph 5(b) of the Plea Agreement and only to the extent described below. In all other regards, the Plea Agreement is not modified and remains in full force and effect, subject to the Court’s approval.
3. Paragraph 5(b) of the Plea Agreement provides for a “period of probation of three (3) years that will immediately terminate prior to the three (3) year term upon a certification to the Court of the completion of the sale of Defendant or Defendant’s gas distribution business to a qualified third-party buyer consistent with the requirements of M.G.L. c. 164, § 96 and Interlocutory Order on Standard of Review, D.P.U. 10-170, and formal acceptance of the sale by the Massachusetts Department of Public Utilities (“MA DPU”).”
4. It is possible that the sale of Defendant or Defendant’s gas distribution business to a qualified third-party buyer, as referenced in paragraph 5(b) of the Plea Agreement, will occur prior to one (1) year from the date of the Court’s sentencing of Defendant and the commencement of Defendant’s term of probation. However, 18 U.S.C. § 3561 provides that Defendant’s term of probation can be no less than one (1) year. Therefore, as the Court observed during the now-continued June 8, 2020 hearing for the sentencing of Defendant, paragraph 5(b) of the Plea Agreement must be modified.
5. Accordingly, paragraph 5(b) of the Plea Agreement is hereby modified as follows:
“A period of probation of three (3) years that will be terminated by the Court prior to the three (3) year term upon a certification to the Court of the completion of the sale of Defendant or Defendant’s gas distribution business to a qualified third-party buyer consistent with the requirements of M.G.L. c. 164, § 96 and Interlocutory Order on Standard of Review, D.P.U. 10- 170, and formal acceptance of the sale by the Massachusetts Department of Public Utilities (“MA DPU”) (“the Final Sale Certification”). Subject to the Court’s approval of the form of the Final Sale Certification, the Court will terminate the Defendant’s sentence of probation upon the Court’s receipt of the Final Sale Certification. However, in the event that the Final Sale Certification is received by the Court prior to the one (1) year mandatory period of probation under 18 U.S.C. § 3561, Defendant’s probation will continue for the remainder of the one (1) year period but subject to only the mandatory conditions of probation set forth in USSG § 8D1.3 and 18 U.S.C. § 3563(a), and not the additional conditions of probation specified in paragraph 5(c) since Defendant will no longer be the legal owner of its previous gas distribution business or assets. Under the latter scenario, the parties will file, and the Court will approve, the request for termination of probation at the end of the one-year mandatory period.”

This Addendum and the Plea Agreement can be modified or supplemented only in a written memorandum signed by both parties, or through proceedings in open court.

If this Addendum to the Plea Agreement accurately reflects the agreement between the U.S. Attorney and Defendant, please have Defendant sign and the Acknowledgment of Addendum to Plea Agreement below. Please also sign below as Witness. Return the original of this letter to Assistant U.S. Attorney Neil Gallagher.

Sincerely,

ANDREW E. LELLING
United States Attorney

By:

/s/ Fred Wyshak
Fred Wyshak NJG For
Chief Public Corruption and
Special Prosecutions Units

/s/ Neil J. Gallagher, Jr.
Neil J. Gallagher, Jr.
Evan Gotlob
Assistant U.S. Attorneys

Corporate Acknowledgment of Addendum to the Plea Agreement

The Board of Directors has authorized me to execute this Addendum to the Plea Agreement on behalf of Bay State Gas Company, doing business as ("d/b/a") Columbia Gas of Massachusetts ("CMA"). The Board has read this Addendum to the Plea Agreement in its entirety and has discussed it fully with CMA's attorney. The Board acknowledges that this Addendum and the Plea Agreement entered into before the Court on February 25, 2020 fully sets forth CMA's agreement with the U.S. Attorney. The Board further states that no additional promises or representations have been made to the Board by any officials of the United States in connection with this matter.

/s/ Carrie Hightman

Carrie Hightman
Chief Legal Officer
NiSource Inc.

/s/ Kimberly Cuccia

Kimberly Cuccia
General Counsel
Bay State Gas, d/b/a Columbia Gas of
Massachusetts

I certify that Defendant's Board of Directors has authority to agree to the terms of the Addendum to the Plea Agreement, has (1) reviewed the Addendum to the Plea Agreement; (2) consulted with legal counsel in connection with the matter; (3) voted to agree to the terms of the Addendum to the Plea Agreement; and (4) voted to authorize Carrie Hightman, Chief Legal Officer of NiSource, Inc. and Kimberly Cuccia, General Counsel for Bay State Gas, d/b/a Columbia Gas of Massachusetts, to execute the Addendum to the Plea Agreement.

/s/ Alejandro N. Mayorkas
Alejandro N. Mayorkas, Esq.
WilmerHale, LLP
Attorney for Bay State Gas Company, doing
business as ("d/b/a") Columbia Gas of
Massachusetts

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

I, Joseph Hamrock, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended June 30, 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: August 5, 2020

By:

/s/ Joseph Hamrock

Joseph Hamrock

President and Chief Executive Officer

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

I, Donald E. Brown, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended June 30, 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: August 5, 2020

By:

/s/ Donald E. Brown

Donald E. Brown

Executive Vice President, Chief Financial Officer, and
President of NiSource Corporate Services

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

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending June 30, 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: August 5, 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 June 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: August 5, 2020

FORM 10-Q

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

For the quarterly period ended March 31, 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

(State or other jurisdiction of
incorporation or organization)

801 East 86th Avenue
Merrillville, IN

(Address of principal executive offices)

35-2108964

(I.R.S. Employer
Identification No.)

46410

(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
Depository 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: 382,799,472 shares outstanding at April 29, 2020.

**NISOURCE INC.
FORM 10-Q QUARTERLY REPORT
FOR THE QUARTER ENDED MARCH 31, 2020**

Table of Contents

		<u>Page</u>
	<u>Defined Terms</u>	<u>3</u>
<u>PART I</u>	<u>FINANCIAL INFORMATION</u>	
Item 1.	Financial Statements - unaudited	
	<u>Condensed Statements of Consolidated Income (unaudited)</u>	<u>7</u>
	<u>Condensed Statements of Consolidated Comprehensive Income (Loss) (unaudited)</u>	<u>8</u>
	<u>Condensed Consolidated Balance Sheets (unaudited)</u>	<u>9</u>
	<u>Condensed Statements of Consolidated Cash Flows (unaudited)</u>	<u>11</u>
	<u>Condensed Statements of Consolidated Equity (unaudited)</u>	<u>12</u>
	<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	<u>14</u>
Item 2.	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>38</u>
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>54</u>
Item 4.	<u>Controls and Procedures</u>	<u>54</u>
<u>PART II</u>	<u>OTHER INFORMATION</u>	
Item 1.	<u>Legal Proceedings</u>	<u>55</u>
Item 1A.	<u>Risk Factors</u>	<u>55</u>
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>55</u>
Item 3.	<u>Defaults Upon Senior Securities</u>	<u>55</u>
Item 4.	<u>Mine Safety Disclosures</u>	<u>55</u>
Item 5.	<u>Other Information</u>	<u>55</u>
Item 6.	<u>Exhibits</u>	<u>56</u>
	<u>Signature</u>	<u>57</u>

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
GSEP	Gas System Enhancement Program
GWh	Gigawatt hours
IRP	Infrastructure Replacement Program
IURC	Indiana Utility Regulatory Commission
LIBOR	London InterBank Offered Rate

DEFINED TERMS

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
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
PTC	Production tax credit
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)
TDSIC	Transmission, Distribution and Storage System Improvement Charge

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; the pending sale of the Massachusetts Business, including the terms and closing conditions under the Asset Purchase Agreement; 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 this report and our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, as supplemented by the risk factor set forth herein in Part II, Item 1A. Risk Factors, 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.

Index	Page
<u>Condensed Statements of Consolidated Income (unaudited)</u>	<u>7</u>
<u>Condensed Statements of Consolidated Comprehensive Income (Loss) (unaudited)</u>	<u>8</u>
<u>Condensed Consolidated Balance Sheets (unaudited)</u>	<u>9</u>
<u>Condensed Statements of Consolidated Cash Flows (unaudited)</u>	<u>11</u>
<u>Condensed Statements of Consolidated Equity (unaudited)</u>	<u>12</u>
<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	<u>14</u>
<u>1. Basis of Accounting Presentation</u>	<u>14</u>
<u>2. Recent Accounting Pronouncements</u>	<u>15</u>
<u>3. Revenue Recognition</u>	<u>16</u>
<u>4. Earnings Per Share</u>	<u>18</u>
<u>5. Equity</u>	<u>18</u>
<u>6. Gas in Storage</u>	<u>19</u>
<u>7. Assets and Liabilities Held For Sale</u>	<u>19</u>
<u>8. Asset Retirement Obligations</u>	<u>20</u>
<u>9. Regulatory Matters</u>	<u>20</u>
<u>10. Risk Management Activities</u>	<u>22</u>
<u>11. Fair Value</u>	<u>23</u>
<u>12. Transfers of Financial Assets</u>	<u>26</u>
<u>13. Goodwill</u>	<u>26</u>
<u>14. Income Taxes</u>	<u>27</u>
<u>15. Pension and Other Postretirement Benefits</u>	<u>27</u>
<u>16. Long-Term Debt</u>	<u>28</u>
<u>17. Short-Term Borrowings</u>	<u>28</u>
<u>18. Other Commitments and Contingencies</u>	<u>29</u>
<u>19. Accumulated Other Comprehensive Loss</u>	<u>36</u>
<u>20. Other, Net</u>	<u>36</u>
<u>21. Business Segment Information</u>	<u>36</u>

PART I

ITEM 1. FINANCIAL STATEMENTS

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

	Three Months Ended March 31,	
	2020	2019
<i>(in millions, except per share amounts)</i>		
Operating Revenues		
Customer revenues	\$ 1,525.9	\$ 1,834.5
Other revenues	79.6	35.3
Total Operating Revenues	1,605.5	1,869.8
Operating Expenses		
Cost of sales (excluding depreciation and amortization)	462.4	680.3
Operation and maintenance	444.6	552.4
Depreciation and amortization	184.3	175.1
Loss on classification as held for sale	280.2	—
Loss (gain) on sale of fixed assets and impairments, net	(0.1)	0.2
Other taxes	85.9	87.6
Total Operating Expenses	1,457.3	1,495.6
Operating Income	148.2	374.2
Other Income (Deductions)		
Interest expense, net	(92.9)	(95.6)
Other, net	5.4	(0.7)
Total Other Deductions, Net	(87.5)	(96.3)
Income before Income Taxes	60.7	277.9
Income Taxes	(14.9)	59.0
Net Income	75.6	218.9
Preferred dividends	(13.8)	(13.8)
Net Income Available to Common Shareholders	61.8	205.1
Earnings Per Share		
Basic Earnings Per Share	\$ 0.16	\$ 0.55
Diluted Earnings Per Share	\$ 0.16	\$ 0.55
Basic Average Common Shares Outstanding	383.1	373.4
Diluted Average Common Shares	384.1	374.7

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

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

<i>(in millions, net of taxes)</i>	Three Months Ended March 31,	
	2020	2019
Net Income	\$ 75.6	\$ 218.9
Other comprehensive income (loss):		
Net unrealized gain (loss) on available-for-sale debt securities ⁽¹⁾	(5.4)	2.8
Net unrealized gain (loss) on cash flow hedges ⁽²⁾	(133.3)	(19.3)
Unrecognized pension and OPEB benefit ⁽³⁾	0.7	0.9
Total other comprehensive income (loss)	(138.0)	(15.6)
Comprehensive Income (Loss)	\$ (62.4)	\$ 203.3

⁽¹⁾ Net unrealized gain (loss) on available-for-sale debt securities, net of \$1.4 million tax benefit and \$0.7 million tax expense in the first quarter of 2020 and 2019, respectively.

⁽²⁾ Net unrealized gain (loss) on cash flow hedges, net of \$44.1 million and \$6.5 million tax benefit in the first quarter of 2020 and 2019, respectively.

⁽³⁾ Unrecognized pension and OPEB benefit, net of \$0.3 million tax benefit and \$0.4 million tax expense in the first quarter of 2020 and 2019, respectively.

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Consolidated Balance Sheets (unaudited)

<i>(in millions)</i>	March 31, 2020	December 31, 2019
ASSETS		
Property, Plant and Equipment		
Utility plant	\$ 22,862.3	\$ 24,502.6
Accumulated depreciation and amortization	(7,293.7)	(7,609.3)
Net utility plant	15,568.6	16,893.3
Other property, at cost, less accumulated depreciation	18.6	18.9
Net Property, Plant and Equipment	15,587.2	16,912.2
Investments and Other Assets		
Unconsolidated affiliates	1.3	1.3
Available-for-sale debt securities (amortized cost of \$148.4 and \$150.1, allowance for credit losses of \$1.2 and \$0, respectively)	144.6	154.2
Other investments	66.1	74.7
Total Investments and Other Assets	212.0	230.2
Current Assets		
Cash and cash equivalents	203.8	139.3
Restricted cash	9.2	9.1
Accounts receivable	736.8	876.1
Allowance for credit losses	(20.3)	(19.2)
Accounts receivable, net	716.5	856.9
Gas inventory	59.9	250.9
Materials and supplies, at average cost	130.9	120.2
Electric production fuel, at average cost	63.2	53.6
Exchange gas receivable	39.0	48.5
Assets held for sale	1,655.8	—
Regulatory assets	164.3	225.7
Prepayments and other	182.8	149.7
Total Current Assets	3,225.4	1,853.9
Other Assets		
Regulatory assets	1,922.0	2,013.9
Goodwill	1,485.9	1,485.9
Deferred charges and other	160.2	163.7
Total Other Assets	3,568.1	3,663.5
Total Assets	\$ 22,592.7	\$ 22,659.8

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

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

	March 31, 2020	December 31, 2019
<i>(in millions, except share amounts)</i>		
CAPITALIZATION AND LIABILITIES		
Capitalization		
Stockholders' Equity		
Common stock - \$0.01 par value, 600,000,000 shares authorized; 382,694,308 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	6,671.5	6,666.2
Retained deficit	(1,483.4)	(1,370.8)
Accumulated other comprehensive loss	(230.6)	(92.6)
Total Stockholders' Equity	5,741.4	5,986.7
Long-term debt, excluding amounts due within one year	7,817.9	7,856.2
Total Capitalization	13,559.3	13,842.9
Current Liabilities		
Current portion of long-term debt	7.9	13.4
Short-term borrowings	2,046.4	1,773.2
Accounts payable	505.6	666.0
Dividends payable - common stock	80.4	—
Dividends payable - preferred stock	19.4	—
Customer deposits and credits	163.2	256.4
Taxes accrued	223.8	231.6
Interest accrued	95.1	99.4
Exchange gas payable	18.5	59.7
Regulatory liabilities	177.9	160.2
Liabilities held for sale	470.9	—
Legal and environmental	17.5	20.1
Accrued compensation and employee benefits	129.4	156.3
Claims accrued	24.9	165.4
Other accruals	180.9	144.1
Total Current Liabilities	4,161.8	3,745.8
Other Liabilities		
Risk management liabilities	312.1	134.0
Deferred income taxes	1,451.3	1,485.3
Deferred investment tax credits	9.4	9.7
Accrued insurance liabilities	82.4	81.5
Accrued liability for postretirement and postemployment benefits	359.4	373.2
Regulatory liabilities	2,033.8	2,352.0
Asset retirement obligations	435.9	416.9
Other noncurrent liabilities	187.3	218.5
Total Other Liabilities	4,871.6	5,071.1
Commitments and Contingencies (Refer to Note 18, "Other Commitments and Contingencies")	—	—
Total Capitalization and Liabilities	\$ 22,592.7	\$ 22,659.8

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

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

Three Months Ended March 31, (in millions)	2020	2019
Operating Activities		
Net Income	\$ 75.6	\$ 218.9
Adjustments to Reconcile Net Income to Net Cash from Operating Activities:		
Depreciation and amortization	184.3	175.1
Deferred income taxes and investment tax credits	(19.9)	51.6
Loss on classification as held for sale	280.2	—
Other adjustments	7.9	6.5
Changes in Assets and Liabilities:		
Components of working capital	(147.1)	(27.2)
Regulatory assets/liabilities	12.9	0.4
Deferred charges and other noncurrent assets	(12.1)	(58.3)
Other noncurrent liabilities	(11.9)	32.1
Net Cash Flows from Operating Activities	369.9	399.1
Investing Activities		
Capital expenditures	(452.1)	(353.7)
Cost of removal	(34.5)	(25.3)
Purchases of available-for-sale securities	(43.5)	(25.7)
Sales of available-for-sale securities	45.4	29.3
Other investing activities	0.1	—
Net Cash Flows used for Investing Activities	(484.6)	(375.4)
Financing Activities		
Repayments of long-term debt and finance lease obligations	(4.1)	(2.3)
Issuance of short-term debt (maturity > 90 days)	500.0	—
Repayment of short-term debt (maturity > 90 days)	—	(350.0)
Change in short-term borrowings, net (maturity ≤ 90 days)	(226.8)	452.8
Issuance of common stock, net of issuance costs	3.7	3.1
Equity costs, premiums and other debt related costs	(5.1)	(4.0)
Dividends paid - common stock	(80.3)	(74.5)
Dividends paid - preferred stock	(8.1)	(9.1)
Net Cash Flows from Financing Activities	179.3	16.0
Change in cash, cash equivalents and restricted cash	64.6	39.7
Cash, cash equivalents and restricted cash at beginning of period	148.4	121.1
Cash, Cash Equivalents and Restricted Cash at End of Period	\$ 213.0	\$ 160.8

Supplemental Disclosures of Cash Flow Information

Three Months Ended March 31, (in millions)	2020	2019
Non-cash transactions:		
Capital expenditures included in current liabilities	\$ 150.5	\$ 123.7
Dividends declared but not paid	99.8	94.0
Assets recorded for asset retirement obligations	\$ 69.8	\$ 4.8

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statements of Consolidated Equity (unaudited)

<i>(in millions)</i>	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 Income:							
Net income	—	—	—	—	75.6	—	75.6
Other comprehensive loss, net of tax	—	—	—	—	—	(138.0)	(138.0)
Dividends:							
Common stock (\$0.42 per share)	—	—	—	—	(160.7)	—	(160.7)
Preferred stock (See Note 5)	—	—	—	—	(27.5)	—	(27.5)
Stock issuances:							
Employee stock purchase plan	—	—	—	1.3	—	—	1.3
Long-term incentive plan	—	—	—	(0.5)	—	—	(0.5)
401(k) and profit sharing	—	—	—	4.5	—	—	4.5
Balance as of March 31, 2020	\$ 3.8	\$ 880.0	\$ (99.9)	\$ 6,671.5	\$ (1,483.4)	\$ (230.6)	\$ 5,741.4

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

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

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

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

Shares (in thousands)	Preferred	Common		
	Shares	Shares	Treasury	Outstanding
Balance as of January 1, 2020	440	386,099	(3,963)	382,136
Issued:				
Employee stock purchase plan	—	46	—	46
Long-term incentive plan	—	347	—	347
401(k) and profit sharing	—	165	—	165
Balance as of March 31, 2020	440	386,657	(3,963)	382,694

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited)

1. Basis of Accounting Presentation

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

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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, <i>Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans</i>	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 are currently in discussions with our third-party specialist to evaluate the effects of this pronouncement on our Notes to Condensed Consolidated Financial Statements (unaudited). We expect to adopt this ASU on its effective date.
ASU 2019-12, <i>Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes</i>	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 Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited). The most relevant amendment requires that an entity recognize a franchise tax (or similar tax) that is partially based on income as an income-based tax and account for any incremental amount incurred as a non-income-based tax. For NiSource, these taxes may include franchise taxes based on gross receipts, commercial activity taxes and utilities receipts taxes. We expect to adopt this ASU on its effective date.
ASU 2020-04, <i>Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Statements</i>	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 through December 31, 2022.	We are currently evaluating 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). As of March 31, 2020, we have not applied any expedients and options available under this ASU.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Recently Adopted Accounting Pronouncements

Standard	Adoption
ASU 2019-04, <i>Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments</i>	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.
ASU 2016-13, <i>Financial Instruments-Credit Losses (Topic 326)</i>	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 Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

The tables below reconcile revenue disaggregation by customer class to segment revenue as well as to revenues reflected on the Condensed Statements of Consolidated Income (unaudited) for the three months ended March 31, 2020 and March 31, 2019:

Three Months Ended March 31, 2020 <i>(in millions)</i>	Gas Distribution Operations		Electric Operations		Corporate and Other		Total
Customer Revenues⁽¹⁾							
Residential	\$	796.5	\$	119.2	\$	—	\$ 915.7
Commercial		269.4		120.2		—	389.6
Industrial		74.2		109.1		—	183.3
Off-system		18.7		—		—	18.7
Miscellaneous		12.5		5.9		0.2	18.6
Total Customer Revenues	\$	1,171.3	\$	354.4	\$	0.2	\$ 1,525.9
Other Revenues		56.7		22.9		—	79.6
Total Operating Revenues	\$	1,228.0	\$	377.3	\$	0.2	\$ 1,605.5

⁽¹⁾ Customer revenue amounts exclude intersegment revenues. See Note 21, "Business Segment Information," for discussion of intersegment revenues.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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

⁽¹⁾ Customer revenue amounts exclude intersegment revenues. See Note 21, "Business Segment Information," for discussion of intersegment revenues.

Customer Accounts Receivable. Accounts receivable on our Condensed Consolidated Balance Sheets (unaudited) includes both billed and unbilled amounts, as well as certain amounts that are not related to customer revenues. Unbilled amounts of accounts receivable relate to a portion of a customer's consumption of gas or electricity from the date of the last cycle billing through the last day of the month (balance sheet date). Factors taken into consideration when estimating unbilled revenue include historical usage, customer rates and weather. The opening and closing balances of customer receivables for the three months ended March 31, 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.

(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 March 31, 2020	449.9	233.5
Decrease	\$ (16.7)	\$ (113.1)

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

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, gas 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 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 general economic conditions. 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.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

A rollforward of our allowance for credit losses for the three months ended March 31, 2020 are presented in the table below:

Three Months Ended March 31, 2020 (<i>in millions</i>)	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Beginning balance⁽¹⁾	\$ 9.1	\$ 3.1	\$ 0.8	\$ 13.0
Current period provisions	9.1	1.5	—	10.6
Write-offs charged against allowance	(6.9)	(1.0)	—	(7.9)
Recoveries of amounts previously written off	4.6	—	—	4.6
Ending balance of the allowance for credit losses	\$ 15.9	\$ 3.6	\$ 0.8	\$ 20.3

⁽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 March 31, 2020.

In response to the COVID-19 pandemic, we have suspended shut-offs for nonpayment. This suspension applies to residential, commercial and industrial customers and will remain in effect until further notice. In addition, we are offering flexible payment plans to customers impacted or experiencing hardship as a result of COVID-19. For the three months ended March 31, 2020, we did not experience a material increase in our allowance for credit losses as a result of COVID-19. The adverse impact that COVID-19 will have on our customers' ability to pay is unknown and difficult to predict; however, we are monitoring changing circumstances and will adjust our allowance for credit losses as additional information becomes available.

4. Earnings Per Share

Basic EPS is computed by dividing net income available to common shareholders by the weighted-average number of shares of common stock outstanding for the period. The weighted-average shares outstanding for diluted EPS includes the incremental effects of the various long-term incentive compensation plans and forward agreements when the impact would be dilutive (See Note 5 "Equity"). The computation of diluted average common shares is as follows:

<i>(in thousands)</i>	Three Months Ended March 31,	
	2020	2019
Denominator		
Basic average common shares outstanding	383,062	373,356
Dilutive potential common shares:		
Shares contingently issuable under employee stock plans	845	1,062
Shares restricted under employee stock plans	207	133
Forward Agreements	—	105
Diluted Average Common Shares	384,114	374,656

5. Equity

Common Stock. As of March 31, 2020, we had 600,000,000 shares of common stock authorized for issuance, of which 382,694,308 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.

As of March 31, 2020, the ATM program had approximately \$200.7 million of equity available for issuance. The program expires on December 31, 2020. We did not have any activity under the ATM program for the three months ended March 31, 2020.

[Table of Contents](#)**ITEM 1. FINANCIAL STATEMENTS (continued)****NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

Preferred Stock. As of March 31, 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:

(in millions except shares and per share amounts)	Liquidation Preference Per Share	Shares	Dividends Declared Per Share		Outstanding	
			Quarter Ended March 31, 2020	Quarter Ended March 31, 2019	March 31, 2020	December 31, 2019
5.650% Series A	\$ 1,000.00	400,000	\$ 28.25	28.25	\$ 393.9	\$ 393.9
6.500% Series B	\$ 25,000.00	20,000	\$ 812.50	862.15	\$ 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 March 31, 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 March 31, 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. Gas in Storage

We use both the LIFO inventory methodology and the weighted-average cost methodology to value natural gas in storage. Gas Distribution Operations prices natural gas storage injections at the average of the costs of natural gas supply purchased during the year. For interim periods, the difference between current projected replacement cost and the LIFO cost for quantities of gas temporarily withdrawn from storage is recorded as a temporary LIFO liquidation credit or debit within the Condensed Consolidated Balance Sheets (unaudited). Due to seasonality requirements, we expect interim variances in LIFO layers to be replenished by year end. We had a temporary LIFO liquidation debit of \$29.9 million and zero as of March 31, 2020 and December 31, 2019, respectively, for certain gas distribution companies recorded within “Prepayments and other,” on the Condensed Consolidated Balance Sheets (unaudited).

7. Assets and Liabilities Held For Sale

On February 26, 2020, NiSource and Columbia of Massachusetts entered into an 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 various conditions, including the receipt of the approval of the Massachusetts DPU and resolution of proceedings before certain governmental bodies. As of March 31, 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 as of the quarter ended March 31, 2020 is \$280.2 million, based on March 31, 2020 asset and liability balances, estimated net working capital and estimated transaction costs. This estimated pre-tax loss is presented as Loss on Classification as Held for Sale on the Condensed Statements of Consolidated Income (unaudited) and is subject to change based on estimated transaction costs, the net working capital adjustment, and asset and liability balances at each measurement date leading up to the closing date. The final pre-tax loss on the transaction will be determined as of the closing date. The sale is expected to close by September 30, 2020, subject to closing conditions.

The Massachusetts Business had a pretax loss of \$236.2 million and \$80.7 million for the three months ended March 31, 2020 and 2019, respectively. The pretax loss amounts exclude allocated executive compensation expense and interest expense for intercompany and external debt that will not be assumed by Eversource or required to be repaid at closing. The pretax loss amounts

[Table of Contents](#)**ITEM 1. FINANCIAL STATEMENTS (continued)****NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

for the three months ended March 31, 2020 and 2019 include costs directly related to the Greater Lawrence Incident. In addition, the pretax loss amount for March 31, 2020 includes 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 March 31, 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	1,641.2	200.4	88.7	(274.5)	1,655.8
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		42.4	78.9	349.6	470.9

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

8. Asset Retirement Obligations

In the first quarter of 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 \$69.8 million that was recorded in March 2020. See Note 18-C, "Environmental Matters," for additional information on CCRs.

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.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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

(in millions)

Company	Program	Incremental Revenue	Incremental Capital Investment	Investment Period	Filed	Status	Rates Effective
Columbia of Ohio	IRP - 2020	32.9	234.4	1/19-12/19	February 28, 2020	Approved April 22, 2020	May 2020
Columbia of Ohio	CEP - 2019	15.0	121.7	1/18-12/18	February 28, 2019	Approved August 28, 2019	September 2019
Columbia of Ohio	CEP - 2020	18.1	185.1	1/19-12/19	February 28, 2020	Order Expected August 2020	September 2020
NIPSCO - Gas	TDSIC 10 ⁽¹⁾	1.6	12.4	7/18-4/19	June 25, 2019	Approved October 16, 2019	November 2019
NIPSCO - Gas	TDSIC 11 ⁽²⁾	(1.7)	38.7	5/19-12/19	February 25, 2020	Order Expected June 2020	July 2020
NIPSCO - Gas	FMCA 3 ⁽³⁾	0.3	43.0	4/19-9/19	November 26, 2019	Approved March 31, 2020	April 2020
Columbia of Massachusetts	GSEP - 2020 ⁽³⁾⁽⁴⁾	0.9	37.5	1/20-12/20	October 31, 2019	Approved April 30, 2020	May 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 Kentucky	SMRP - 2020	4.2	40.4	1/20-12/20	October 15, 2019	Approved December 20, 2019	January 2020
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 - 6	28.1	131.1	12/18-6/19	August 21, 2019	Approved December 18, 2019	January 2020
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⁾⁽⁵⁾	(1.2)	—	9/19-2/20	April 15, 2020	Order Expected July 2020	August 2020
Columbia of Pennsylvania	DSIC 2020	0.9	28.2	12/19-2/20	April 27, 2020	Approved May 4, 2020	May 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⁾Incremental revenue reflects a 50% decrease in projected 2020 capital investments due to the October 3, 2019 order from the Massachusetts DPU that imposed work restrictions on Columbia of Massachusetts and the Massachusetts DPU's ongoing investigations.

⁽⁵⁾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 January 2021	January 2021

⁽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.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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:

<i>(in millions)</i>	March 31, 2020		December 31, 2019	
Risk Management Assets - Current ⁽¹⁾				
Interest rate risk programs	\$	—	\$	—
Commodity price risk programs		17.3		0.6
Total	\$	17.3	\$	0.6
Risk Management Assets - Noncurrent ⁽²⁾				
Interest rate risk programs	\$	—	\$	—
Commodity price risk programs		10.9		3.8
Total	\$	10.9	\$	3.8
Risk Management Liabilities - Current ⁽³⁾				
Interest rate risk programs	\$	—	\$	—
Commodity price risk programs		14.5		12.6
Total	\$	14.5	\$	12.6
Risk Management Liabilities - Noncurrent				
Interest rate risk programs	\$	253.7	\$	76.2
Commodity price risk programs		58.4		57.8
Total	\$	312.1	\$	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).

⁽³⁾Presented in "Other accruals" on the Condensed Consolidated Balance Sheets (unaudited).

Commodity Price Risk Management

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

NIPSCO received IURC approval to lock in a fixed price for its natural gas customers using long-term forward purchase instruments. The term of these instruments may range from five to ten years and is limited to 20 percent of NIPSCO's average annual GCA purchase volume. Gains and losses on these derivative contracts are deferred as regulatory liabilities or assets and are remitted to or collected from customers through NIPSCO's quarterly GCA mechanism. These instruments are not designated as accounting hedges.

Interest Rate Risk Management

As of March 31, 2020, we have forward-starting interest rate swaps with an aggregate notional value totaling \$500.0 million to hedge the variability in cash flows attributable to changes in the benchmark interest rate during the periods from the effective dates of the swaps to the anticipated dates of forecasted debt issuances, which are expected to take place by 2024. These interest rate swaps are designated as cash flow hedges. The gains and losses related to these swaps are recorded to AOCI and are recognized in "Interest expense, net" concurrently with the recognition of interest expense on the associated debt, once issued. If it becomes probable that a hedged forecasted transaction will no longer occur, the accumulated gains or losses on the derivative will be recognized currently in "Other, net" in the Condensed Statements of Consolidated Income (unaudited).

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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

Our derivative instruments measured at fair value as of March 31, 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 March 31, 2020 and December 31, 2019:

Recurring Fair Value Measurements March 31, 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 March 31, 2020
Assets				
Risk management assets	\$ —	\$ 28.2	\$ —	\$ 28.2
Available-for-sale debt securities	—	144.6	—	144.6
Total	\$ —	\$ 172.8	\$ —	\$ 172.8
Liabilities				
Risk management liabilities	\$ —	\$ 326.6	\$ —	\$ 326.6
Total	\$ —	\$ 326.6	\$ —	\$ 326.6

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

pricing information and models may be utilized in the valuation. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized within Level 3. Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements which reduce exposures. As of March 31, 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.

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 10, "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 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 three months ended March 31, 2020, we recorded \$1.2 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.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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

March 31, 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	\$ 26.7	\$ 0.7	\$ —	\$ —	\$ 27.4
Corporate/Other debt securities	121.7	2.2	(5.5)	(1.2)	117.2
Total	\$ 148.4	\$ 2.9	\$ (5.5)	\$ (1.2)	\$ 144.6

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 \$54 million, respectively, at March 31, 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 months ended March 31, 2020 and 2019.

The cost of maturities sold is based upon specific identification. At March 31, 2020, approximately \$4.7 million of U.S. Treasury debt securities and approximately \$6.3 million of Corporate/Other debt securities have maturities of less than a year.

There are no material items in the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis for the three months ended March 31, 2020 and 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.

At March 31, 2020, we recorded a loss on classification as held for sale of \$280.2 million in connection with measuring the assets and liabilities of the Massachusetts Business at fair value, less the costs to sell. For additional information, see Note 7, "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. For the three months ended March 31, 2020, there was no change in the method or significant assumptions used to estimate the fair value of long-term debt.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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

<i>(in millions)</i>	Carrying Amount as of March 31, 2020	Estimated Fair Value as of March 31, 2020	Carrying Amount as of Dec. 31, 2019	Estimated Fair Value as of Dec. 31, 2019
Long-term debt (including current portion)	\$ 7,825.8	\$ 8,381.1	\$ 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 August 2020 and May 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 March 31, 2020, the maximum amount of debt that could be recognized related to our accounts receivable programs is \$540.0 million.

The following table reflects the gross receivables balance and net receivables transferred, as well as short-term borrowings related to the securitization transactions as of March 31, 2020 and December 31, 2019:

<i>(in millions)</i>	March 31, 2020	December 31, 2019
Gross Receivables	\$ 593.2	\$ 569.1
Less: Receivables not transferred	133.8	215.9
Net receivables transferred	\$ 459.4	\$ 353.2
Short-term debt due to asset securitization	\$ 459.4	\$ 353.2

For the three months ended March 31, 2020 and 2019, \$106.2 million and \$100.8 million, respectively, was recorded as cash flows from financing activities related to the change in short-term borrowings due to securitization transactions. Fees associated with the securitization transactions were \$0.7 million and \$0.8 million for the three months ended March 31, 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 March 31, 2020:

<i>(in millions)</i>	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Goodwill	\$ 1,485.9	\$ —	\$ —	\$ 1,485.9

For our annual goodwill impairment analysis most recently performed as of May 1, 2019, we completed a qualitative "step 0" analysis for all reporting units other than our Columbia of Massachusetts reporting unit. The results of the step 0 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 18-B, "Legal Proceedings"). As a result, we completed a quantitative "step 1" analysis for the May 1, 2019 goodwill analysis for this reporting unit. The step 1 analysis performed indicated that the fair value of the Columbia of Massachusetts reporting unit substantially exceeds its carrying value. As a result, no impairment charge was recorded as of the May 1, 2019 test date.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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 and determined a new 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.

While our annual goodwill impairment test is performed during the second quarter, with a valuation date of May 1, we continuously 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 first quarter of 2020, we assessed events and circumstances related to COVID-19, including, but not limited to, general economic conditions, access to capital, developments in the equity and credit markets, the impact on NiSource's share price, the availability and cost of materials and labor, the impact on revenue and cash flow, and regulatory and political activity. The result of this assessment indicated that it was not more likely than not that the fair values of our reporting units were less than their respective carrying values at March 31, 2020.

We have begun our May 1, 2020 annual goodwill impairment analysis. We are assessing various assumptions, events and circumstances that will affect the estimated fair value of our reporting units, including an on-going evaluation of the impact of COVID-19. Our annual goodwill analysis will be completed by the end of the second quarter.

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 March 31, 2020 and 2019 were (24.5)% and 21.2%, 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.

The decrease in the three month effective tax rate of 45.7% in 2020 compared to 2019 is primarily attributable to increased amortization of excess deferred federal income tax liabilities, as specified in the TCJA, and a discrete item related to the pre-tax book loss recorded for the classification as held for sale of the Massachusetts Business tax effected at statutory tax rates.

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

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. Future guidance to clarify provisions in the CARES Act (as well as under the TCJA) remains forthcoming, and such guidance could ultimately increase or lessen their impact on our business and financial condition. It is also possible that Congress and other agencies will enact additional legislation or policies in connection with COVID-19, and we will continue to assess the potential impacts of these developments on our financial position and results of operations. There are no material income tax impacts on our consolidated financial position, results of operations, and cash flows during the three months ended March 31, 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. For most plans, cash contributions are remitted to grantor trusts.

For the three months ended March 31, 2020, we contributed \$0.8 million to our pension plans and \$6.3 million to our other postretirement benefit plans.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

The following table provides the components of the plans' actuarially determined net periodic benefit cost for the three months ended March 31, 2020 and 2019:

Three Months Ended March 31, (in millions)	Pension Benefits		Other Postretirement Benefits	
	2020	2019	2020	2019
Components of Net Periodic Benefit Cost⁽¹⁾				
Service cost	\$ 8.0	\$ 7.3	\$ 1.6	\$ 1.3
Interest cost	13.5	18.2	3.9	4.8
Expected return on assets	(28.4)	(27.2)	(3.6)	(3.3)
Amortization of prior service credit	0.2	—	(0.5)	(0.8)
Recognized actuarial loss	8.7	11.4	1.3	0.5
Total Net Periodic Benefit Cost	\$ 2.0	\$ 9.7	\$ 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 (unaudited).

16. Long-Term Debt

On April 13, 2020, we completed our 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.

17. 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. We had \$500.0 million of outstanding borrowings under this facility as of March 31, 2020 and no outstanding borrowings under this facility as of 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 \$237.0 million and \$570.0 million of commercial paper outstanding as of March 31, 2020 and December 31, 2019, respectively.

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited). We had \$459.4 million in transfers as of March 31, 2020 and \$353.2 million in transfers as of December 31, 2019. Refer to Note 12, "Transfers of Financial Assets," for additional information.

Short-term borrowings were as follows:

(in millions)	March 31, 2020	December 31, 2019
Revolving credit facility interest rate of 2.13% at March 31, 2020	\$ 500.0	\$ —
Commercial paper weighted-average interest rate of 2.02% and 2.03% at March 31, 2020 and December 31, 2019, respectively	237.0	570.0
Accounts receivable securitization facility	459.4	353.2
Term loan interest rate of 3.25% and 2.40% at March 31, 2020 and December 31, 2019, respectively	850.0	850.0
Total Short-Term Borrowings	\$ 2,046.4	\$ 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.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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. The term loan matures March 31, 2021, at which point any and all outstanding borrowings under the agreement are due. 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.

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

We have provided a guaranty related to our future performance under a BTA for our renewable generation projects. At March 31, 2020, this guarantee totaled \$8.5 million.

B. Legal Proceedings. On September 13, 2018, a series of fires and explosions occurred in Lawrence, Andover and North Andover, Massachusetts related to the delivery of natural gas by Columbia of Massachusetts (the "Greater Lawrence Incident"). The Greater Lawrence Incident resulted in one fatality and a number of injuries, damaged multiple homes and businesses, and caused the temporary evacuation of significant portions of each municipality. The Massachusetts Governor's Office declared a state of emergency, authorizing the Massachusetts DPU to order another utility company to coordinate the restoration of utility services in Lawrence, Andover and North Andover. The incident resulted in the interruption of gas 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.

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 for the District of Massachusetts 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 \$20.0 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 \$1.0 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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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. Columbia of Massachusetts submitted its plan on 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.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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 and investigations resulting from an increased amount of enforcement activity, for all of which the outcomes are uncertain at this time.

Massachusetts Legislative Matters. Increased scrutiny related to gas system safety and regulatory oversight in Massachusetts, including new legislative proposals, is expected to continue during the current two year legislative session that ends in December 2020. To date, the Joint Committee on Telecommunications, Utilities and Energy has advanced two separate bills related to gas system safety to the House and Senate Ways and Means Committees for consideration.

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").

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.

On March 9, 2020, Columbia of Massachusetts entered its guilty plea pursuant to the Plea Agreement, and the Court accepted the plea. Sentencing of Columbia of Massachusetts is scheduled to occur on June 8, 2020.

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.

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.

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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. 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 \$1,041 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 \$1,055 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 " - D. Other Matters - Greater Lawrence Incident Restoration" and "- Greater Lawrence Incident Pipeline Replacement," respectively, below.

The process for estimating costs associated with third-party claims 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. 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.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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 March 31, 2020 and December 31, 2019, we had recorded a liability of \$91.4 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. See section D, "Other Matters NIPSCO 2018 Integrated Resource Plan," below for additional information.

Air

Future legislative and regulatory programs could significantly limit allowed GHG emissions or impose a cost or tax on GHG emissions. Additionally, rules that 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 Condensed Consolidated Financial Statements (unaudited).

MGP. A program has been instituted to identify and investigate former MGP sites where Gas Distribution Operations subsidiaries or predecessors may have liability. The program has identified 63 such sites where liability is probable. Remedial actions at many

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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 \$86.8 million and \$102.2 million at March 31, 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.

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. The EPA has proposed revisions to the final rule. NIPSCO does not anticipate material ELG compliance costs based on the preferred option announced as part of NIPSCO's 2018 Integrated Resource Plan (discussed below).

D. Other Matters.

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

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

The current replacement plan includes lower-cost, reliable, cleaner energy resources to be obtained through a combination of NIPSCO ownership and PPAs.

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. 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. NIPSCO is monitoring any possible impact COVID-19 may have on the expected completion date of this project.

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 capacity of approximately 100 MW. Once complete, ownership of the facility would be transferred to a joint venture whose members include NIPSCO, the developer and an unrelated tax equity partner. The aforementioned joint venture is expected to be fully owned by NIPSCO after the wind PTCs are monetized from the project

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

(approximately 10 years after the facility goes into service). 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. Construction of the facility is scheduled to be completed by the end of 2020; however, this project could experience a construction delay due to COVID-19. NIPSCO is continuing to monitor the impact of COVID-19.

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 in 2023. The planned replacement in 2023 of approximately 1,600 MW from this coal-fired generation station will 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 expects to begin the appropriate regulatory compliance filings related to the new capacity as agreements are finalized with counterparties in 2020 and 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 capacity of approximately 300 MW. Once complete, ownership of the facility would be transferred to a joint venture whose members include NIPSCO, the developer and an unrelated tax equity partner. The aforementioned joint venture is expected to be fully owned by NIPSCO after the wind PTCs are monetized from the project (approximately 10 years after the facility goes into service). 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 by the end of June 2020. Construction of the facility is expected to be completed by the end of 2021.

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. The EO directs the U.S. Secretary of Energy to issue implementing regulations by September 28, 2020. 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. 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 \$429 million for other incident-related costs. We estimate that total other incident-related costs will range from \$450 million and \$460 million, depending on the incurrence of costs associated with resolving outstanding inquiries and investigations 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, or any estimates for fines and penalties, which are discussed above in " - B. Legal Proceedings."

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.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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 (unaudited).

(in millions)	Total Costs Incurred through	Costs Incurred during the Three Months Ended	Incident to Date
	December 31, 2019	March 31, 2020	
Third-party claims	\$ 1,041	\$ —	\$ 1,041
Other incident-related costs	420	9	429
Total	1,461	9	1,470
Insurance recoveries recorded	(800)	—	(800)
Total costs incurred	\$ 661	\$ 9	\$ 670

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 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. This pipeline replacement cost is part of the Massachusetts Business that is classified as held for sale at March 31, 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 March 31, 2020. See Note 7, "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 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 are filing 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 proposed.

19. Accumulated Other Comprehensive Loss

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

(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	(5.2)	(133.3)	0.4	(138.1)
Amounts reclassified from accumulated other comprehensive income (loss)	(0.2)	—	0.3	0.1
Net current-period other comprehensive income (loss)	(5.4)	(133.3)	0.7	(138.0)
Balance as of March 31, 2020	\$ (2.1)	\$ (210.5)	\$ (18.0)	\$ (230.6)

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

(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	2.7	(19.3)	0.5	(16.1)
Amounts reclassified from accumulated other comprehensive income	0.1	—	0.4	0.5
Net current-period other comprehensive income (loss)	2.8	(19.3)	0.9	(15.6)
Balance as of March 31, 2019	\$ 0.4	\$ (32.3)	\$ (20.9)	\$ (52.8)

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

20. Other, Net

Three Months Ended March 31, (in millions)	2020	2019

		GAS-ROR-001	
		Attachment B	
		Page 37 of 64	
Interest income	\$	2.1	2.1
AFUDC equity		1.7	1.7
Pension and other postretirement non-service cost		2.7	(2.8)
Miscellaneous		(0.7)	(1.7)
Total Other, net	\$	5.4	\$ (0.7)

21.
Business Segment Information

At March 31, 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 Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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

(in millions)	Three Months Ended March 31,	
	2020	2019
Operating Revenues		
Gas Distribution Operations		
Unaffiliated	\$ 1,228.0	\$ 1,438.8
Intersegment	3.0	3.3
Total	1,231.0	1,442.1
Electric Operations		
Unaffiliated	377.3	430.8
Intersegment	0.2	0.2
Total	377.5	431.0
Corporate and Other		
Unaffiliated	0.2	0.2
Intersegment	106.7	111.1
Total	106.9	111.3
Eliminations	(109.9)	(114.6)
Consolidated Operating Revenues	\$ 1,605.5	\$ 1,869.8
Operating Income (Loss)		
Gas Distribution Operations	\$ 78.5	\$ 275.4
Electric Operations	78.5	95.0
Corporate and Other	(8.8)	3.8
Consolidated Operating Income	\$ 148.2	\$ 374.2

[Table of Contents](#)

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

NiSource Inc.

Index	Page
Executive Summary	39
Summary of Consolidated Financial Results	42
Results and Discussion of Segment Operations	44
Gas Distribution Operations	45
Electric Operations	48
Liquidity and Capital Resources	51
Off Balance Sheet Arrangements	53
Market Risk Disclosures	53
Other Information	53

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

NiSource Inc.

EXECUTIVE SUMMARY

This Management's Discussion and Analysis of Financial Condition and Results of Operations (Management's Discussion) analyzes our financial condition, results of operations and cash flows and those of our subsidiaries. It also includes management's analysis of past financial results and certain potential factors that may affect future results, potential future risks and approaches that may be used to manage those risks. See "Note regarding forward-looking statements" at the beginning of this report for a list of factors that may cause results to differ materially.

Management's Discussion is designed to provide an understanding of our operations and financial performance and should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 31, 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 seven states. We generate substantially all of our operating income through these rate-regulated businesses which are summarized for financial reporting purposes into two primary reportable segments: Gas Distribution Operations and Electric Operations.

Refer to the "Business" section of our Annual Report on Form 10-K for the fiscal year ended December 31, 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. Refer also to the discussion of *Electric Supply* within our Electric Operations discussion for additional information on our long term electric generation strategy.

Novel Coronavirus: During the first quarter of 2020, the United States and countries around the globe were impacted by the outbreak of the novel coronavirus (COVID-19). On March 11, 2020, the World Health Organization (WHO) declared the outbreak of COVID-19 to be a global pandemic. In response to this declaration and the rapid spread of COVID-19 within the United States, federal, state and local governments throughout the country have imposed varying degrees of restrictions on social and commercial activity to promote social distancing in an effort to slow the spread of the illness. These measures have begun to have a significant adverse impact upon many sectors of the economy.

NiSource provides essential natural gas and electric services. The safety of our employees and customers, while providing these essential services during the COVID-19 pandemic, is paramount. We are taking a proactive, coordinated approach intended to prevent, mitigate and respond to COVID-19 by activating our Incident Command System (ICS), which 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. This includes, without limitation, assessing COVID-19 cases, conditions and mandates by location, implementing employee and customer health and mitigation plans, rolling out technology to maximize work-from-home capabilities, securing appropriate personal protective equipment and cleaning facilities, coordinating customer, employee and stakeholder messaging and monitoring impacts to supply chain and contractor networks. We are also monitoring guidance from the Centers for Disease Control (CDC), as well as local, state and federal agencies.

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 temperature checks, more frequent cleaning of equipment and facilities, and sequestration of employees who support critical functions. We have implemented social distancing practices, including work-from-home policies. We are temporarily suspending all non-essential work that requires an employee to enter a customer premise and limiting company vehicle occupancy to one person. We continue to employ physical and cyber-security measures to ensure that our operational and support systems remain functional.

We have suspended shutoffs for nonpayment in response to the COVID-19 pandemic. This suspension applies to residential, commercial and industrial customers and will remain in effect until further notice. In addition, we are offering more flexible payment plans to customers impacted or experiencing hardship as a result of COVID-19, and we have suspended late payment charges. 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

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

NiSource Inc.

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.

We have had interactions with the utility regulators for each of our operating companies regarding COVID-19. Those interactions have primarily focused on steps we are taking to safely maintain essential services, including pursuing waivers of certain regulatory requirements, where needed, to allow for continued safe operations. We are also engaging regulators to address the short-term and long-term economic impact COVID-19 has, and may continue to have, on our customers and our operations. In April 2020, the Public Service Commission of Maryland and the Virginia State Corporation Commission issued orders allowing utilities in their jurisdictions to record a regulatory asset to capture and track COVID-19-related incremental costs, and we are currently evaluating the impact of these orders.

COVID-19 has resulted in new federal and state laws. We are considering relief under the provisions of the CARES Act for employer payroll tax credits and deferred payroll tax payments. We believe the deferral of payroll tax payments could provide a cash flow benefit by delaying about \$30.0 million of 2020 payroll tax payments, of which 50% would be due at the end of 2021 and the remaining 50% would be due at the end of 2022. Given the recent enactment of the CARES Act, we are currently evaluating the impact of the employer payroll tax credits and other potentially applicable provisions. For information on the impact of the CARES Act on Income Taxes, see Note 14, "Income Taxes," in the Notes to Condensed Consolidated Financial Statements (unaudited).

COVID-19 did not materially impact our operating results in the first quarter of 2020. We are actively managing the materials, supplies, and contract services for our generation, transmission, distribution, and customer services functions. There are currently no significant issues in the supply chain for our electric and gas operations. At this time, there are no significant delays in our capital construction programs or our renewable generation projects, except for the Rosewater renewable generation project, which could experience a delay due to COVID-19, and a \$100 million reduction in expected 2020 capital investments to conserve cash. In addition, we have not experienced a material adverse change in liquidity as a result of COVID-19. With the refinancing of our \$850 million term loan on April 1, the issuance of \$1.0 billion notes on April 13, 2020, the anticipated cash proceeds from the sale of the Massachusetts Business that we expect to close by the end of the third quarter of 2020, the available capacity under our short-term revolving credit facility and accounts receivable securitization facilities and our ability to access capital markets, we believe we have sufficient liquidity for the next 12 to 24 months. However, we are continuously evaluating and monitoring the impact COVID-19 could have on our future operating results and liquidity. Such impact of COVID-19 includes, but is not limited to:

- A potential reduction in labor availability and productivity due to the health impact COVID-19 could have on our employees and contractors.
- A decline in revenue and cash flow that will result from a decrease in commercial and industrial gas and electric demand as businesses comply with shelter-in-place requirements and as businesses experience negative economic impact from COVID-19, potentially offset by higher residential demand. We have begun to see a decline in commercial and industrial gas and electric demand. A 1% annual decrease in gas and electric commercial and industrial sales volumes would decrease operating income by approximately \$10.0 million in 2020.
- An anticipated increase in bad debt and a decrease in cash flows resulting from the suspension of shutoffs and the potential inability of our customers to pay for their gas and electric service due to job loss or other factors, partially offset by any potential regulatory recovery.
- An expected decline in revenue due to higher customer attrition rates, as well as lower revenue growth if customer additions slow due to a prolonged economic downturn.
- An anticipated decline in revenue due to the suspension of late payment charges. The impact of suspending late payment charges was not material in the first quarter.
- An anticipated delay in cash flows as customers utilize the more flexible payment plans.
- A potential increase in cost of materials, supplies and contract services. The incremental costs related to the safety measures described above were not material in the first quarter. While we continue to incur costs for those safety measures, the impact of these costs is dependent upon the extent and duration of the pandemic.
- An anticipated increase in internal labor costs from sequestrations and higher future overtime costs.
- A potential increase in future pension expense and pension funding requirements due to the degradation of interest rates and capital market conditions. Any increase in pension expense would not be determined until the year-end remeasurement or at an interim remeasurement if triggered by higher than expected lump sum payments.

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

NiSource Inc.

- A sustained deterioration in market conditions that could reduce our reporting units' fair values below their carrying values, resulting in future goodwill impairment charges.
- Potential delays in capital construction projects, including the impact on our renewable generation projects and the related federal tax credits.
- A delay in cash flows in the event that the sale of the Massachusetts Business does not close by the end of the third quarter, which could impact our liquidity.
- Future volatility in the capital and credit markets that could impact our liquidity by limiting our access to capital or increasing the cost of capital.
- The potential for delayed state regulatory filings, regulatory approvals and recovery of invested capital.
- The impact of the employer payroll tax credit and payroll tax payment deferral under the CARES Act. As discussed above, we believe the deferral of payroll tax payments could provide a cash flow benefit by delaying about \$30.0 million of payroll tax payments. We are currently evaluating the impact of the employer payroll tax credits.
- The impact of newly enacted and proposed state regulatory actions and federal laws.

This is a rapidly evolving situation, and we cannot predict the extent or duration of the outbreak, or the total effects on the global, national or local economy, or our operations or financial results. We will continue to monitor developments affecting our workforce, customers, suppliers and operations and take additional measures as needed in an effort to help mitigate the impacts of the COVID-19 pandemic on our company and in our communities.

Greater Lawrence Incident: The Greater Lawrence Incident occurred on September 13, 2018. The following table summarizes expenses incurred and insurance recoveries recorded since the Greater Lawrence Incident. The amounts set forth in the table below do not include the estimated capital cost of the pipeline replacement described below and as set forth in Note 18- D, "Other Matters - Greater Lawrence Pipeline Replacement," in the Notes to Condensed Consolidated Financial Statements (unaudited).

(in millions)	Total Costs Incurred through	Costs Incurred during the Three Months Ended		Incident to Date
	December 31, 2019	March 31, 2020		
Third-party claims	\$ 1,041	\$ —	\$	1,041
Other incident-related costs	420	9		429
Total	1,461	9		1,470
Insurance recoveries recorded	(800)	—		(800)
Total costs incurred	\$ 661	\$ 9	\$	670

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 18, "Other Commitments and Contingencies - B. Legal Proceedings," will range from \$1,041 million to \$1,055 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 \$429 million recorded for the incident to date, as set forth in Note 18, "Other Commitments and Contingencies - D. 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.

[Table of Contents](#)**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)****NiSource Inc.**

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. This pipeline replacement cost is part of the Massachusetts Business that is classified as held for sale at March 31, 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 March 31, 2020. See Note 7, "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," "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.

Columbia of Massachusetts Asset Sale: On February 26, 2020, NiSource and Columbia of Massachusetts entered into an Asset Purchase Agreement with Eversource. Upon the terms and subject to the conditions set forth in the Asset Purchase Agreement, we have agreed to sell the Massachusetts Business to Eversource for a purchase price of \$1,100 million in cash, subject to adjustment. For additional information, see Note 7, "Assets and Liabilities Held for Sale," in the Notes to Condensed Consolidated Financial Statements (unaudited).

Summary of Consolidated Financial Results

A summary of our consolidated financial results for the three months ended March 31, 2020 and 2019 are presented below:

	Three Months Ended March 31,		
<i>(in millions, except per share amounts)</i>	2020	2019	2020 vs. 2019
Operating Revenues	\$ 1,605.5	\$ 1,869.8	\$ (264.3)
Operating Expenses			
Cost of sales (excluding depreciation and amortization)	462.4	680.3	(217.9)
Other Operating Expenses	994.9	815.3	179.6
Total Operating Expenses	1,457.3	1,495.6	(38.3)
Operating Income	148.2	374.2	(226.0)
Total Other Deductions, net	(87.5)	(96.3)	8.8
Income Taxes	(14.9)	59.0	(73.9)
Net Income	75.6	218.9	(143.3)
Preferred dividends	(13.8)	(13.8)	—
Net Income Available to Common Shareholders	61.8	205.1	(143.3)
Basic Earnings Per Share	\$ 0.16	\$ 0.55	\$ (0.39)
Basic Average Common Shares Outstanding	383.1	373.4	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.

On a consolidated basis, we reported net income available to common shareholders of \$61.8 million, or \$0.16 per basic share for the three months ended March 31, 2020, compared to net income available to common shareholders of \$205.1 million, or \$0.55 per basic share for the same period in 2019. The decrease in income available to common shareholders during 2020 was primarily due to a decrease in operating revenues resulting from lower industrial revenue and the effects of warmer weather in 2020, partially offset by new rates from base rate proceedings. In addition, operating expenses were higher in the current period due to the loss recorded for the classification as held for sale of the Massachusetts Business (see Note 7, "Assets and Liabilities Held for Sale," in the Notes to the Cond

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

NiSource Inc.

ensed Consolidated Financial Statements (unaudited) for additional information), partially offset by lower expenses related to the Greater Lawrence Incident, net of insurance recoveries. Income taxes were also lower in the current period (see "Income Taxes" below).

Operating Income

For the three months ended March 31, 2020, we reported operating income of \$148.2 million compared to operating income of \$374.2 million for the same period in 2019. The decrease in operating income was primarily due to lower industrial revenue and the effects of warmer weather in 2020, as well as higher current period operating expenses related to the loss recorded for the classification as held for sale of the Massachusetts Business, partially offset by lower expenses related to the Greater Lawrence Incident, net of insurance recoveries, and new rates from base rate proceedings.

Other Deductions, net

Other deductions, net reduced income by \$87.5 million in the first quarter of 2020 compared to a reduction in income of \$96.3 million in the prior year. This change is primarily due to lower non-service pension costs driven by a decrease in the pension benefit obligations.

Income Taxes

For the three months ended March 31, 2020, the decrease in income tax expense from 2019 to 2020 of \$73.9 million is primarily attributable to increased amortization of excess deferred federal income tax liabilities, as specified in the TCJA, and a discrete item related to the pre-tax book loss recorded for the classification as held for sale of the Massachusetts Business tax effected at statutory tax rates.

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 three months ended March 31, 2020, we invested \$452.1 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 \$30 billion in total projected long-term regulated utility infrastructure investments and expect to invest a total of approximately \$1.7 to \$1.8 billion in capital during 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 took certain actions to enhance our liquidity. On April 1, 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 that matures March 31, 2021. Also, on April 13, 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, term loan borrowings, long-term debt agreements, our ability to access the capital markets, and the expected proceeds from the potential sale of the Massachusetts Business (see Note 7, "Assets and Liabilities Held for Sale," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for additional information), we believe we have adequate capital available to fund our operating activities, capital expenditures, the effects of the Greater Lawrence Incident and the effects of COVID-19 for the next 12 to 24 months. As of March 31, 2020 and December 31, 2019, we had \$1,306.6 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." See the Novel Coronavirus discussion in the introduction to the "Executive Summary" for discussion regarding the liquidity impact from COVID-19.

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

NiSource Inc.

Regulatory Developments

During the quarter ended March 31, 2020, 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 9, "Regulatory Matters" and Note 18-D "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for a complete discussion of key regulatory developments that have transpired during 2020.

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.

[Table of Contents](#)

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

NiSource Inc.
Gas Distribution Operations

Financial and operational data for the Gas Distribution Operations segment for the three months ended March 31, 2020 and 2019 are presented below:

	Three Months Ended March 31,		
(in millions)	2020	2019	2020 vs. 2019
Operating Revenues	\$ 1,231.0	\$ 1,442.1	\$ (211.1)
Operating Expenses			
Cost of sales (excluding depreciation and amortization)	377.4	550.1	(172.7)
Operation and maintenance	330.1	451.3	(121.2)
Depreciation and amortization	96.5	97.4	(0.9)
Loss on classification as held for sale	280.2	—	280.2
Other taxes	68.3	67.9	0.4
Total Operating Expenses	1,152.5	1,166.7	(14.2)
Operating Income	\$ 78.5	\$ 275.4	\$ (196.9)
Revenues			
Residential	\$ 823.3	\$ 976.0	\$ (152.7)
Commercial	274.0	331.6	(57.6)
Industrial	74.5	83.0	(8.5)
Off-System	18.7	20.1	(1.4)
Other	40.5	31.4	9.1
Total	\$ 1,231.0	\$ 1,442.1	\$ (211.1)
Sales and Transportation (MMDth)			
Residential	118.5	140.7	(22.2)
Commercial	73.7	86.0	(12.3)
Industrial	146.8	148.1	(1.3)
Off-System	11.2	7.2	4.0
Other	0.2	0.2	—
Total	350.4	382.2	(31.8)
Heating Degree Days	2,440	2,897	(457)
Normal Heating Degree Days	2,897	2,864	33
% Colder (Warmer) than Normal	(16)%	1%	
Gas Distribution Customers			
Residential	3,233,222	3,206,016	27,206
Commercial	283,579	282,616	963
Industrial	6,002	6,035	(33)
Other	3	3	—
Total	3,522,806	3,494,670	28,136

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.

[Table of Contents](#)

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

NiSource Inc.
Gas Distribution Operations

Three Months Ended March 31, 2020 vs. March 31, 2019 Operating Income

For the three months ended March 31, 2020, Gas Distribution Operations reported operating income of \$78.5 million, a decrease of \$196.9 million from the comparable 2019 period.

Operating revenues for the three months ended March 31, 2020 were \$1,231.0 million, a decrease of \$211.1 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 \$172.7 million.
- Lower revenues from the effects of warmer weather in 2020 of \$36.1 million.
- Lower regulatory, tax and depreciation trackers, which are offset in operating expense, of \$13.9 million.
- Favorable adjustments in 2019 to the revenue reserve for the probable future refund of certain collections from customers as a result of the lower income tax rate from TCJA of \$6.1 million.

Partially Offset by:

- New rates from base rate proceedings and infrastructure replacement programs of \$14.7 million.
- The effects of customer growth and increased usage of \$6.3 million.

Operating expenses were \$14.2 million lower for the three months ended March 31, 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 \$172.7 million.
- Decreased expenses related to third-party claims and other costs, net of insurance recoveries, for the Greater Lawrence Incident of \$127.3 million.
- Lower regulatory, tax and depreciation trackers, which are offset in operating revenues, of \$13.9 million.

Partially offset by:

- Loss on classification as held for sale related to the Massachusetts Business of \$280.2 million.
- Higher employee and administrative expenses of \$11.7 million.

Weather

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

Weather in the Gas Distribution Operations service territories for the first quarter of 2020 was about 16% warmer than normal and about 16% warmer than 2019, leading to decreased operating revenues of \$36.1 million for the quarter ended March 31, 2020 compared to the same period in 2019.

Throughput

Total volumes sold and transported for the three months ended March 31, 2020 were 350.4 MMDth, compared to 382.2 MMDth for the same period in 2019. This decrease is primarily attributable to warmer weather in 2020 compared to 2019.

Economic Conditions

All of our Gas Distribution Operations companies have state-approved recovery mechanisms that provide a means for full recovery of prudently incurred gas costs. Gas costs are treated as pass-through costs and have no impact on 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.

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

NiSource Inc.
Gas Distribution Operations

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.

COVID-19 has impacted many sectors of the economy. While COVID-19 did not materially impact the operating results of the Gas Distribution Operations segment in the first quarter of 2020, we are monitoring developments affecting our workforce, customers, suppliers and operations and will take additional measures as needed in an effort to help mitigate the impacts of the COVID-19 pandemic on our company and in our communities. See the Novel Coronavirus discussion in the introduction to the "Executive Summary" for additional information.

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

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. For additional information, see Note 7, "Assets and Liabilities Held for Sale," in the Notes to Condensed Consolidated Financial Statements (unaudited).

[Table of Contents](#)

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

NiSource Inc.
Electric Operations

Financial and operational data for the Electric Operations segment for the three months ended March 31, 2020 and 2019 are presented below:

(in millions)	Three Months Ended March 31,		
	2020	2019	2020 vs. 2019
Operating Revenues	\$ 377.5	\$ 431.0	\$ (53.5)
Operating Expenses			
Cost of sales (excluding depreciation and amortization)	85.0	130.1	(45.1)
Operation and maintenance	120.9	121.7	(0.8)
Depreciation and amortization	78.9	68.2	10.7
Other taxes	14.2	16.0	(1.8)
Total Operating Expenses	299.0	336.0	(37.0)
Operating Income	\$ 78.5	\$ 95.0	\$ (16.5)
Revenues			
Residential	\$ 119.2	\$ 118.8	\$ 0.4
Commercial	120.2	119.3	0.9
Industrial	109.1	163.5	(54.4)
Wholesale	3.2	2.7	0.5
Other	25.8	26.7	(0.9)
Total	\$ 377.5	\$ 431.0	\$ (53.5)
Sales (Gigawatt Hours)			
Residential	755.5	792.4	(36.9)
Commercial	878.7	894.4	(15.7)
Industrial	2,071.1	2,215.7	(144.6)
Wholesale	71.4	6.5	64.9
Other	28.2	34.5	(6.3)
Total	3,804.9	3,943.5	(138.6)
Electric Customers			
Residential	416,501	412,739	3,762
Commercial	57,150	56,703	447
Industrial	2,160	2,281	(121)
Wholesale	725	732	(7)
Other	2	2	—
Total	476,538	472,457	4,081

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.

[Table of Contents](#)

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

**NiSource Inc.
Electric Operations**

Three Months Ended March 31, 2020 vs. March 31, 2019 Operating Income

For the three months ended March 31, 2020, Electric Operations reported operating income of \$78.5 million, a decrease of \$16.5 million from the comparable 2019 period.

Operating revenues for the three months ended March 31, 2020 were \$377.5 million, a decrease of \$53.5 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 \$45.1 million.
- Decreased industrial revenue of \$12.5 million due to the new industrial service structure approved in the recent base rate proceeding, as well as lower industrial usage due to an increase in internal generation being utilized by large industrial customers.
- Lower regulatory and depreciation trackers, which are offset in operating expense, of \$7.3 million.

Partially offset by:

- New residential and commercial rates from the recent base rate proceeding and electric transmission projects of \$13.2 million.

Operating expenses were \$37.0 million lower for the three months ended March 31, 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 \$45.1 million.
- Lower regulatory and depreciation trackers, which are offset in operating revenues, of \$7.3 million.
- Lower outside services costs of \$5.0 million primarily related to lower generation-related maintenance.

Partially offset by:

- Increased depreciation of \$15.1 million primarily attributable to higher depreciation rates from the recent rate case proceeding.
- Higher employee and administrative costs of \$3.2 million.
- Higher environmental costs of \$2.5 million related to revisions in expected remediation costs.

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 first quarter of 2020 was about 11% warmer than normal and about 11% warmer than in 2019, resulting in decreased operating revenues of \$1.1 million for the quarter ended March 31, 2020 compared to the same period in 2019.

Sales

Electric Operations sales for the first quarter of 2020 were 3,804.9 GWh, a decrease of 138.6 GWh compared to the same period in 2019. This decrease was primarily attributable to higher internal generation by large industrial customers during the first quarter of 2020, partially offset by increased sales to wholesale customers.

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.

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

NiSource Inc.
Electric Operations

COVID-19 has impacted many sectors of the economy. While COVID-19 did not materially impact the operating results of the Electric Operations segment in the first quarter of 2020, we are monitoring developments affecting our workforce, customers, suppliers and operations and will take additional measures as needed in an effort to help mitigate the impacts of the COVID-19 pandemic on our company and in our communities. See the Novel Coronavirus discussion in the introduction to the "Executive Summary" for additional information.

Electric Supply

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

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

The current replacement plan includes lower-cost, reliable, cleaner energy resources to be obtained through a combination of NIPSCO ownership and PPAs. 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.

ITEM 2. 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 Note 18, "Other Commitments and Contingencies," in the Notes to the Condensed Consolidated Financial Statements (unaudited) 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 and Note 18 referenced earlier in this paragraph, we may incur additional expenses and liabilities in excess of our recorded liabilities and estimated additional costs associated with the Greater Lawrence Incident. Since the Greater Lawrence Incident and through March 31, 2020, 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. We plan to use the expected proceeds from the sale of the Massachusetts Business to pay down these short-term borrowings. For additional information, see Note 7, "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 three months ended March 31, 2020 was \$369.9 million, a decrease of \$29.2 million compared to the three months ended March 31, 2019. This decrease was driven by year over year increase in net payments related to the Greater Lawrence Incident. During 2020, we paid approximately \$150 million compared to \$73 million, net of insurance recoveries, during 2019. This decrease was also a result of lower revenue due to warmer weather during 2020. Offsetting these cash outflows are higher accounts receivable collections in 2020 compared to 2019.

Investing Activities

Net cash used for investing activities for the three months ended March 31, 2020 was \$484.6 million, an increase of \$109.2 million compared to the three months ended March 31, 2019. This increase was mostly attributable to higher capital expenditures and higher cost of removal expenditures in 2020.

Our capital expenditures for the three months ended March 31, 2020 were \$452.1 million compared to \$353.7 million for the comparable period in 2019. The increase was driven by customer growth and safety and system modernization projects. We project total 2020 capital expenditures to be approximately \$1.7 to \$1.8 billion.

Our cost of removal expenditures for the three months ended March 31, 2020 were \$34.5 million compared to \$25.3 million for the comparable period in 2019. The increase was driven by additional cost of removal projects completed by NIPSCO.

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 March 31, 2020, an aggregate of \$1,306.6 million of net liquidity was available, including cash and credit available under the revolving credit facility and accounts receivable securitization programs.

[Table of Contents](#)

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

NiSource Inc.

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

(in millions)	March 31, 2020	December 31, 2019
Current Liquidity		
Revolving Credit Facility	\$ 1,850.0	\$ 1,850.0
Accounts Receivable Program ⁽¹⁾	459.4	353.2
<i>Less:</i>		
Borrowings Outstanding Under Credit Facility	500.0	—
Commercial Paper	237.0	570.0
Accounts Receivable Program Utilized	459.4	353.2
Letters of Credit Outstanding Under Credit Facility	10.2	10.2
<i>Add:</i>		
Cash and Cash Equivalents	203.8	139.3
Net Available Liquidity	\$ 1,306.6	\$ 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%. A similar covenant in a 2005 private placement note purchase agreement requires us to maintain a debt to capitalization ratio that does not exceed 75%. As of March 31, 2020, the ratio was 63.2%.

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 March 31, 2020. In February 2020, S&P changed our outlook 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 March 31, 2020, the collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately \$76.1 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 March 31, 2020, 382,694,308 shares of common stock and 440,000 shares of preferred stock were outstanding.

[Table of Contents](#)

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

NiSource Inc.

Contractual Obligations. Aside from the previously referenced issuances of long-term debt and payments associated with the Greater Lawrence Incident, there were no material changes during the three months ended March 31, 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. 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.

Our Risk Management Committee has been actively engaged in monitoring the impact of COVID-19 on our business. See the Novel Coronavirus discussion in the introduction to the "Executive Summary" for risks that have been identified related to COVID-19.

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 March 31, 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 \$4.3 million and \$4.9 million for the three months ended March 31, 2020 and March 31, 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 March 31, 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.

As a result of COVID-19, we anticipate an increase in customer bad debt resulting from the suspension of shutoffs and the potential inability of our customers to pay for their gas and electric service due to job loss or other factors. See the Novel Coronavirus discussion in the introduction to the "Executive Summary" for risks that have been identified related to COVID-19.

Other Information

Critical Accounting Estimates

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

NiSource Inc.

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

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Controls

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

PART II

ITEM 1. LEGAL PROCEEDINGS

NiSource Inc.

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

ITEM 1A. RISK FACTORS

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 are supplemented with the following risk factor, which should be read in conjunction with the risk factors set forth in the Annual Report on Form 10-K.

The novel coronavirus (COVID-19) pandemic could materially adversely impact our business, results of operations, financial condition, liquidity and cash flows.

The continued spread of COVID-19 has resulted in widespread impacts on the global economy and financial markets and could lead to a prolonged reduction in economic activity, extended disruptions to supply chains and capital markets, and reduced labor availability and productivity. We are currently evaluating and monitoring the potential impacts the pandemic may have on our essential natural gas and electric businesses and on our future operating results and liquidity, including potential impacts related to the health, safety and availability of our employees and contractors, suspended shutoffs of natural gas and electric services for nonpayment, more flexible payment plans for customers, an anticipated increase in bad debt, fluctuations in demand for commercial, industrial and residential gas and electric services, counterparty credit, costs and availability of supplies, capital construction and infrastructure operations and maintenance programs, financing plans, including the planned cash proceeds anticipated from the sale of the Massachusetts Business, pension valuations, market conditions that could result in future goodwill impairment charges, potential delays in capital construction projects, and legal and regulatory matters, including the potential for delayed state regulatory filings and recovery of invested capital, as well as newly enacted and proposed state regulatory actions and federal laws. For more information regarding the items above and additional items related to COVID-19 that we are evaluating and monitoring, please see our discussion of these topics in Part I., Item 2. "Management Discussion and Analysis of Financial Condition and Results of Operations - Executive Summary - Introduction - Novel Coronavirus" in this report and in our future filings with the Securities and Exchange Commission. To the extent the COVID-19 pandemic adversely affects our business, results of operations, financial condition, liquidity or cash flows, it may also have the effect of heightening many of the other risks described in the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2019. The degree to which COVID-19 will impact us will depend in part on future developments, including the ultimate geographic spread, severity and duration of the outbreak, actions that may be taken by governmental authorities, and to what extent and when normal economic and operating conditions can resume.

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.

[Table of Contents](#)

ITEM 6. EXHIBITS

NiSource Inc.

- (2.1) 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 28, 2020).***
- (4.1) Description of NiSource Inc.'s Securities Registered Under Section 12 of the Exchange Act (incorporated by reference to [Exhibit 4.20 of the NiSource Form 10-K](#) filed on February 28, 2020).
- (4.2) Form of 3.600% Notes due 2030 (incorporated by reference to [Exhibit 4.1 of the NiSource Inc. Form 8-K](#) filed on April 8, 2020).
- (10.1) Form of Performance Share Award Agreement (incorporated by reference to [Exhibit 10.39 of the NiSource Form 10-K](#) filed on February 28, 2020).**
- (10.2) Form of Restricted Stock Unit Award Agreement (incorporated by reference to [Exhibit 10.40 of the NiSource Form 10-K](#) filed on February 28, 2020).**
- (10.3) Form of Cash-Based Award Agreement (incorporated by reference to [Exhibit 10.41 of the NiSource Form 10-K](#) filed on February 28, 2020).**
- (10.4) 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).
- (10.5) 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).
- (10.6) Term Loan Agreement, dated as of April 1, 2020, among NiSource Inc., as Borrower, the lenders party thereto, and KeyBank National Association, as Administrative Agent, and KeyBank National Association, PNC Bank, National Association and U.S. Bank National Association, as Joint Lead Arrangers and Joint Bookrunners (incorporated by reference to [Exhibit 10.1 of the NiSource Inc. 8-K](#) filed on April 1, 2020).
- (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.

Management contract or compensatory plan or arrangement of NiSource Inc.

**

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: May 6, 2020

By:

/s/ Donald E. Brown

Donald E. Brown

Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

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

I, Joseph Hamrock, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended March 31, 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: May 6, 2020

By:

/s/ Joseph Hamrock

Joseph Hamrock
President and Chief Executive Officer

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

I, Donald E. Brown, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended March 31, 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: May 6, 2020

By:

/s/ Donald E. Brown

Donald E. Brown
Executive Vice President and Chief Financial
Officer

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

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending March 31, 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: May 6, 2020

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

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending March 31, 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 and Chief Financial Officer

Date: May 6, 2020

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, 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

(State or other jurisdiction of
incorporation or organization)

801 East 86th Avenue
Merrillville, Indiana

(Address of principal executive offices)

35-2108964

(I.R.S. Employer
Identification No.)

46410

(Zip Code)

(877) 647-5990

(Registrant's telephone number, including area code)

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

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

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

Yes ☒ No ☐

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

Large accelerated filer ☒ Accelerated filer ☐ Emerging growth company ☐ Non-accelerated filer ☐ Smaller reporting company ☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☐

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Common Stock, \$0.01 Par Value: 373,542,659 shares outstanding at October 22, 2019.

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

Table of Contents

		Page
	<u>Defined Terms</u>	<u>3</u>
<u>PART I</u>	<u>FINANCIAL INFORMATION</u>	
Item 1.	Financial Statements - unaudited	
	<u>Condensed Statements of Consolidated Income (Loss) (unaudited)</u>	<u>7</u>
	<u>Condensed Statements of Consolidated Comprehensive Income (Loss) (unaudited)</u>	<u>8</u>
	<u>Condensed Consolidated Balance Sheets (unaudited)</u>	<u>9</u>
	<u>Condensed Statements of Consolidated Cash Flows (unaudited)</u>	<u>11</u>
	<u>Condensed Statements of Consolidated Equity (unaudited)</u>	<u>12</u>
	<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	<u>15</u>
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>45</u>
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>61</u>
Item 4.	<u>Controls and Procedures</u>	<u>61</u>
<u>PART II</u>	<u>OTHER INFORMATION</u>	
Item 1.	<u>Legal Proceedings</u>	<u>62</u>
Item 1A.	<u>Risk Factors</u>	<u>62</u>
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>62</u>
Item 3.	<u>Defaults Upon Senior Securities</u>	<u>62</u>
Item 4.	<u>Mine Safety Disclosures</u>	<u>62</u>
Item 5.	<u>Other Information</u>	<u>62</u>
Item 6.	<u>Exhibits</u>	<u>63</u>
	<u>Signature</u>	<u>64</u>

DEFINED TERMS

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

NiSource Subsidiaries, Affiliates and Former Subsidiaries

Columbia of Kentucky	Columbia Gas of Kentucky, Inc.
Columbia of Maryland	Columbia Gas of Maryland, Inc.
Columbia of Massachusetts	Bay State Gas Company
Columbia of Ohio	Columbia Gas of Ohio, Inc.
Columbia of Pennsylvania	Columbia Gas of Pennsylvania, Inc.
Columbia of Virginia	Columbia Gas of Virginia, Inc.
NIPSCO	Northern Indiana Public Service Company LLC
NiSource ("we," "us" or "our")	NiSource Inc.

Abbreviations and Other

ACE	Affordable Clean Energy
AFUDC	Allowance for funds used during construction
AMRP	Accelerated Main Replacement Program
AOCI	Accumulated Other Comprehensive Income (Loss)
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
ATM	At-the-market
BTA	Build-transfer agreement
CCRs	Coal Combustion Residuals
CEP	Capital Expenditure Program
CERCLA	Comprehensive Environmental Response Compensation and Liability Act (also known as Superfund)
CPP	Clean Power Plan
DPU	Department of Public Utilities
ELG	Effluent limitations guidelines
EPA	United States Environmental Protection Agency
EPS	Earnings per share
FAC	Fuel adjustment clause
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FMCA	Federally Mandated Cost Adjustment
GAAP	Generally Accepted Accounting Principles
GCA	Gas cost adjustment
GCR	Gas cost recovery
GHG	Greenhouse gases
GSEP	Gas System Enhancement Program
GWh	Gigawatt hours
IRP	Infrastructure Replacement Program
IT	Information technology
IURC	Indiana Utility Regulatory Commission
LIBOR	London InterBank Offered Rate
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator

DEFINED TERMS

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

Note regarding forward-looking statements

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

Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in this Quarterly Report on Form 10-Q include, among other things, our debt obligations; any changes to the credit rating of our or certain of our subsidiaries; our ability to execute our growth strategy; changes in general economic, capital and commodity market conditions; pension funding obligations; economic regulation and the impact of regulatory rate reviews; our ability to obtain expected financial or regulatory outcomes; our ability to adapt to, and manage costs related to, advances in technology; any changes in our assumptions regarding the financial implications of the Greater Lawrence Incident; potential incidents and other operating risks associated with our business; our ability to obtain sufficient insurance coverage; the outcome of legal and regulatory proceedings, investigations, incidents, claims and litigation; any damage to our reputation, including in connection with the Greater Lawrence Incident; compliance with environmental laws and the costs of associated liabilities; fluctuations in demand from residential and commercial customers; economic conditions of certain industries; the success of NIPSCO's electric generation strategy; the price of energy commodities and related transportation costs; the reliability of customers and suppliers to fulfill their payment and contractual obligations; potential impairments of goodwill or definite-lived intangible assets; changes in taxation and accounting principles; the impact of an aging infrastructure; the impact of climate change; potential cyber-attacks; construction risks and natural gas costs and supply risks; extreme weather conditions; the attraction and retention of a qualified workforce; the ability of our subsidiaries to generate cash; uncertainties related to the expected benefits of the separation from Columbia Pipeline Group; our ability to manage new initiatives and organizational changes; the performance of third-party suppliers and service providers; the transition to a replacement for the LIBOR benchmark interest rate; and other matters in the “Risk Factors” section of this report and our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, many of which risks are beyond our control. In addition, the relative contributions to profitability by each business segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time.

All forward-looking statements are expressly qualified in their entirety by the foregoing cautionary statements. We undertake no obligation to, and expressly disclaim any such obligation to, update or revise any forward-looking statements to reflect changed

assumptions, the occurrence of anticipated or unanticipated events or changes to the future results over time or otherwise, except as required by law.

Index	Page
<u>Condensed Statements of Consolidated Income (Loss) (unaudited)</u>	<u>7</u>
<u>Condensed Statements of Consolidated Comprehensive Income (Loss) (unaudited)</u>	<u>8</u>
<u>Condensed Consolidated Balance Sheets (unaudited)</u>	<u>9</u>
<u>Condensed Statements of Consolidated Cash Flows (unaudited)</u>	<u>11</u>
<u>Condensed Statements of Consolidated Equity (unaudited)</u>	<u>12</u>
<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	<u>15</u>
<u>1. Basis of Accounting Presentation</u>	<u>15</u>
<u>2. Recent Accounting Pronouncements</u>	<u>15</u>
<u>3. Revenue Recognition</u>	<u>17</u>
<u>4. Earnings Per Share</u>	<u>20</u>
<u>5. Equity</u>	<u>20</u>
<u>6. Regulatory Matters</u>	<u>21</u>
<u>7. Risk Management Activities</u>	<u>23</u>
<u>8. Fair Value</u>	<u>25</u>
<u>9. Transfers of Financial Assets</u>	<u>27</u>
<u>10. Goodwill</u>	<u>27</u>
<u>11. Income Taxes</u>	<u>28</u>
<u>12. Pension and Other Postretirement Benefits</u>	<u>28</u>
<u>13. Long-Term Debt</u>	<u>30</u>
<u>14. Short-Term Borrowings</u>	<u>30</u>
<u>15. Leases</u>	<u>30</u>
<u>16. Other Commitments and Contingencies</u>	<u>33</u>
<u>17. Accumulated Other Comprehensive Loss</u>	<u>43</u>
<u>18. Other, Net</u>	<u>44</u>
<u>19. Business Segment Information</u>	<u>44</u>

[Table of Contents](#)

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,	
	2019	2018	2019	2018
<i>(in millions, except per share amounts)</i>				
Operating Revenues				
Customer revenues	\$ 891.0	\$ 855.8	\$ 3,694.7	\$ 3,555.1
Other revenues	40.5	39.2	117.0	97.7
Total Operating Revenues	931.5	895.0	3,811.7	3,652.8
Operating Expenses				
Cost of sales (excluding depreciation and amortization)	196.7	222.0	1,130.5	1,259.7
Operation and maintenance	393.9	780.8	995.5	1,548.5
Depreciation and amortization	182.2	148.5	535.2	437.8
Loss (Gain) on sale of assets and impairments, net	(0.2)	0.7	(0.1)	0.4
Other taxes	67.9	58.9	221.9	203.3
Total Operating Expenses	840.5	1,210.9	2,883.0	3,449.7
Operating Income (Loss)	91.0	(315.9)	928.7	203.1
Other Income (Deductions)				
Interest expense, net	(95.9)	(83.4)	(285.6)	(265.2)
Other, net	1.3	(1.7)	0.3	42.4
Loss on early extinguishment of long-term debt	—	(33.0)	—	(45.5)
Total Other Deductions, Net	(94.6)	(118.1)	(285.3)	(268.3)
Income (Loss) before Income Taxes	(3.6)	(434.0)	643.4	(65.2)
Income Taxes	(10.2)	(94.5)	121.0	(26.3)
Net Income (Loss)	6.6	(339.5)	522.4	(38.9)
Preferred dividends	(13.8)	(5.6)	(41.4)	(6.9)
Net Income (Loss) Available to Common Shareholders	(7.2)	(345.1)	481.0	(45.8)
Earnings (Loss) Per Share				
Basic Earnings (Loss) Per Share	\$ (0.02)	\$ (0.95)	\$ 1.29	\$ (0.13)
Diluted Earnings (Loss) Per Share	\$ (0.02)	\$ (0.95)	\$ 1.28	\$ (0.13)
Basic Average Common Shares Outstanding	374.1	363.9	373.8	352.1
Diluted Average Common Shares	374.1	363.9	375.2	352.1

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Condensed Statements of Consolidated Comprehensive Income (Loss) (unaudited)

<i>(in millions, net of taxes)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net Income (Loss)	\$ 6.6	\$ (339.5)	\$ 522.4	\$ (38.9)
Other comprehensive income (loss):				
Net unrealized gain (loss) on available-for-sale securities ⁽¹⁾	0.7	0.1	5.6	(2.3)
Net unrealized gain (loss) on cash flow hedges ⁽²⁾	(50.6)	22.5	(100.4)	56.5
Unrecognized pension and OPEB benefit ⁽³⁾	0.4	0.8	1.7	1.2
Total other comprehensive income (loss)	(49.5)	23.4	(93.1)	55.4
Comprehensive Income (Loss)	\$ (42.9)	\$ (316.1)	\$ 429.3	\$ 16.5

⁽¹⁾ Net unrealized gain (loss) on available-for-sale securities, net of \$0.1 million and zero tax expense in the third quarter of 2019 and 2018, respectively, and \$1.4 million tax expense and \$0.6 million tax benefit for the nine months ended 2019 and 2018, respectively.

⁽²⁾ Net unrealized gain (loss) on cash flow hedges, net of \$16.7 million tax benefit and \$7.5 million tax expense in the third quarter of 2019 and 2018, respectively, and \$33.2 million tax benefit and \$18.7 million tax expense for the nine months ended 2019 and 2018, respectively.

⁽³⁾ Unrecognized pension and OPEB benefit, net of \$0.1 million and zero tax expense in the third quarter of 2019 and 2018, and \$0.6 million and \$0.2 million tax expense for the nine months ended 2019 and 2018, respectively.

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Consolidated Balance Sheets (unaudited)

<i>(in millions)</i>	September 30, 2019	December 31, 2018
ASSETS		
Property, Plant and Equipment		
Utility plant	\$ 24,026.1	\$ 22,780.8
Accumulated depreciation and amortization	(7,563.2)	(7,257.9)
Net utility plant	16,462.9	15,522.9
Other property, at cost, less accumulated depreciation	18.0	19.6
Net Property, Plant and Equipment	16,480.9	15,542.5
Investments and Other Assets		
Unconsolidated affiliates	2.2	2.1
Other investments	217.5	204.0
Total Investments and Other Assets	219.7	206.1
Current Assets		
Cash and cash equivalents	28.0	112.8
Restricted cash	9.0	8.3
Accounts receivable (less reserve of \$15.1 and \$21.1, respectively)	539.3	1,058.5
Gas inventory	294.9	286.8
Materials and supplies, at average cost	115.1	101.0
Electric production fuel, at average cost	38.7	34.7
Exchange gas receivable	30.3	88.4
Regulatory assets	237.6	235.4
Prepayments and other	85.4	129.5
Total Current Assets	1,378.3	2,055.4
Other Assets		
Regulatory assets	1,993.2	2,002.1
Goodwill	1,690.7	1,690.7
Intangible assets, net	212.5	220.7
Deferred charges and other	157.0	86.5
Total Other Assets	4,053.4	4,000.0
Total Assets	\$ 22,132.3	\$ 21,804.0

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

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

<i>(in millions, except share amounts)</i>	September 30, 2019	December 31, 2018
CAPITALIZATION AND LIABILITIES		
Capitalization		
Stockholders' Equity		
Common stock - \$0.01 par value, 600,000,000 shares authorized; 373,446,862 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	6,426.5	6,403.5
Retained deficit	(1,231.6)	(1,399.3)
Accumulated other comprehensive loss	(130.3)	(37.2)
Total Stockholders' Equity	5,848.5	5,750.9
Long-term debt, excluding amounts due within one year	7,853.8	7,105.4
Total Capitalization	13,702.3	12,856.3
Current Liabilities		
Current portion of long-term debt	10.9	50.0
Short-term borrowings	1,615.1	1,977.2
Accounts payable	494.9	883.8
Dividends payable - common stock	74.7	—
Dividends payable - preferred stock	19.4	—
Customer deposits and credits	242.8	238.9
Taxes accrued	157.8	222.7
Interest accrued	95.6	90.7
Exchange gas payable	54.8	85.5
Regulatory liabilities	103.0	140.9
Legal and environmental	20.0	18.9
Accrued compensation and employee benefits	145.7	149.7
Claims accrued	184.3	114.7
Other accruals	120.7	63.8
Total Current Liabilities	3,339.7	4,036.8
Other Liabilities		
Risk management liabilities	125.0	46.7
Deferred income taxes	1,466.6	1,330.5
Deferred investment tax credits	10.1	11.2
Accrued insurance liabilities	85.3	84.4
Accrued liability for postretirement and postemployment benefits	365.5	389.1
Regulatory liabilities	2,440.0	2,519.1
Asset retirement obligations	373.1	352.0
Other noncurrent liabilities	224.7	177.9
Total Other Liabilities	5,090.3	4,910.9
Commitments and Contingencies (Refer to Note 16, "Other Commitments and Contingencies")	—	—
Total Capitalization and Liabilities	\$ 22,132.3	\$ 21,804.0

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

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

Nine Months Ended September 30, <i>(in millions)</i>	2019	2018
Operating Activities		
Net Income (Loss)	\$ 522.4	\$ (38.9)
Adjustments to Reconcile Net Income (Loss) to Net Cash from Operating Activities:		
Loss on early extinguishment of debt	—	45.5
Depreciation and amortization	535.2	437.8
Deferred income taxes and investment tax credits	120.4	(26.4)
Other adjustments	18.8	15.6
Changes in Assets and Liabilities:		
Components of working capital	146.8	442.9
Regulatory assets/liabilities	(70.0)	61.3
Deferred charges and other noncurrent assets	(76.4)	0.8
Other noncurrent liabilities	34.6	(11.4)
Net Cash Flows from Operating Activities	1,231.8	927.2
Investing Activities		
Capital expenditures	(1,310.0)	(1,296.6)
Cost of removal	(84.5)	(72.6)
Purchases of available-for-sale securities	(104.0)	(71.4)
Sales of available-for-sale securities	104.1	58.5
Other investing activities	0.6	5.6
Net Cash Flows used for Investing Activities	(1,393.8)	(1,376.5)
Financing Activities		
Issuance of long-term debt	750.0	350.0
Repayments of long-term debt and finance lease obligations	(48.5)	(1,044.0)
Premiums and other debt related costs	(11.9)	(46.1)
Issuance of short-term debt (maturity > 90 days)	600.0	600.0
Repayment of short-term debt (maturity > 90 days)	(550.0)	—
Change in short-term borrowings, net (maturity ≤ 90 days)	(412.1)	(194.6)
Issuance of common stock, net of issuance costs	10.9	611.6
Issuance of preferred stock, net of issuance costs	—	394.3
Acquisition of treasury stock	—	(4.0)
Dividends paid - common stock	(223.8)	(202.5)
Dividends paid - preferred stock	(36.7)	—
Net Cash Flows from Financing Activities	77.9	464.7
Change in cash, cash equivalents and restricted cash	(84.1)	15.4
Cash, cash equivalents and restricted cash at beginning of period	121.1	38.4
Cash, Cash Equivalents and Restricted Cash at End of Period	\$ 37.0	\$ 53.8

Supplemental Disclosures of Cash Flow Information

Nine Months Ended September 30, <i>(in millions)</i>	2019	2018
Non-cash transactions:		
Capital expenditures included in current liabilities	\$ 187.1	\$ 167.5
Dividends declared but not paid	94.1	82.4
Reclassification of other property to regulatory assets	—	245.3
Assets recorded for asset retirement obligations	\$ 12.8	\$ 74.7

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statements of Consolidated Equity (unaudited)

<i>(in millions)</i>	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.

<i>(in millions)</i>	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.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

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

<i>(in millions)</i>	Common Stock	Preferred Stock ⁽¹⁾	Treasury Stock	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance as of July 1, 2018	\$ 3.7	\$ 394.4	\$ (99.9)	\$ 6,151.2	\$ (965.5)	\$ (20.9)	\$ 5,463.0
Comprehensive loss:							
Net loss	—	—	—	—	(339.5)	—	(339.5)
Other comprehensive income, net of tax	—	—	—	—	—	23.4	23.4
Dividends:							
Common stock (\$0.195 per share)	—	—	—	—	(70.9)	—	(70.9)
Preferred stock (See Note 5)	—	—	—	—	(11.6)	—	(11.6)
Stock issuances:							
Preferred stock	—	(0.5)	—	—	—	—	(0.5)
Employee stock purchase plan	—	—	—	1.5	—	—	1.5
Long-term incentive plan	—	—	—	3.3	—	—	3.3
401(k) and profit sharing	—	—	—	5.0	—	—	5.0
Balance as of September 30, 2018	\$ 3.7	\$ 393.9	\$ (99.9)	\$ 6,161.0	\$ (1,387.5)	\$ 2.5	\$ 5,073.7

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

<i>(in millions)</i>	Common Stock	Preferred Stock ⁽¹⁾	Treasury Stock	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance as of January 1, 2018	\$ 3.4	\$ —	\$ (95.9)	\$ 5,529.1	\$ (1,073.1)	\$ (43.4)	\$ 4,320.1
Comprehensive income:							
Net loss	—	—	—	—	(38.9)	—	(38.9)
Other comprehensive income, net of tax	—	—	—	—	—	55.4	55.4
Dividends:							
Common stock (\$0.78 per share)	—	—	—	—	(273.4)	—	(273.4)
Preferred stock (See Note 5)	—	—	—	—	(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	—	393.9	—	—	—	—	393.9
Employee stock purchase plan	—	—	—	4.2	—	—	4.2
Long-term incentive plan	—	—	—	11.5	—	—	11.5
401(k) and profit sharing	—	—	—	16.9	—	—	16.9
Balance as of September 30, 2018	\$ 3.7	\$ 393.9	\$ (99.9)	\$ 6,161.0	\$ (1,387.5)	\$ 2.5	\$ 5,073.7

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

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

Shares (in thousands)	Preferred	Common		
	Shares	Shares	Treasury	Outstanding
Balance as of 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

Shares (in thousands)	Preferred	Common		
	Shares	Shares	Treasury	Outstanding
Balance as of January 1, 2019	420	376,326	(3,963)	372,363
Issued:				
Preferred stock	20	—	—	—
Employee stock purchase plan	—	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

Shares (in thousands)	Preferred	Common		
	Shares	Shares	Treasury	Outstanding
Balance as of July 1, 2018	400	366,878	(3,963)	362,915
Issued:				
Employee stock purchase plan	—	55	—	55
Long-term incentive plan	—	5	—	5
401(k) and profit sharing	—	192	—	192
Balance as of September 30, 2018	400	367,130	(3,963)	363,167

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

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited)

1. Basis of Accounting Presentation

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

The accompanying financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018. Income for interim periods may not be indicative of results for the calendar year due to weather variations and other factors.

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

2. Recent Accounting Pronouncements

Recently Issued Accounting Pronouncements

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

Standard	Description	Effective Date	Effect on the financial statements or other significant matters
ASU 2019-04, <i>Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments</i>	The pronouncement clarifies and improves certain areas of guidance related to the recently issued standards on credit losses, hedging, and recognition and measurement. Topics 1, 2, and 5 of this update amends ASU 2016-13 as it relates to accrued interest, transfers between investment classifications, expected recoveries and reinsurance recoverables. Topic 3 improves guidance related to fair value hedges. Topic 4 of this update relates to codification improvements to ASU 2016-01.	Annual periods beginning after December 15, 2019, including interim periods therein. Early adoption is permitted.	We maintain investments in U.S. Treasury, corporate and mortgage-backed debt securities, which are pledged as collateral for trust accounts related to our wholly-owned insurance company. These debt securities are classified as available for sale ("AFS"). We are working with our external investment manager to enhance our current impairment model for AFS debt securities to comply with the standard. Upon adoption of ASC 326, we will recognize impairment for AFS debt securities by implementing an allowance approach instead of an 'other than temporary' impairment model. In addition, we have recorded balances for trade receivables that also fall within the scope of the standard. Based on shared risk characteristics, we segregated our trade receivables into 'residential customer receivables' and 'non-residential customer receivables'. We intend to apply separate models to calculate reserves for uncollectible receivables. While we continue to assess and enhance our processes of recording reserves for uncollectible receivables to comply with the current expected credit loss model, we do not expect any significant modifications to our current policy of calculating uncollectible reserves for our 'residential customer receivables' balances. ASC 326 also prescribes additional presentation and disclosure requirements. We are currently reviewing the impact of these requirements on our disclosures related to credit in our Notes to Condensed Consolidated Financial Statements (unaudited). We are unable to reasonably estimate the quantitative impact of adoption on our Condensed Consolidated Financial Statements (unaudited). We expect to adopt this ASU on its effective date.
ASU 2016-13, <i>Financial Instruments-Credit Losses (Topic 326)</i>	The pronouncement changes the impairment model for most financial assets, replacing the current "incurred loss" model. ASU 2016-13 will require the use of an "expected loss" model for instruments measured at amortized cost. It will also require entities to record allowances for available-for-sale securities rather than impair the carrying amount of the securities. Subsequent improvements to the estimated credit losses of available-for-sale securities will be recognized immediately in earnings instead of over time as they are under historic guidance.		

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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

Recently Adopted Accounting Pronouncements

Standard	Adoption
ASU 2019-01, <i>Leases (Topic 842): Codification Improvements</i>	See Note 15, "Leases," for our discussion of the effects of implementing these standards.
ASU 2018-11, <i>Leases (Topic 842): Targeted Improvements</i>	
ASU 2018-01, <i>Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842</i>	
ASU 2016-02, <i>Leases (Topic 842)</i>	

3. Revenue Recognition

Revenue Disaggregation and Reconciliation. We disaggregate revenue from contracts with customers based upon reportable segment as well as by customer class. As our revenues are primarily earned over a period of time and we do not earn a material amount of revenues at a point in time, revenues are not disaggregated as such below. The Gas Distribution Operations segment provides natural gas service and transportation for residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland, Indiana and Massachusetts. The Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

The tables below reconcile revenue disaggregation by customer class to segment revenue as well as to revenues reflected on the Condensed Statements of Consolidated Income (Loss) (unaudited) for the three and nine months ended September 30, 2019 and September 30, 2018:

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	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 19, "Business Segment Information," for discussion of intersegment revenues.

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

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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	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 19, "Business Segment Information," for discussion of intersegment revenues.

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

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

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

(in millions)	Customer Accounts Receivable, Billed (less reserve)	Customer Accounts Receivable, Unbilled (less reserve)
Balance as of December 31, 2018	\$ 540.5	\$ 349.1
Balance as of September 30, 2019	297.1	193.3
Increase (Decrease)	\$ (243.4)	\$ (155.8)

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. In addition, our regulated operations utilize certain regulatory mechanisms that facilitate recovery of bad debt costs within tariff-based rates, which provides further evidence of collectibility. It is probable that substantially all of the consideration to which we are entitled from customers will be collected upon satisfaction of performance obligations.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

4. Earnings Per Share

Basic EPS is computed by dividing net income 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 (See Note 5 "Equity"). The computation of diluted average common shares for the three months ended September 30, 2019 and the three and nine months ended September 30, 2018 is not presented since we had a net loss on the Condensed Statements of Consolidated Income (Loss) (unaudited) during the periods, and any incremental shares would have had an anti-dilutive impact on EPS. The computation of diluted average common shares for the nine months ended September 30, 2019 is as follows:

	Nine Months Ended September 30, 2019
<i>(in thousands)</i>	
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, 2019, we had 600,000,000 shares of common stock authorized for issuance, of which 373,446,862 shares were outstanding.

ATM Program and Forward Sale Agreements. On August 1, 2019, we amended four separate equity distribution agreements originally entered into on November 1, 2018, pursuant to which we may sell, from time to time, up to an aggregate value of \$434.4 million of our common stock. The agreements expire on December 31, 2020.

On December 6, 2018, under the ATM program, we executed a forward agreement, which allows us to issue a fixed number of shares at a price to be settled in the future. From December 6, 2018 to December 10, 2018, 4,708,098 shares were borrowed from third parties and sold by the dealer at a weighted average price of \$26.55 per share. We may settle this agreement in shares, cash, or net shares by December 6, 2019. Had we settled all the shares under the forward agreement at September 30, 2019, we would have received approximately \$123.3 million, based on a net price of \$26.19 per share.

On August 12, 2019, under the ATM program, we executed a separate forward agreement similar to that discussed above. 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. We may settle this agreement in shares, cash, or net shares by December 31, 2019. Had we settled all the shares under the forward agreement at September 30, 2019, we would have received approximately \$107.6 million, based on a net price of \$28.98 per share.

As of September 30, 2019, the ATM program (including impacts of the forward sale agreements discussed above) had \$200.7 million of equity available for issuance.

[Table of Contents](#)[ITEM 1. FINANCIAL STATEMENTS \(continued\)](#)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

Preferred Stock. As of September 30, 2019, 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,	
			2019	2018	2019	2018	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	\$ 28.25	\$ 28.88	\$ 56.50	\$ 28.88	\$ 393.9	\$	393.9	
6.500% Series B	\$ 25,000.00	20,000	\$ 406.25	\$ —	\$ 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 issued as a distribution with respect to the Series B Preferred Stock in order to enhance the voting rights of the Series B Preferred Stock to comply with the New York Stock Exchange's minimum voting rights policy. Holders of Series B-1 Preferred Stock are not entitled to receive dividend payments and have no conversion rights. The Series B-1 Preferred Stock is paired with the Series B Preferred Stock and may not be transferred, redeemed or repurchased except in connection with the simultaneous transfer, redemption or repurchase of the underlying Series B Preferred Stock.

6. Regulatory MattersCost 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, 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.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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

(in millions)

Company	Program	Incremental Revenue	Incremental Capital Investment	Investment Period	Filed	Status	Rates Effective
Columbia of Ohio	IRP - 2019 ⁽¹⁾	18.2	199.6	1/18-12/18	February 28, 2019	Approved April 24, 2019	May 2019
Columbia of Ohio	CEP - 2018	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	FMCA 1 ⁽⁴⁾	9.9	1.5	11/17-9/18	November 30, 2018	Approved March 27, 2019	April 2019
NIPSCO - Gas	FMCA 2 ⁽⁴⁾	(3.5)	1.8	10/18-3/19	May 29, 2019	Approved September 25, 2019	October 2019
Columbia of Massachusetts	GSEP - 2019 ⁽⁵⁾	10.7	64.0	1/19-12/19	October 31, 2018	Approved April 30, 2019	May 2019
Columbia of Virginia	SAVE - 2019	2.4	36.0	1/19-12/19	August 17, 2018	Approved October 26, 2018	January 2019
Columbia of Virginia	SAVE - 2020	3.8	48.3	1/20-12/20	August 15, 2019	Order Expected Q4 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	AMRP - 2020	4.2	40.4	1/20-12/20	October 15, 2019	Order Expected Q4 2019	January 2020
Columbia of Maryland	STRIDE - 2019	1.2	15.9	1/19-12/19	November 1, 2018	Approved December 12, 2018	January 2019
NIPSCO - Electric	TDSIC - 5 ⁽¹⁾	15.9	58.8	6/18-11/18	January 29, 2019	Approved June 12, 2019	June 2019
NIPSCO - Electric	TDSIC - 6	28.1	131.1	12/18-6/19	August 21, 2019	Order Expected Q4 2019	January 2020
NIPSCO - Electric	FMCA - 11 ⁽⁴⁾	0.9	22.4	9/18-2/19	April 17, 2019	Approved July 29, 2019	August 2019
NIPSCO - Electric	FMCA - 12 ⁽⁴⁾	1.6	4.7	3/19-8/19	October 18, 2019	Order Expected January 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 base rate implementation.

⁽⁴⁾Incremental revenue is inclusive of tracker eligible operations and maintenance expense.

⁽⁵⁾Incremental capital investment anticipated to be lower than \$64.0 million for 2019.

[Table of Contents](#)[ITEM 1. FINANCIAL STATEMENTS \(continued\)](#)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**Rate Case Actions

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

(in millions)

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

⁽¹⁾Rates will be implemented in three steps, with implementation of step 1 rates effective October 1, 2018. Step 2 rates were effective on March 1, 2019, and step 3 rates will be effective on January 1, 2020. The IURC's order also dismissed NIPSCO from phase 2 of the IURC's TCJA investigation.

⁽²⁾Rates as originally filed were implemented in February 2019 on an interim basis, subject to refund. The final approved rates, which replaced interim rates, were implemented in July 2019.

⁽³⁾An order on the partial settlement agreement, including the resolution of outstanding TCJA impacts to rates is currently pending before the IURC. The as-filed request and partial settlement agreement also includes \$83.6 million and \$85.3 million, respectively, of reductions to the fuel component of base rates related to a proposed change in service structure.

Additional Regulatory Matters

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.

7. 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.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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

<i>(in millions)</i>	September 30, 2019		December 31, 2018	
Risk Management Assets - Current ⁽¹⁾				
Interest rate risk programs	\$	—	\$	—
Commodity price risk programs		1.0		1.1
Total	\$	1.0	\$	1.1
Risk Management Assets - Noncurrent ⁽²⁾				
Interest rate risk programs	\$	—	\$	18.5
Commodity price risk programs		4.3		4.4
Total	\$	4.3	\$	22.9
Risk Management Liabilities - Current ⁽³⁾				
Interest rate risk programs	\$	46.4	\$	—
Commodity price risk programs		10.7		5.0
Total	\$	57.1	\$	5.0
Risk Management Liabilities - Noncurrent				
Interest rate risk programs	\$	78.1	\$	9.5
Commodity price risk programs		46.9		37.2
Total	\$	125.0	\$	46.7

⁽¹⁾Presented in "Prepayments and other" on the Condensed Consolidated Balance Sheets (unaudited).

⁽²⁾Presented in "Deferred charges and other" on the Condensed Consolidated Balance Sheets (unaudited).

⁽³⁾Presented in "Other accruals" on the Condensed Consolidated Balance Sheets (unaudited).

Commodity Price Risk Management

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

NIPSCO received IURC approval to lock in a fixed price for its natural gas customers using long-term forward purchase instruments. The term of these instruments may range from five to ten years and is limited to 20 percent of NIPSCO's average annual GCA purchase volume. Gains and losses on these derivative contracts are deferred as regulatory liabilities or assets and are remitted to or collected from customers through NIPSCO's quarterly GCA mechanism. These instruments are not designated as accounting hedges.

Interest Rate Risk Management

As of September 30, 2019, we have forward-starting interest rate swaps with an aggregate notional value totaling \$500.0 million to hedge the variability in cash flows attributable to changes in the benchmark interest rate during the periods from the effective dates of the swaps to the anticipated dates of forecasted debt issuances, which are expected to take place by 2024. These interest rate swaps are designated as cash flow hedges. The gains and losses related to these swaps are recorded to AOCI and are recognized in "Interest expense, net" concurrently with the recognition of interest expense on the associated debt, once issued. If it becomes probable that a hedged forecasted transaction will no longer occur, the accumulated gains or losses on the derivative will be recognized currently in "Other, net" in the Condensed Statements of Consolidated Income (Loss) (unaudited).

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

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

8. Fair Value

A. Fair Value Measurements

Recurring Fair Value Measurements. The following tables present financial assets and liabilities measured and recorded at fair value on our Condensed Consolidated Balance Sheets (unaudited) on a recurring basis and their level within the fair value hierarchy as of September 30, 2019 and December 31, 2018:

Recurring Fair Value Measurements September 30, 2019 (in millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of September 30, 2019
Assets				
Risk management assets	\$ —	\$ 5.3	\$ —	\$ 5.3
Available-for-sale securities	—	145.7	—	145.7
Total	\$ —	\$ 151.0	\$ —	\$ 151.0
Liabilities				
Risk management liabilities	\$ —	\$ 182.1	\$ —	\$ 182.1
Total	\$ —	\$ 182.1	\$ —	\$ 182.1

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 September 30, 2019 and December 31, 2018, there were no material transfers between fair value hierarchies. Additionally, there were no changes in the method or significant assumptions used to estimate the fair value of our financial instruments.

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

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

Level 2 of the fair value hierarchy. There was no exchange of premium at the initial date of the swaps, and we can settle the contracts at any time. For additional information, see Note 7, "Risk Management Activities."

NIPSCO has entered into long-term forward natural gas purchase instruments that range from five to ten years to lock in a fixed price for its natural gas customers. 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 7, "Risk Management Activities."

Available-for-sale securities are investments pledged as collateral for trust accounts related to our wholly-owned insurance company. Available-for-sale securities are included within "Other investments" in the Condensed Consolidated Balance Sheets (unaudited). We value U.S. Treasury, corporate debt and mortgage-backed securities using a matrix pricing model that incorporates market-based information. These securities trade less frequently and are classified within Level 2. Total unrealized gains and losses from available-for-sale securities are included in other comprehensive income. The amortized cost, gross unrealized gains and losses and fair value of available-for-sale securities at September 30, 2019 and December 31, 2018 were:

September 30, 2019 (in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities				
U.S. Treasury debt securities	\$ 31.1	\$ 0.2	\$ (0.1)	\$ 31.2
Corporate/Other debt securities	110.6	4.1	(0.2)	114.5
Total	\$ 141.7	\$ 4.3	\$ (0.3)	\$ 145.7

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

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

The cost of maturities sold is based upon specific identification. At September 30, 2019, approximately \$6.8 million of U.S. Treasury debt securities and approximately \$4.5 million of Corporate/Other debt securities have maturities of less than a year.

There are no material items in the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis for the three and nine months ended September 30, 2019 and 2018.

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

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

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

Long-term Debt. The fair value of outstanding long-term debt is estimated based on the quoted market prices for the same or similar securities. Certain premium costs associated with the early settlement of long-term debt are not taken into consideration in determining fair value. These fair value measurements are classified within Level 2 of the fair value hierarchy. For the three and nine months ended September 30, 2019, there was no change in the method or significant assumptions used to estimate the fair value of long-term debt.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

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

<i>(in millions)</i>	Carrying Amount as of September 30, 2019	Estimated Fair Value as of September 30, 2019	Carrying Amount as of Dec. 31, 2018	Estimated Fair Value as of Dec. 31, 2018
Long-term debt (including current portion)	\$ 7,864.7	\$ 8,865.2	\$ 7,155.4	\$ 7,228.3

9. Transfers of Financial Assets

Columbia of Ohio, NIPSCO and Columbia of Pennsylvania each maintain a receivables agreement whereby they transfer their customer accounts receivables to third-party financial institutions through wholly-owned and consolidated special purpose entities. The three agreements expire between 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 Condensed Consolidated Balance Sheets (unaudited). As of September 30, 2019, the maximum amount of debt that could be recognized related to our accounts receivable programs is \$270.0 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, 2019 and December 31, 2018:

<i>(in millions)</i>	September 30, 2019	December 31, 2018
Gross Receivables	\$ 375.1	\$ 694.4
Less: Receivables not transferred	115.0	295.2
Net receivables transferred	\$ 260.1	\$ 399.2
Short-term debt due to asset securitization	\$ 260.1	\$ 399.2

For the nine months ended September 30, 2019 and 2018, \$139.1 million and \$71.7 million, respectively, was recorded as cash flows used for financing activities related to the change in short-term borrowings due to securitization transactions. Fees associated with the securitization transactions were \$0.6 million and \$0.4 million for the three months ended September 30, 2019 and 2018, respectively, and \$2.0 million and \$1.9 million for the nine months ended September 30, 2019 and 2018, respectively. We remain responsible for collecting on the receivables securitized, and the receivables cannot be transferred to another party.

10. Goodwill

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

<i>(in millions)</i>	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Goodwill	\$ 1,690.7	\$ —	\$ —	\$ 1,690.7

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

The results of our Columbia of Massachusetts reporting unit were negatively impacted by the Greater Lawrence Incident (see Note 16, "Other Commitments and Contingencies"). As a result, we completed a quantitative "step 1" analysis for the May 1, 2019 goodwill analysis for this reporting unit. The step 1 analysis performed indicated that the fair value of the Columbia of Massachusetts

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

reporting unit substantially exceeds its carrying value. As a result, no impairment charge was recorded as of the May 1, 2019 test date. This analysis incorporated the latest available cash flow projections reflecting the estimated ongoing impacts of the Greater Lawrence Incident on Columbia of Massachusetts' operations. We also incorporated other significant inputs to our fair value calculation (e.g. discount rate, market multiples) to reflect current market conditions. We will continue to monitor the impacts of the incident for events that could trigger a new impairment analysis including, but not limited to, unfavorable regulatory outcomes and regulator fines and penalties. As of September 30, 2019, goodwill at Columbia of Massachusetts totaled \$204.8 million.

11. Income Taxes

Our interim effective tax rates reflect the estimated annual effective tax rates for 2019 and 2018, adjusted for tax expense associated with certain discrete items. The effective tax rates for the three months ended September 30, 2019 and 2018 were 283.3% and 21.8%, respectively. The effective tax rates for the nine months ended September 30, 2019 and 2018 were 18.8% and 40.3%, respectively. These effective tax rates differ from the federal statutory tax rate of 21% primarily due to the effects of tax credits, state income taxes, the amortization of excess deferred federal income tax liabilities, as specified in the TCJA and in utility ratemaking proceedings, and other permanent book-to-tax differences. These adjustments have a relative impact on the effective tax rate proportionally to pretax income or loss.

The increase in the three month effective tax rate of 261.5% in 2019 versus the same period in 2018 is primarily due to the relative impact of permanent differences on lower pre-tax loss.

The decrease in the nine month effective tax rate of 21.5% in 2019 versus the same period in 2018 is primarily due to the relative impact of permanent differences on higher pre-tax book income.

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

12. Pension and Other Postretirement Benefits

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

For the nine months ended September 30, 2019, we contributed \$2.1 million to our pension plans and \$17.8 million to our other postretirement benefit plans.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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

Three Months Ended September 30, (in millions)	Pension Benefits		Other Postretirement Benefits	
	2019	2018	2019	2018
Components of Net Periodic Benefit Cost⁽¹⁾				
Service cost	\$ 7.3	\$ 7.8	\$ 1.3	\$ 1.3
Interest cost	18.1	16.8	4.8	4.4
Expected return on assets	(27.2)	(35.4)	(3.3)	(3.7)
Amortization of prior service credit	—	(0.1)	(0.8)	(1.0)
Recognized actuarial loss	11.3	10.2	0.5	0.9
Settlement loss	1.9	8.3	—	—
Total Net Periodic Benefit Cost	\$ 11.4	\$ 7.6	\$ 2.5	\$ 1.9

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

Nine Months Ended September 30, (in millions)	Pension Benefits		Other Postretirement Benefits	
	2019	2018	2019	2018
Components of Net Periodic Benefit Cost⁽¹⁾				
Service cost	\$ 21.9	\$ 23.6	\$ 3.9	\$ 3.9
Interest cost	54.5	50.0	14.4	13.2
Expected return on assets	(81.6)	(107.9)	(9.9)	(11.1)
Amortization of prior service credit	—	(0.3)	(2.4)	(3.0)
Recognized actuarial loss	34.1	30.6	1.5	2.7
Settlement loss	1.9	11.8	—	—
Total Net Periodic Benefit Cost	\$ 30.8	\$ 7.8	\$ 7.5	\$ 5.7

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

As of August 31, 2019, two of our qualified pension plans met the requirement for settlement accounting. A settlement charge of \$1.9 million was recorded during the third quarter of 2019. As a result of the settlement, these pension plans were remeasured. The remeasurements led to a decrease to the pension benefit obligation, net of plan assets, of \$2.2 million, a net decrease to regulatory assets of \$4.0 million, and a net credit to accumulated other comprehensive loss of \$0.1 million. Net periodic pension benefit cost for 2019 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 benefit obligation and the net periodic benefit cost for the plans that triggered settlement accounting at the measurement date of August 31, 2019:

	August 31, 2019
Weighted-average Assumption to Determine Benefit Obligation	
Discount rate	2.80%
Weighted-average Assumptions to Determine Net Periodic Benefit Costs for the period ended	
Discount rate - service cost	4.49%
Discount rate - interest cost	3.84%
Expected return on assets	5.70%

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)****13. Long-Term Debt**

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.

14. 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 September 30, 2019 and December 31, 2018, we had no outstanding borrowings under this facility.

Our commercial paper program has a program limit of up to \$1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse and Wells Fargo. We had \$505.0 million and \$978.0 million of commercial paper outstanding as of September 30, 2019 and December 31, 2018, respectively.

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited). We had \$260.1 million in transfers as of September 30, 2019 and \$399.2 million as of December 31, 2018. Refer to Note 9, "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:

<i>(in millions)</i>	September 30, 2019	December 31, 2018
Commercial paper weighted-average interest rate of 2.74% and 2.96% at September 30, 2019 and December 31, 2018, respectively	\$ 505.0	\$ 978.0
Accounts receivable securitization facility borrowings	260.1	399.2
Term loan weighted-average interest rate of 2.65% and 3.07% at September 30, 2019 and December 31, 2018, respectively	850.0	600.0
Total Short-Term Borrowings	\$ 1,615.1	\$ 1,977.2

Other than for the term loan and certain commercial paper borrowings, cash flows related to the borrowings and repayments of the items listed above are presented net in the Condensed Statements of Consolidated Cash Flows (unaudited) as their maturities are less than 90 days.

15. 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.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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

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

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

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

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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

(in millions)	Income Statement Classification	Three Months Ended September 30,	Nine Months Ended September 30,
		2019	2019
Finance lease cost			
Amortization of right-of-use assets	Depreciation and amortization	\$ 3.6	\$ 11.3
Interest on lease liabilities	Interest expense, net	3.1	8.5
Total finance lease cost		6.7	19.8
Operating lease cost	Operation and maintenance	5.3	12.3
Short-term lease cost	Operation and maintenance	0.1	0.9
Total lease cost		\$ 12.1	\$ 33.0

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

(in millions)	Balance Sheet Classification	September 30, 2019
Assets		
Finance leases	Net Property, Plant and Equipment	\$ 176.5
Operating leases	Deferred charges and other	60.9
Total leased assets		237.4
Liabilities		
Current		
Finance leases	Current portion of long-term debt	10.7
Operating leases	Other accruals	10.5
Noncurrent		
Finance leases	Long-term debt, excluding amounts due within one year	187.2
Operating leases	Other noncurrent liabilities	50.5
Total lease liabilities		\$ 258.9

Other pertinent information related to leases was as follows:

Nine Months Ended September 30, (in millions)	2019
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows used for finance leases	\$ 8.4
Operating cash flows used for operating leases	11.8
Financing cash flows used for finance leases	7.7
Right-of-use assets obtained in exchange for lease obligations	
Finance leases	11.0
Operating leases	\$ 3.7
	September 30, 2019
Weighted-average remaining lease term (years)	
Finance leases	15.5
Operating leases	9.7
Weighted-average discount rate	
Finance leases	6.0%
Operating leases	4.4%

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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

As of September 30, 2019, (in millions)	Total	Finance Leases	Operating Leases
Year 1	\$ 37.7	\$ 24.5	\$ 13.2
Year 2	33.9	24.6	9.3
Year 3	32.8	24.6	8.2
Year 4	29.3	21.6	7.7
Year 5	27.6	20.6	7.0
Thereafter	247.8	214.8	33.0
Total lease payments	409.1	330.7	78.4
Less: Imputed interest	(121.6)	(107.0)	(14.6)
Less: Leases not yet commenced ⁽¹⁾	(28.6)	(25.8)	(2.8)
Total	258.9	197.9	61.0
Reported as of September 30, 2019			
Short-term lease liabilities	21.2	10.7	10.5
Long-term lease liabilities	237.7	187.2	50.5
Total lease liabilities	\$ 258.9	\$ 197.9	\$ 61.0

⁽¹⁾ Expected payments include obligations for leases not yet commenced of approximately \$28.6 million for interconnection facilities and corporate and field offices. The facilities will have lease terms between 8 years and 20 years, with estimated commencements in the fourth quarter of 2019 and in the third quarter of 2020.

Disclosures Related to Periods Prior to Adoption of ASC 842.

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

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

⁽¹⁾ Capital lease payments shown above are inclusive of interest totaling \$114.6 million.

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

16. Other Commitments and Contingencies

A. Guarantees and Indemnities. We and certain of our subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries as a part of normal business. Such agreements include guarantees and stand-by letters of credit. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to a subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the subsidiaries' intended commercial purposes. As of September 30, 2019 and December 31, 2018, we had issued stand-by letters of credit of \$10.2 million.

B. Legal Proceedings. On September 13, 2018, a series of fires and explosions occurred in Lawrence, Andover and North Andover, Massachusetts related to the delivery of natural gas by Columbia of Massachusetts (the "Greater Lawrence Incident"). The Greater Lawrence Incident resulted in one fatality and a number of injuries, damaged multiple homes and businesses, and caused the temporary evacuation of significant portions of each municipality. The Massachusetts Governor's Office declared a state of emergency, authorizing the Massachusetts DPU to order another utility company to coordinate the restoration of utility services in Lawrence, Andover and North Andover. The incident resulted in the interruption of gas service for approximately 7,500 gas meters, the majority of which served residences and approximately 700 of which served businesses, and the interruption of

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

other utility service more broadly in the area. Columbia of Massachusetts has replaced the cast iron and bare steel gas pipeline system in the affected area and restored service to nearly all of the gas meters. See “ - D. Other Matters - Greater Lawrence Pipeline Replacement” below for more information.

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

NTSB Investigation. The NTSB investigated the Greater Lawrence Incident as described below. The parties to the investigation included the PHMSA, the Massachusetts DPU, Columbia of Massachusetts, and the Massachusetts State Police. We cooperated with the NTSB and provided information to assist in its investigation into relevant facts related to the event, the probable cause, and its development of safety recommendations.

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

On November 14, 2018, the NTSB issued an urgent safety recommendation report regarding natural gas distribution system project development and review. In its report, the NTSB identified certain factors that it believes contributed to the Greater Lawrence Incident and made safety recommendations. The NTSB recommended that the Commonwealth of Massachusetts eliminate the professional engineer licensure exemption for public utility work and require a professional engineer’s seal on public utility engineering drawings, which is now law in Massachusetts. The NTSB also made recommendations to us related to engineering plan and constructability review processes, records and documentation, management of change processes, and control procedures during modifications to gas mains. We implemented these recommendations. As of September 24, 2019, each of these recommendations has been closed by the NTSB based on acceptable action.

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

On September 24, 2019, the NTSB held a public board meeting regarding the probable cause of the Greater Lawrence Incident. The NTSB issued an abstract of its final report following the meeting, and its final report on October 24, 2019. The NTSB stated that it had determined that the probable cause of the over-pressurization of the natural gas distribution system and the resulting fires and explosions was Columbia of Massachusetts’ weak engineering management that did not adequately plan, review, sequence, and oversee the construction project that led to the abandonment of a cast iron main without first relocating regulator sensing lines to the new polyethylene main. The NTSB also stated that contributing to the incident was a low-pressure natural gas distribution system designed and operated without adequate overpressure protection. The NTSB issued its findings in connection with its investigation of the incident and new safety recommendations to PHMSA, certain other states, the Commonwealth of Massachusetts Executive Office of Public Safety and Security, and the Company. The one new safety recommendation that was directed to the Company requires the Company to review its protocols and training for responding to large-scale emergency events.

Massachusetts Regulatory Matters. Under Massachusetts law, the DPU is authorized to investigate potential violations of pipeline safety regulations and to assess a civil penalty of up to \$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 the Greater Lawrence Incident. 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.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

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 underway and we have responded to the evaluator's information requests. The Phase I report, which was issued on May 15, 2019, included a program level assessment and evaluation of natural gas distribution companies. The Phase I report's conclusions were statewide and contained no specific conclusions about Columbia of Massachusetts. The evaluation remains in Phase II, which is focused on field assessments of each individual gas company and is expected to conclude later this year.

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

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

In the third quarter of 2019, the Massachusetts DPU initiated several new investigations into Columbia of Massachusetts related to the restoration and other work following the Greater Lawrence Incident, as described below. Under Massachusetts law, the Massachusetts DPU is authorized to conduct investigations and assess fines and penalties as described above. The matters described below are pursuant to such authorization and are subject to the assessment of fines and penalties.

In August 2019, the Massachusetts DPU initiated an investigation regarding pressure monitoring and potential violations of pipeline safety regulations in connection with the installation of a slam shut device and the operating procedures used to install such devices. The DPU also initiated an investigation regarding instances of possible violations of internal guidelines and state and/or federal pipeline safety regulations in connection with Columbia of Massachusetts' project after the Greater Lawrence Incident to validate regulator station drawings and verify control line location and installation.

In September 2019, the Massachusetts DPU initiated an investigation into potential violations of state and/or federal pipeline safety regulations in connection with abandoned service lines. The Chair of the Massachusetts DPU issued an emergency 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. Estimates for the cost of this work are included in the estimated ranges of loss noted below, which is discussed in "- D. Other Matters - Greater Lawrence Incident Restoration" below. In addition, the Massachusetts DPU issued a Hearing Officer's Memorandum directing Columbia of Massachusetts to file a detailed report concerning its emergency response to the Greater Lawrence Incident and subsequent restoration of service.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

On September 27, 2019, the City of Lawrence inadvertently closed a gas valve that had been incorrectly marked as a water valve, which severed a new pipeline main that Columbia of Massachusetts had installed during the restoration work following the Greater Lawrence Incident, resulting in the release of gas into sewer lines, other underground conduits and homes in the area. Approximately 150 homes and businesses were evacuated and electric power was turned off by the power company as a safety precaution to approximately 1,400 customers. The Massachusetts DPU is investigating whether, during the restoration efforts following the Greater Lawrence Incident, Columbia Gas failed to follow required procedures for the abandonment of valve boxes.

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 audit will evaluate 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 will investigate Columbia of Massachusetts' operations in the Lawrence Division and other service territories as appropriate, either independently or as part of the statewide gas safety assessment already underway. Estimates for the cost of this work are included in the estimated ranges of loss noted below, which is discussed in "D. Other Matters - Greater Lawrence Incident Restoration" below. 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 will 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 noncompliant 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' ongoing 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. The Massachusetts DPU opened the first proceeding under its authority to determine compliance with federal and state pipeline safety laws and regulations, and will 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 proceeding under its authority to determine whether a gas distribution company has violated established standards regarding acceptable performance for emergency preparedness and restoration of service, and will 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.

Columbia of Massachusetts is cooperating with the investigations set forth above, the outcomes of which are uncertain at this time.

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

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

Legislative hearings in Massachusetts related to proposed legislation on natural gas matters are expected to take place during the fourth quarter of 2019. In addition, the Joint Committee on Telecommunications, Utilities and Energy is expected to conduct a hearing on natural gas safety in November 2019.

U.S. Department of Justice Investigation. The Company and Columbia of Massachusetts are subject to a criminal investigation related to the Greater Lawrence Incident that is being conducted under the supervision of the U.S. Attorney's Office for the District of Massachusetts. The initial grand jury subpoenas were served on the Company and Columbia of Massachusetts on September 24, 2018. The Company and Columbia of Massachusetts are cooperating with the investigation. We are unable to estimate the

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

amount (or range of amounts) of reasonably possible losses associated with any civil or criminal penalties that could be imposed on the Company or Columbia of Massachusetts as a result of this investigation.

U.S. Congressional Activity. In November 2018, executives of the Company and Columbia of Massachusetts testified at a U.S. Senate hearing regarding the Greater Lawrence Incident and natural gas pipeline safety.

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

Private Actions. Various lawsuits, including several purported class action lawsuits, have been filed by various affected residents or businesses in Massachusetts state courts against the Company and/or Columbia of Massachusetts in connection with the Greater Lawrence Incident. A special judge has been appointed to hear all pending and future cases and the class actions 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 is scheduled for February 27, 2020.

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

We are discussing potential settlements with plaintiffs asserting certain bodily injury and wrongful death claims. On April 25, 2019, we entered into a settlement agreement with certain of these plaintiffs involving bodily injury claims, subject to certain conditions, including court approval. On July 3, 2019, we entered into a settlement with one of the parties that indicated an intent to assert a wrongful death claim. On September 25, 2019, we entered into another settlement with a party that indicated an intent to assert a wrongful death claim.

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Financial Impact. We estimate that total costs related to third-party claims resulting from the incident will range from \$995 million to \$1,020 million, depending on the final outcome of ongoing reviews and the number, nature, and value of third-party claims. These costs include, but are not limited to, personal injury and property damage claims, damage to infrastructure, and mutual aid payments to other utilities assisting with the restoration effort. These costs related to third-party claims do not include costs of certain third-party claims that we are not able to estimate, nor do they include non-claims related expenses resulting from the incident and the estimated capital cost of the pipeline replacement, which are set forth in " - D. Other Matters - Greater Lawrence Incident Restoration" and " - Greater Lawrence Incident Pipeline Replacement," respectively, below.

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

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

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

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

In addition, we are party to certain other claims and legal proceedings arising in the ordinary course of business, none of which is deemed to be individually material at this time.

Due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim or proceeding related to the Greater Lawrence Incident or otherwise would not have a material adverse effect on our results of operations, financial position or liquidity. If one or more of such matters were decided against us, the effects could be material to our results of operations in the period in which we would be required to record or adjust the related liability and could also be material to our cash flows in the periods that we would be required to pay such liability.

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

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

As of September 30, 2019 and December 31, 2018, we had recorded a liability of \$107.5 million and \$101.2 million, respectively, to cover environmental remediation at various sites. The current portion of this liability is included in "Legal and environmental" in the Condensed Consolidated Balance Sheets (unaudited). The noncurrent portion is included in "Other noncurrent liabilities". We 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.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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

Air

Future legislative and regulatory programs could significantly limit allowed GHG emissions or impose a cost or tax on GHG emissions. Additionally, rules that increase methane leak detection, require emission reductions or impose additional requirements for natural gas facilities could restrict GHG emissions and impose additional costs. We carefully monitor all GHG reduction proposals and regulations.

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

Waste

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

MGP. A program has been instituted to identify and investigate former MGP sites where Gas Distribution Operations subsidiaries or predecessors may have liability. The program has identified 63 such sites where liability is probable. Remedial actions at many of these sites are being overseen by state or federal environmental agencies through consent agreements or voluntary remediation agreements.

We utilize a probabilistic model to estimate our future remediation costs related to MGP sites. The model was prepared with the assistance of a third party and incorporates our experience and general industry experience with remediating MGP sites. We complete an annual refresh of the model in the second quarter of each fiscal year. No material changes to the estimated future remediation costs were noted as a result of the refresh completed as of June 30, 2019. Our total estimated liability related to the facilities subject to remediation was \$103.9 million and \$97.5 million at September 30, 2019 and December 31, 2018, respectively. The liability represents our best estimate of the probable cost to remediate the facilities. We believe that it is reasonably possible that remediation costs could vary by as much as \$20 million in addition to the costs noted above. Remediation costs are estimated based on the best available information, applicable remediation standards at the balance sheet date and experience with similar facilities.

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

To comply with the rule, NIPSCO incurred capital expenditures to modify its infrastructure and manage CCRs. The CCR rule also resulted in revisions to previously recorded legal obligations associated with the retirement of certain NIPSCO facilities. The actual asset retirement costs related to the CCR rule may vary substantially from the estimates used to record the increased asset retirement obligation due to the uncertainty about the compliance strategies that will be used and the preliminary nature of available data used to estimate costs. As allowed by the EPA, NIPSCO will continue to collect data over time to determine the specific compliance solutions and associated costs and, as a result, the actual costs may vary. NIPSCO has filed initial CCR closure plans for R.M. Schahfer Generating Station and Michigan City Generating Station with the Indiana Department of Environmental Management.

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Water

ELG. On November 3, 2015, the EPA issued a final rule to amend the ELG and standards for the Steam Electric Power Generating category. The final rule became effective January 4, 2016. Based upon a preliminary study of the November 3, 2015 final rule, capital compliance costs were expected to be approximately \$170 million. The EPA is expected to release a draft ELG reconsideration rule in 2019. However, NIPSCO does not anticipate material ELG compliance costs based on the preferred option announced as part of NIPSCO's 2018 Integrated Resource Plan (discussed below).

D. Other Matters.

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

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

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

In January 2019, NIPSCO executed two 20 year PPAs to purchase 100% of the output from renewable generation facilities at a fixed price per MW. The facilities supplying the energy will have a combined nameplate capacity of approximately 700 MW. NIPSCO's purchase requirement under the PPAs is dependent on satisfactory approval of the PPAs by the IURC. NIPSCO submitted the PPAs to the IURC for approval in February 2019 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 and by the end of 2021 for the other facility.

Also in January 2019, NIPSCO executed a BTA with a developer to construct a renewable generation facility with a nameplate capacity of approximately 100 MW. Once complete, ownership of the facility would be transferred to a partnership owned by NIPSCO, the developer and an unrelated tax equity partner. The aforementioned partnership structure will result in full NIPSCO ownership after the PTC are monetized from the project (approximately 10 years after the facility goes into service). NIPSCO's purchase requirement under the BTA is dependent on satisfactory approval of the BTA by the IURC, 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. 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. NIPSCO is considering all sources in the RFP process, which closes on November 20, 2019.

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. NIPSCO submitted the BTA to the IURC for approval on October 22, 2019. In this submission, NIPSCO requested the issuance of an order from the IURC by the end of February 2020. Construction of this facility is expected to be completed by the end of 2021. The ownership structure and preconditions for NIPSCO's purchase requirement are similar to that of the BTA executed in January of 2019 (discussed above).

Greater Lawrence Incident Restoration. In addition to the amounts estimated for third-party claims described above, we estimate we will incur other incident-related costs totaling between \$430 million and \$440 million, depending on the incurrence of future restoration work. Such costs include certain consulting costs, 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 estimated capital cost of the pipeline replacement, which is set forth below in - D. Other Matters - Greater Lawrence Pipeline Replacement." The increase in estimated total incident-related expenses from those disclosed in our Form 10-K for the year ended December 31, 2018 resulted primarily from receiving additional information regarding the restoration work required to be completed and the extended period of time over which the restoration work would take place, higher than anticipated costs from vendors, expenses associated with government investigations, the incurrence of insurance-related loss surcharges and increased estimates for consultants and claim center costs.

[Table of Contents](#)[ITEM 1. FINANCIAL STATEMENTS \(continued\)](#)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

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

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

(in millions)	Year Ended	Three Months Ended	Nine Months Ended	Incident to Date
	December 31, 2018	September 30, 2019		
Third-party claims	\$ 757	\$ 1	\$ 238	\$ 995
Other incident-related costs	266	20	122	388
Total	1,023	21	360	1,383
Insurance recoveries recorded	(135)	—	(535)	(670)
Impact to operation and maintenance expense	\$ 888	\$ 21	\$ (175)	\$ 713

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

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

We are currently unable to predict the timing or amount of future insurance recoveries in excess of the recoveries recorded as of September 30, 2019.

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

third party oversight of a Massachusetts-based engineering firm. Columbia of Massachusetts announced that Phase II was substantially complete on August 15, 2019. See “- B. Legal Proceedings” for additional information.

Since the Greater Lawrence Incident and through September 30, 2019, we have invested approximately \$255 million of capital spend for the pipeline replacement. We estimate this replacement work will ultimately cost between \$255 million and \$260 million. We maintain property insurance for gas pipelines and other applicable property in the approximate amount of \$300 million. Columbia of Massachusetts has filed a proof of loss with its property insurer for the full cost of the pipeline replacement. The recovery of any capital investment not reimbursed through insurance will be addressed in a future regulatory proceeding. The outcome of such a proceeding is uncertain. In accordance with ASC 980-360, if it becomes probable that a portion of the pipeline replacement cost will not be recoverable through customer rates and an amount can be reasonably estimated, we will reduce our regulated plant balance for the amount of the probable disallowance and record an associated charge to earnings. This could result in a material adverse effect to our financial condition, results of operations and cash flows. Additionally, if a rate order is received allowing recovery of the investment with no or reduced return on investment, a loss on disallowance may be required.

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

17. Accumulated Other Comprehensive Income (Loss)

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

Three Months Ended September 30, 2019 <i>(in millions)</i>	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 <i>(in millions)</i>	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.

Three Months Ended September 30, 2018 <i>(in millions)</i>	Gains and Losses on Securities ⁽¹⁾	Gains and Losses on Cash Flow Hedges ⁽¹⁾	Pension and OPEB Items ⁽¹⁾	Accumulated Other Comprehensive Income (Loss) ⁽¹⁾
Balance as of July 1, 2018	\$ (2.2)	\$ (1.7)	\$ (17.0)	\$ (20.9)
Other comprehensive income before reclassifications	—	21.6	1.0	22.6
Amounts reclassified from accumulated other comprehensive income	0.1	0.9	(0.2)	0.8
Net current-period other comprehensive income	0.1	22.5	0.8	23.4
Balance as of September 30, 2018	\$ (2.1)	\$ 20.8	\$ (16.2)	\$ 2.5

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

Nine Months Ended September 30, 2018 <i>(in millions)</i>	Gains and Losses on Securities ⁽¹⁾	Gains and Losses on Cash Flow Hedges ⁽¹⁾	Pension and OPEB Items ⁽¹⁾	Accumulated Other Comprehensive Income (Loss) ⁽¹⁾
Balance as of January 1, 2018	\$ 0.2	\$ (29.4)	\$ (14.2)	\$ (43.4)
Other comprehensive income (loss) before reclassifications	(2.5)	70.8	1.0	69.3
Amounts reclassified from accumulated other comprehensive income (loss)	0.2	(14.3)	0.2	(13.9)
Net current-period other comprehensive income (loss)	(2.3)	56.5	1.2	55.4
Reclassification due to adoption of ASU 2018-02	—	(6.3)	(3.2)	(9.5)
Balance as of September 30, 2018	\$ (2.1)	\$ 20.8	\$ (16.2)	\$ 2.5

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

[Table of Contents](#)

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

18. Other, Net

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Interest income	\$ 2.1	\$ 1.4	\$ 5.4	\$ 4.2
AFUDC equity	2.9	5.0	7.1	12.6
Charitable contributions	(1.1)	(11.1)	(4.0)	(13.9)
Pension and other postretirement non-service cost	(2.8)	2.4	(8.7)	14.7
Interest rate swap settlement gain	—	—	—	21.2
Miscellaneous	0.2	0.6	0.5	3.6
Total Other, net	\$ 1.3	\$ (1.7)	\$ 0.3	\$ 42.4

19. Business Segment Information

At September 30, 2019, our operations are divided into two primary reportable segments. The Gas Distribution Operations segment provides natural gas service and transportation for residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland, Indiana and Massachusetts. The Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

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

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Operating Revenues				
Gas Distribution Operations				
Unaffiliated	\$ 463.6	\$ 418.6	\$ 2,506.2	\$ 2,347.8
Intersegment	3.3	3.3	9.9	9.8
Total	466.9	421.9	2,516.1	2,357.6
Electric Operations				
Unaffiliated	467.7	476.2	1,304.9	1,304.4
Intersegment	0.2	0.2	0.6	0.6
Total	467.9	476.4	1,305.5	1,305.0
Corporate and Other				
Unaffiliated	0.2	0.2	0.6	0.6
Intersegment	116.9	116.4	342.2	346.6
Total	117.1	116.6	342.8	347.2
Eliminations	(120.4)	(119.9)	(352.7)	(357.0)
Consolidated Operating Revenues	\$ 931.5	\$ 895.0	\$ 3,811.7	\$ 3,652.8
Operating Income (Loss)				
Gas Distribution Operations	\$ (48.6)	\$ (455.2)	\$ 605.8	\$ (94.4)
Electric Operations	140.7	134.9	321.4	300.4
Corporate and Other	(1.1)	4.4	1.5	(2.9)
Consolidated Operating Income (Loss)	\$ 91.0	\$ (315.9)	\$ 928.7	\$ 203.1

[Table of Contents](#)

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

NiSource Inc.

Index	Page
Executive Summary	46
Summary of Consolidated Financial Results	47
Results and Discussion of Segment Operations	49
Gas Distribution Operations	50
Electric Operations	53
Liquidity and Capital Resources	57
Off Balance Sheet Arrangements	59
Market Risk Disclosures	59
Other Information	60

[Table of Contents](#)**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)****NiSource Inc.****EXECUTIVE SUMMARY**

This Management's Discussion and Analysis of Financial Condition and Results of Operations (Management's Discussion) analyzes our financial condition, results of operations and cash flows and those of our subsidiaries. It also includes management's analysis of past financial results and certain potential factors that may affect future results, potential future risks and approaches that may be used to manage those risks. See "Note regarding forward-looking statements" at the beginning of this report for a list of factors that may cause results to differ materially.

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

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

Refer to the "Business" section of our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 for further discussion of our regulated utility business segments.

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

Greater Lawrence Incident: The Greater Lawrence Incident occurred on September 13, 2018. The following table summarizes expenses incurred and insurance recoveries recorded since the Greater Lawrence Incident. The amounts set forth in the table below do not include the estimated capital cost of the pipeline replacement described below and as set forth in Note 16- D, "Other Matters - Greater Lawrence Pipeline Replacement," in the Notes to Condensed Consolidated Financial Statements (unaudited).

<i>(in millions)</i>	Year Ended	Three Months Ended	Nine Months Ended	Incident to Date
	December 31, 2018	September 30, 2019		
Third-party claims	\$ 757	\$ 1	\$ 238	\$ 995
Other incident-related costs	266	20	122	388
Total	1,023	21	360	1,383
Insurance recoveries recorded	(135)	—	(535)	(670)
Total	\$ 888	\$ 21	\$ (175)	\$ 713

Including the \$757 million recorded during 2018, we estimate that total costs related to third-party claims as set forth in Note 6, "Other Commitments and Contingencies - B. Legal Proceedings," will range from \$995 million to \$1,020 million, depending on the final outcome of ongoing reviews and the number, nature and value of third-party claims. We expect to incur a total of \$430 million to \$440 million in other incident-related costs, inclusive of the \$266 million recorded during 2018 as set forth in Note 16, "Other Commitments and Contingencies - D. Other Matters .

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

[Table of Contents](#)**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)****NiSource Inc.**

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

<i>(in millions)</i>	Insurance receivable
Balance, December 31, 2018	\$ 130
Insurance recoveries recorded in first quarter of 2019	100
Cash collected from insurance recoveries in the first quarter of 2019	(108)
Balance, March 31, 2019	122
Insurance recoveries recorded in the second quarter of 2019	435
Cash collected from insurance recoveries in the second quarter of 2019	(297)
Balance, June 30, 2019	260
Insurance recoveries recorded in the third quarter of 2019	—
Cash collected from insurance recoveries in the third quarter of 2019	(260)
Balance, September 30, 2019	\$ —

We are currently unable to predict the timing or amount of future insurance recoveries in excess of the recoveries recorded as of September 30, 2019.

Since the Greater Lawrence Incident and through September 30, 2019, we have invested approximately \$255 million of capital spend for the pipeline replacement. We estimate this replacement work will ultimately cost between \$255 million and \$260 million. We maintain property insurance for gas pipelines and other applicable property in the approximate amount of \$300 million. Columbia of Massachusetts has filed a proof of loss with its property insurer for the full cost of the pipeline replacement. The recovery of any capital investment not reimbursed through insurance will be addressed in a future regulatory proceeding. The outcome of such a proceeding is uncertain. If at any point Columbia of Massachusetts concludes it is probable that any portion of this capital investment is not recoverable through customer rates, that portion of the capital investment, if estimable, would be immediately charged to earnings.

Refer to Note 16-B and D, "Legal Proceedings" and "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited), "Summary of Consolidated Financial Results," "Results and Discussion of Segment Operation - Gas Distribution Operations," and "Liquidity and Capital Resources" in this Management's Discussion for additional information related to the Greater Lawrence Incident.

Summary of Consolidated Financial Results

Our operations are affected by the cost of sales. Cost of sales for the Gas Distribution Operations segment is principally comprised of the cost of natural gas used while providing transportation and distribution services to customers. Cost of sales for the Electric Operations segment is comprised of the cost of coal, related handling costs, natural gas purchased for the internal generation of electricity at NIPSCO and the cost of power purchased from third-party generators of electricity.

The majority of the cost of sales are tracked costs that are passed through directly to the customer, resulting in an equal and offsetting amount reflected in operating revenues. As a result, we believe net revenues, a non-GAAP financial measure defined as operating revenues less cost of sales (excluding depreciation and amortization), provides management and investors a useful measure to analyze profitability. The presentation of net revenues herein is intended to provide supplemental information for investors regarding operating performance. Net revenues do not intend to represent operating income, the most comparable GAAP measure, as an indicator of operating performance and are not necessarily comparable to similarly titled measures reported by other companies.

[Table of Contents](#)

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

NiSource Inc.

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions)	2019	2018	2019 vs. 2018	2019	2018	2019 vs. 2018
Operating Income (Loss)	\$ 91.0	\$ (315.9)	\$ 406.9	\$ 928.7	\$ 203.1	\$ 725.6

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions, except per share amounts)	2019	2018	2019 vs. 2018	2019	2018	2019 vs. 2018
Operating Revenues	\$ 931.5	\$ 895.0	\$ 36.5	\$ 3,811.7	\$ 3,652.8	\$ 158.9
Cost of Sales (excluding depreciation and amortization)	196.7	222.0	(25.3)	1,130.5	1,259.7	(129.2)
Total Net Revenues	\$ 734.8	\$ 673.0	\$ 61.8	\$ 2,681.2	\$ 2,393.1	\$ 288.1
Other Operating Expenses	643.8	988.9	(345.1)	1,752.5	2,190.0	(437.5)
Operating Income (Loss)	91.0	(315.9)	406.9	928.7	203.1	725.6
Total Other Deductions, net	(94.6)	(118.1)	23.5	(285.3)	(268.3)	(17.0)
Income Taxes	(10.2)	(94.5)	84.3	121.0	(26.3)	147.3
Net Income (Loss)	6.6	(339.5)	346.1	522.4	(38.9)	561.3
Preferred dividends	(13.8)	(5.6)	(8.2)	(41.4)	(6.9)	(34.5)
Net Income (Loss) Available to Common Shareholders	(7.2)	(345.1)	337.9	481.0	(45.8)	526.8
Basic Earnings (Loss) Per Share	\$ (0.02)	\$ (0.95)	\$ 0.93	\$ 1.29	\$ (0.13)	\$ 1.42
Basic Average Common Shares Outstanding	374.1	363.9	10.2	373.8	352.1	21.7

On a consolidated basis, we reported a net loss to common shareholders of \$7.2 million, or \$0.02 per basic share for the three months ended September 30, 2019, compared to net loss to common shareholders of \$345.1 million, or \$0.95 per basic share for the same period in 2018. The decrease in loss to common shareholders during 2019 was primarily due to lower current period operating expenses related to the Greater Lawrence Incident, an increase in revenue due to new rates from base rate proceedings and infrastructure replacement programs and a loss on early extinguishment of long-term debt in 2018.

For the nine months ended September 30, 2019, we reported net income available to common shareholders of \$481.0 million, or \$1.29 per basic share compared to net loss to common shareholders of \$45.8 million, or \$0.13 per basic share for the same period in 2018. Similar to the quarter-to-date period, the increase in income available to common shareholders during 2019 was primarily due to lower current period operating expenses related to the Greater Lawrence Incident, insurance recoveries recorded related to the Greater Lawrence Incident, new rates from base rate proceedings and infrastructure replacement programs and a loss on early extinguishment of long-term debt in 2018. These increases were partially offset by an interest rate swap settlement gain in 2018 and additional dilution in 2019 resulting from preferred stock dividend commitments.

Operating Income

For the three months ended September 30, 2019, we reported operating income of \$91.0 million compared to an operating loss of \$315.9 million for the same period in 2018. As noted above, the increase in operating income was primarily due to lower current period operating expenses related to the Greater Lawrence Incident and new rates from base rate proceedings and infrastructure replacement programs. These increases were partially offset by increased depreciation due to 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, as well as capital expenditures being placed into service.

For the nine months ended September 30, 2019, we reported operating income of \$928.7 million compared to operating income of \$203.1 million for the same period in 2018. In addition to the drivers described for the quarter-to-date period, operating income for the current year was aided by insurance recoveries recorded related to the Greater Lawrence Incident.

[Table of Contents](#)

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

NiSource Inc.

Other Deductions, net

Other deductions, net reduced income by \$94.6 million in the third quarter of 2019 compared to a reduction in income of \$118.1 million in the prior year. This change is primarily due to loss on early extinguishment of long-term debt of \$33.0 million which was recorded in the third quarter of 2018, partially offset by higher interest expense of \$12.4 million driven by decreased regulatory deferrals from Columbia of Ohio's CEP.

Other deductions, net reduced income by \$285.3 million during the nine months ended September 30, 2019 compared to a reduction in income of \$268.3 million in the prior year. The change is primarily due to lower actuarial investment returns on pension and other postretirement benefit assets of \$23.4 million, an increase in interest expense of \$20.4 million driven by decreased regulatory deferrals from Columbia of Ohio's CEP and an interest rate swap settlement gain of \$21.2 million recognized in the first quarter of 2018. These variances were partially offset by a loss of early extinguishment of long-term debt of \$45.5 million in 2018.

Income Taxes

For the three months ended September 30, 2019, the decrease in income tax benefit from 2018 to 2019 is primarily attributable to the decreased loss before income taxes in the third quarter of 2019, as well as a higher effective tax rate in 2019 due to the relative impact of permanent differences on lower pre-tax loss in 2019 compared to 2018.

For the nine months ended September 30, 2019, the increase in income tax expense from 2018 to 2019 is primarily attributable to the increased income before income taxes, as well as a lower effective tax rate in 2019 due to the relative impact of permanent differences on higher pre-tax income in 2019 compared to 2018.

Refer to Note 11, "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, 2019, we invested \$1.3 billion in capital expenditures across our gas and electric utilities. These expenditures were primarily aimed at furthering the safety and reliability of our gas distribution system and maintaining our existing electric generation fleet.

We continue to execute on an estimated \$30 billion in total projected long-term regulated utility infrastructure investments and expect to invest a total of approximately \$1.7 to \$1.8 billion in capital during 2019 to continue to modernize and improve our system across all seven states.

Liquidity

The enactment of the TCJA has and will continue to have an unfavorable impact on our liquidity in 2019. In addition, expenses related to the Greater Lawrence Incident have exceeded the total amount of insurance coverage available under our policies which has unfavorably impacted liquidity. However, through income generated from operating activities, amounts available under our short-term revolving credit facility, commercial paper program, accounts receivable securitization facilities, term loan borrowings, long-term debt agreements and our ability to access the capital markets, we believe there is adequate capital available to fund our operating activities, capital expenditures and the effects of the Greater Lawrence Incident in 2019 and beyond. As of September 30, 2019 and December 31, 2018, we had \$1,362.8 million and \$974.6 million, respectively, of net liquidity available, consisting of cash and available capacity under credit facilities.

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

Regulatory Developments

During the quarter ended September 30, 2019, we continued to move forward on core infrastructure and environmental investment programs supported by complementary regulatory and customer initiatives across all seven states of our operating area. Refer to Note 6, "Regulatory Matters" and Note 16-D "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for a complete discussion of key regulatory developments that have transpired during 2019.

RESULTS AND DISCUSSION OF SEGMENT OPERATIONS

Presentation of Segment Information

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

[Table of Contents](#)

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

NiSource Inc.
Gas Distribution Operations

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions)	2019	2018	2019 vs. 2018	2019	2018	2019 vs. 2018
Operating Income (Loss)	\$ (48.6)	\$ (455.2)	\$ 406.6	\$ 605.8	(94.4)	\$ 700.2

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions)	2019	2018	2019 vs. 2018	2019	2018	2019 vs. 2018
Net Revenues						
Operating Revenues	\$ 466.9	\$ 421.9	\$ 45.0	\$ 2,516.1	\$ 2,357.6	\$ 158.5
Less: Cost of sales (excluding depreciation and amortization)	73.0	85.7	(12.7)	759.8	875.1	(115.3)
Net Revenues	393.9	336.2	57.7	1,756.3	1,482.5	273.8
Operating Expenses						
Operation and maintenance	289.9	678.5	(388.6)	680.9	1,214.2	(533.3)
Depreciation and amortization	102.6	72.5	30.1	299.4	215.0	84.4
Gain on sale of assets	—	—	—	(0.1)	—	(0.1)
Other taxes	50.0	40.4	9.6	170.3	147.7	22.6
Total Operating Expenses	442.5	791.4	(348.9)	1,150.5	1,576.9	(426.4)
Operating Income (Loss)	\$ (48.6)	\$ (455.2)	\$ 406.6	\$ 605.8	\$ (94.4)	\$ 700.2

Revenues						
Residential	\$ 289.7	\$ 260.2	\$ 29.5	\$ 1,645.3	\$ 1,540.8	\$ 104.5
Commercial	91.6	81.8	9.8	545.9	517.6	28.3
Industrial	45.5	39.2	6.3	181.5	161.7	19.8
Off-System	16.9	22.0	(5.1)	60.4	65.2	(4.8)
Other	23.2	18.7	4.5	83.0	72.3	10.7
Total	\$ 466.9	\$ 421.9	\$ 45.0	\$ 2,516.1	\$ 2,357.6	\$ 158.5

Sales and Transportation (MMDth)						
Residential	13.6	13.8	(0.2)	186.5	187.9	(1.4)
Commercial	17.4	17.5	(0.1)	131.8	129.7	2.1
Industrial	133.0	132.1	0.9	406.5	417.7	(11.2)
Off-System	8.5	7.5	1.0	24.6	21.9	2.7
Other	—	—	—	0.3	0.3	—
Total	172.5	170.9	1.6	749.7	757.5	(7.8)

Heating Degree Days	13	51	(38)	3,409	3,498	(89)
Normal Heating Degree Days	71	85	(14)	3,498	3,576	(78)
% Warmer than Normal	(82)%	(40)%		(3)%	(2)%	

Gas Distribution Customers						
Residential				3,167,742	3,140,942	26,800
Commercial				277,701	276,786	915
Industrial				5,974	5,969	5
Other				3	5	(2)
Total				3,451,420	3,423,702	27,718

[Table of Contents](#)

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

NiSource Inc.

Gas Distribution Operations

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

Three Months Ended September 30, 2019 vs. September 30, 2018 Operating Income (Loss)

For the three months ended September 30, 2019, Gas Distribution Operations reported an operating loss of \$48.6 million, a decrease of \$406.6 million from the comparable 2018 period.

Net revenues for the three months ended September 30, 2019 were \$393.9 million, an increase of \$57.7 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 \$52.1 million.
- Higher regulatory, tax and depreciation trackers, which are offset in operating expense, of \$5.8 million.

Operating expenses were \$348.9 million lower for the three months ended September 30, 2019 compared to the same period in 2018. This change was primarily driven by:

- Lower third-party claims and other expenses related to the Greater Lawrence Incident of \$429.9 million.

Partially offset by:

- Increased depreciation of \$30.1 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, as well as higher capital expenditures placed in service.
- Higher employee and administrative expenses of \$18.8 million.
- Increased outside services of \$10.4 million primarily due to increased line location work.
- Higher property taxes of \$8.3 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.
- Increased regulatory, tax and depreciation trackers, which are offset in net revenues, of \$5.8 million.

Nine Months Ended September 30, 2019 vs. September 30, 2018 Operating Income (Loss)

For the nine months ended September 30, 2019, Gas Distribution Operations reported operating income of \$605.8 million, an increase of \$700.2 million from the comparable 2018 period.

Net revenues for the nine months ended September 30, 2019 were \$1,756.3 million, an increase of \$273.8 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 \$219.2 million.
- Higher regulatory, tax and depreciation trackers, which are offset in operating expense, of \$38.2 million.
- Increased residential and commercial customer growth of \$10.1 million.
- Higher revenues of \$8.9 million resulting from an update in the weather-related normal heating degree day methodology (see further detail below), partially offset by a \$5.0 million revenue decrease from the effects of warmer weather in 2019.

Operating expenses were \$426.4 million lower for the nine months ended September 30, 2019 compared to the same period in 2018. This change was primarily driven by:

- Insurance recoveries recorded, net of third-party claims and other expenses recorded, related to the Greater Lawrence Incident of \$626.4 million.

Partially offset by:

- Increased depreciation of \$84.4 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, as well as higher capital expenditures placed in service.
- Higher regulatory, tax and depreciation trackers, which are offset in net revenues, of \$38.2 million.
- Increased employee and administrative expenses of \$26.9 million.
- Higher property taxes of \$18.3 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.

[Table of Contents](#)

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

NiSource Inc.

Gas Distribution Operations

- Increased outside services of \$11.2 million primarily due to increased line location work.
- Higher insurance expense of \$4.9 million primarily driven by increased premiums.

Weather

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

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

Weather in the Gas Distribution Operations service territories for the third quarter of 2019 was about 82% warmer than normal and about 75% warmer than 2018, leading to decreased net revenues of \$1.0 million for the quarter ended September 30, 2019 compared to the same period in 2018.

Weather in the Gas Distribution Operations service territories for the nine months ended September 30, 2019 was approximately 3% warmer than normal and 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 \$3.9 million for the nine months ended September 30, 2019 compared to the same period in 2018. This 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 \$8.9 million, as discussed above.

Offset by:

- The effects of warmer weather in 2019 of \$5.0 million.

Throughput

Total volumes sold and transported for the three months ended September 30, 2019 were 172.5 MMDth, compared to 170.9 MMDth for the same period in 2018.

Total volumes sold and transported for the nine months ended September 30, 2019 were 749.7 MMDth, compared to 757.5 MMDth for the same period in 2018.

Economic Conditions

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

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

[Table of Contents](#)

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

NiSource Inc.
Electric Operations

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions)	2019	2018	2019 vs. 2018	2019	2018	2019 vs. 2018
Operating Income	\$ 140.7	\$ 134.9	\$ 5.8	\$ 321.4	\$ 300.4	\$ 21.0

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions)	2019	2018	2019 vs. 2018	2019	2018	2019 vs. 2018
Net Revenues						
Operating revenues	\$ 467.9	\$ 476.4	\$ (8.5)	\$ 1,305.5	\$ 1,305.0	\$ 0.5
Less: Cost of sales (excluding depreciation and amortization)	123.7	136.3	(12.6)	370.7	384.6	(13.9)
Net Revenues	344.2	340.1	4.1	934.8	920.4	14.4
Operating Expenses						
Operation and maintenance	118.4	123.4	(5.0)	363.9	377.9	(14.0)
Depreciation and amortization	70.4	66.3	4.1	207.8	196.3	11.5
Other taxes	14.7	15.5	(0.8)	41.7	45.8	(4.1)
Total Operating Expenses	203.5	205.2	(1.7)	613.4	620.0	(6.6)
Operating Income	\$ 140.7	\$ 134.9	\$ 5.8	\$ 321.4	\$ 300.4	\$ 21.0

Revenues						
Residential	\$ 148.7	\$ 154.7	\$ (6.0)	\$ 373.4	\$ 382.3	\$ (8.9)
Commercial	136.3	140.7	(4.4)	370.8	374.2	(3.4)
Industrial	151.8	153.8	(2.0)	471.2	468.7	2.5
Wholesale	3.5	3.8	(0.3)	9.0	12.4	(3.4)
Other	27.6	23.4	4.2	81.1	67.4	13.7
Total	\$ 467.9	\$ 476.4	\$ (8.5)	\$ 1,305.5	\$ 1,305.0	\$ 0.5

Sales (Gigawatt Hours)						
Residential	1,103.2	1,121.5	(18.3)	2,628.7	2,754.6	(125.9)
Commercial	1,077.3	1,079.6	(2.3)	2,862.7	2,929.0	(66.3)
Industrial	2,145.5	2,223.3	(77.8)	6,525.7	6,785.8	(260.1)
Wholesale	0.3	2.5	(2.2)	7.9	94.8	(86.9)
Other	29.6	34.7	(5.1)	86.4	95.2	(8.8)
Total	4,355.9	4,461.6	(105.7)	12,111.4	12,659.4	(548.0)
Cooling Degree Days	720	739	(19)	940	1,131	(191)
Normal Cooling Degree Days	556	570		795	799	
% Warmer than Normal	29%	30%		18%	42%	

Electric Customers						
Residential				413,363	410,848	2,515
Commercial				56,906	56,426	480
Industrial				2,264	2,285	(21)
Wholesale				729	736	(7)
Other				2	2	—
Total				473,264	470,297	2,967

[Table of Contents](#)

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

NiSource Inc.

Electric Operations

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

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

For the three months ended September 30, 2019, Electric Operations reported operating income of \$140.7 million, an increase of \$5.8 million from the comparable 2018 period.

Net revenues for the three months ended September 30, 2019 were \$344.2 million, an increase of \$4.1 million from the same period in 2018. The change in net revenues was primarily driven by:

- Increased residential and commercial usage of \$4.7 million.
- Increased rates due to incremental capital spend on infrastructure replacement programs and electric transmission projects of \$2.9 million.
- Higher regulatory and depreciation trackers, which are offset in operating expense, of \$2.6 million.

Partially offset by:

- Lower revenues from the effects of cooler weather in 2019 of \$6.8 million.

Operating expenses were \$1.7 million lower for the three months ended September 30, 2019 compared to the same period in 2018. This change was primarily driven by:

- Decreased materials and supplies costs of \$2.5 million driven by lower generation-related maintenance.
- Lower outside service costs of \$1.8 million.
- Decreased employee and administrative costs of \$1.1 million.

Partially offset by:

- Higher regulatory and depreciation trackers, which are offset in net revenues, of \$2.6 million.
- Increased depreciation of \$2.0 million due to higher capital expenditures placed in service.

Nine months ended September 30, 2019 vs. September 30, 2018 Operating Income

For the nine months ended September 30, 2019, Electric Operations reported operating income of \$321.4 million, an increase of \$21.0 million from the comparable 2018 period.

Net revenues for the nine months ended September 30, 2019 were \$934.8 million, an increase of \$14.4 million from the same period in 2018. The change in net revenues was primarily driven by:

- Increased rates due to incremental capital spend on infrastructure replacement programs and electric transmission projects of \$13.9 million.
- Higher regulatory and depreciation trackers, which are offset in operating expense, of \$8.3 million.
- Decreased fuel handling costs of \$7.3 million.
- Increased commercial and residential customer growth of \$3.1 million.

Partially offset by:

- Decreased industrial and residential customer usage of \$7.1 million.
- Lower revenues from the effects of cooler weather in 2019 of \$12.8 million.

Operating expenses were \$6.6 million lower for the nine months ended September 30, 2019 compared to the same period in 2018. This change was primarily driven by:

- Decreased employee and administrative costs of \$6.7 million.
- Lower outside service costs of \$5.7 million.
- Decreased materials and supplies costs and property tax expense of \$5.8 million and \$3.5 million, respectively, primarily related to the retirement of Bailly Generating Station Units 7 and 8 on May 31, 2018.

[Table of Contents](#)

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

NiSource Inc.

Electric Operations

Partially offset by:

- Higher regulatory and depreciation trackers, which are offset in net revenue, of \$8.3 million.
- Increased depreciation of \$6.4 million due to higher capital expenditures placed in service.

Weather

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

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

Weather in the Electric Operations' territories for the third quarter of 2019 was about 29% warmer than normal and about 3% cooler than in 2018, resulting in decreased net revenues of \$6.8 million for the quarter ended September 30, 2019 compared to the same period in 2018.

Weather in the Electric Operations' territories for the nine months ended September 30, 2019 was about 18% warmer than normal and about 17% cooler than in 2018, resulting in decreased net revenues of \$12.8 million for the nine months ended September 30, 2019 compared to the same period in 2018.

Sales

Electric Operations sales for the third quarter of 2019 were 4,355.9 GWh, a decrease of 105.7 GWh compared to the same period in 2018. This decrease was primarily attributable to the effects of cooler weather on residential and commercial customers and higher internal generation from large industrial customers during the third quarter of 2019, partially offset by increased weather normalized usage from residential and commercial customers.

Electric Operations sales for the nine months ended September 30, 2019 were 12,111.4 GWh, a decrease of 548.0 GWh compared to the same period in 2018. This decrease was primarily attributable to the effects of cooler weather on residential customers and higher internal generation from large industrial customers during the third quarter of 2019.

BP Products North America. On March 29, 2018, WCE, which is currently owned by BP p.l.c ("BP") and BP Products North America, which operates the BP Refinery, filed a petition at the IURC asking that the combined operations of WCE and BP be treated as a single premise, and the WCE generation be dedicated primarily to BP Refinery operations beginning in May 2019 as WCE has self-certified as a qualifying facility at FERC. BP Refinery planned to continue to purchase electric service from NIPSCO at a reduced demand level beginning in May 2019; however, a settlement agreement was filed on November 2, 2018 agreeing that BP and WCE would not move forward with construction of a private transmission line to serve BP until conclusion of NIPSCO's pending electric rate case. The IURC approved the settlement agreement as filed on February 20, 2019. Refer to Note 6, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information.

Economic Conditions

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

Electric Supply

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

[Table of Contents](#)

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

NiSource Inc.
Electric Operations

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

The current replacement plan includes renewable sources of energy, including wind, solar, and battery storage to be obtained through a combination of NIPSCO ownership and PPAs. Refer to Note 16-D, "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information on the NIPSCO Integrated Resource Plan.

[Table of Contents](#)

ITEM 2. 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 "Executive Summary" and Note 16, "Other Commitments and Contingencies," we have recorded losses associated with the Greater Lawrence Incident and have invested capital to replace the entire affected 45-mile cast iron and bare steel pipeline system that delivers gas to the impacted area. As discussed in the Executive Summary and Note 16 referenced earlier in this paragraph, we expect to incur additional expenses and liabilities in excess of our recorded liabilities and estimated additional costs associated with the Greater Lawrence Incident. The timing and amount of future financing needs will depend on the ultimate timing and amount of payments made to third parties in connection with the Greater Lawrence Incident and the timing and amount of associated insurance recoveries. Since the Greater Lawrence Incident and through September 30, 2019, we have collected \$670 million from insurance providers which has aided liquidity. Total expenses related to the incident have exceeded the total amount of insurance coverage available under our policies. As a result, additional long term financing will likely be required to cover this shortfall.

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

Operating Activities

Net cash from operating activities for the nine months ended September 30, 2019 was \$1,231.8 million, an increase of \$304.6 million compared to the nine months ended September 30, 2018. This increase was driven by insurance recoveries related to the Greater Lawrence Incident, partially offset by related cash payments for claims and other expenses. For the nine months ended September 30, 2019, we received approximately \$242 million of insurance recoveries, net of payments for expenses, related to the Greater Lawrence Incident. Refer to Note 16-D "Other Matters" in the Notes to Condensed Consolidated Financial Statements (unaudited) for further information. Also driving this increase was decreased compensation and employee benefit payments, as well as increased over collections of gas and fuel costs. These increases were partially offset by an interest rate swap settlement cash inflow recognized in the first quarter of 2018.

Investing Activities

Net cash used for investing activities for the nine months ended September 30, 2019 was \$1,393.8 million, an increase of \$17.3 million compared to the nine months ended September 30, 2018. This increase was mostly attributable to higher capital expenditures and higher cost of removal expenditures in 2019.

Our capital expenditures for the nine months ended September 30, 2019 were \$1,310.0 million compared to \$1,296.6 million for the comparable period in 2018. The increase was driven by additional capital spending related to the Greater Lawrence Incident, partially offset by a decrease in capital spending at NIPSCO related to the conclusion of electric transmission and CCR projects. We project total 2019 capital expenditures to be approximately \$1.7 to \$1.8 billion.

Our cost of removal expenditures for the nine months ended September 30, 2019 were \$84.5 million compared to \$72.6 million for the comparable period in 2018. The increase was driven by additional cost of removal projects completed at our Michigan City generating station.

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 13, "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 14, "Short-Term Borrowings," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on short-term debt activity.

Net Available Liquidity. As of September 30, 2019, an aggregate of \$1,362.8 million of net liquidity was available, including cash and credit available under the revolving credit facility and accounts receivable securitization programs.

[Table of Contents](#)**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)****NiSource Inc.**

The following table displays our liquidity position as of September 30, 2019 and December 31, 2018:

<i>(in millions)</i>	September 30, 2019		December 31, 2018	
Current Liquidity				
Revolving Credit Facility	\$	1,850.0	\$	1,850.0
Accounts Receivable Program ⁽¹⁾		260.1		399.2
<i>Less:</i>				
Commercial Paper		505.0		978.0
Accounts Receivable Program Utilized		260.1		399.2
Letters of Credit Outstanding Under Credit Facility		10.2		10.2
<i>Add:</i>				
Cash and Cash Equivalents		28.0		112.8
Net Available Liquidity	\$	1,362.8	\$	974.6

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

Debt Covenants. We are subject to financial covenants under our revolving credit facility and term loan agreement, which require us to maintain a debt to capitalization ratio that does not exceed 70%. A similar covenant in a 2005 private placement note purchase agreement requires us to maintain a debt to capitalization ratio that does not exceed 75%. As of September 30, 2019, the ratio was 61.8%.

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

Credit Ratings. The credit rating agencies periodically review 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, 2019. There were no changes to the below credit ratings or outlooks since December 31, 2018.

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

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

Certain of our subsidiaries have agreements that contain "ratings triggers" that require increased collateral if our credit rating or the credit ratings of certain of our subsidiaries are below investment grade. These agreements are primarily for insurance purposes and for the physical purchase or sale of power. As of September 30, 2019, the collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately \$67.9 million. In addition to agreements with ratings triggers, there are other agreements that contain "adequate assurance" or "material adverse change" provisions that could necessitate additional credit support such as letters of credit and cash collateral to transact business.

Equity. 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, 2019, 373,446,862 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, 2019 to our contractual obligations as of December 31, 2018.

[Table of Contents](#)

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

NiSource Inc.

Off Balance Sheet Arrangements

We, along with certain of our subsidiaries, enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit.

Refer to Note 16, "Other Commitments and Contingencies," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about such arrangements.

Market Risk Disclosures

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

Commodity Price Risk

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

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

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

Refer to Note 7, "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, 2019 or December 31, 2018.

Interest Rate Risk

We are exposed to interest rate risk as a result of changes in interest rates on borrowings under our revolving credit agreement, commercial paper program, accounts receivable programs and term loan, which have interest rates that are indexed to short-term market interest rates. Based upon average borrowings and debt obligations subject to fluctuations in short-term market interest rates, an increase (or decrease) in short-term interest rates of 100 basis points (1%) would have increased (or decreased) interest expense by \$4.7 million and \$14.7 million for the three and nine months ended September 30, 2019, and \$3.1 million and \$9.1 million for three and nine months ended September 30, 2018, respectively. We are also exposed to interest rate risk as a result of changes in benchmark rates that can influence the interest rates of future debt issuances.

Refer to Note 7, "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, 2019 and December 31, 2018.

[Table of Contents](#)

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

NiSource Inc.

Credit Risk

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

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

Other Information

Critical Accounting Estimates

Refer to Note 16, "Other Commitments and Contingencies," in the Notes to Condensed Consolidated Financial Statements (unaudited) 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.

[Table of Contents](#)

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

NiSource Inc.

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

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Controls

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

[Table of Contents](#)

PART II

ITEM 1. LEGAL PROCEEDINGS

NiSource Inc.

For a description of our legal proceedings, see Note 16-B, "Legal Proceedings," in the Notes to Condensed Consolidated Financial Statements (unaudited).

ITEM 1A. RISK FACTORS

Our operations and financial results are subject to various risks and uncertainties, including those disclosed in our most recent Annual Report on Form 10-K for the year ended December 31, 2018. There have been no material changes to such risk factors.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

[Table of Contents](#)

ITEM 6. EXHIBITS

NiSource Inc.

- (4.1) 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).
- (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.

[Table of Contents](#)

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: October 30, 2019

By: /s/ Joseph W. Mulpas

Joseph W. Mulpas

Vice President, Chief Accounting Officer and Controller
(Principal Accounting Officer)

Exhibit 31.1

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

I, Joseph Hamrock, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended September 30, 2019;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2019

By:

/s/ Joseph Hamrock
Joseph Hamrock
President and Chief Executive Officer

**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, 2019;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2019

By:

/s/ Donald E. Brown

Donald E. Brown
Executive Vice President and Chief Financial
Officer

Exhibit 32.1

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

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending September 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph Hamrock, Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934;
and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Joseph Hamrock

Joseph Hamrock
President and Chief Executive Officer

Date: October 30, 2019

Exhibit 32.2

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

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending September 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Donald E. Brown, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934;
and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Donald E. Brown

Donald E. Brown

Executive Vice President and Chief Financial Officer

Date: October 30, 2019

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-002:

Please supply copies of the Company's balance sheets for each month/quarter for the last two years.

Response:

Please see GAS-ROR-002 Attachment A, which provides the monthly Company balance sheets from December 2018 through November 2020.

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Dec - 2018
FDW Standard Report - For Internal Use Only

	Month: <i>Dec - 2018</i>	Previous Month	Variance	Month: <i>Dec - 2018</i>	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	\$2,470,071,060.77	\$2,431,576,772.27	\$38,494,288.50	\$2,470,071,060.77	\$2,260,087,164.72	\$209,983,896.05
Construction Work In Progress	\$47,472,392.48	\$66,923,492.01	(\$19,451,099.53)	\$47,472,392.48	\$25,509,347.01	\$21,963,045.47
Total Utility Plant	\$2,517,543,453.25	\$2,498,500,264.28	\$19,043,188.97	\$2,517,543,453.25	\$2,285,596,511.73	\$231,946,941.52
Accum Prov - Amort and Depr	(\$463,846,358.44)	(\$461,596,970.25)	(\$2,249,388.19)	(\$463,846,358.44)	(\$430,976,763.25)	(\$32,869,595.19)
Net Utility Plant	\$2,053,697,094.81	\$2,036,903,294.03	\$16,793,800.78	\$2,053,697,094.81	\$1,854,619,748.48	\$199,077,346.33
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	\$895,339.06	\$895,339.06	\$0.00	\$895,339.06	\$895,339.06	\$0.00
System Balancing Gas	(\$163,466.81)	(\$163,466.81)	\$0.00	(\$163,466.81)	(\$163,466.81)	\$0.00
Gas Store Undergrd_SysBal	\$731,872.25	\$731,872.25	\$0.00	\$731,872.25	\$731,872.25	\$0.00
Utility Plant	\$2,054,428,967.06	\$2,037,635,166.28	\$16,793,800.78	\$2,054,428,967.06	\$1,855,351,620.73	\$199,077,346.33
Other Property and Investments						
Non Utility Other Property	\$8,346.49	\$8,346.49	\$0.00	\$8,346.49	\$8,346.49	\$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	\$19,968,120.31	\$19,913,079.01	\$55,041.30	\$19,968,120.31	\$19,552,266.91	\$415,853.40
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	\$634,282.07	\$10,293,805.55	(\$9,659,523.48)	\$634,282.07	\$8,129,791.00	(\$7,495,508.93)
Other Property and Investments	\$20,610,748.87	\$30,215,231.05	(\$9,604,482.18)	\$20,610,748.87	\$27,690,404.40	(\$7,079,655.53)
Current and Accrued Assets						
Cash	\$3,928,067.44	\$2,180,498.37	\$1,747,569.07	\$3,928,067.44	\$3,234,594.06	\$693,473.38
Special Deposits	-	-	-	-	-	-
Working Funds	\$2,550.00	\$2,550.00	\$0.00	\$2,550.00	\$2,550.00	\$0.00
Temp Cash Investments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Accounts Receivable	\$253,205.46	\$253,000.00	\$205.46	\$253,205.46	\$253,000.00	\$205.46
Accum Prov Uncollectible - Cr	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NR from Associated Cos	\$44,704,353.21	\$39,355,711.14	\$5,348,642.07	\$44,704,353.21	\$52,210,953.84	(\$7,506,600.63)
AR from Associated Cos	\$153,583.67	\$106,254.02	\$47,329.65	\$153,583.67	\$170,365.19	(\$16,781.52)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	\$1,040,236.81	\$1,020,640.59	\$19,596.22	\$1,040,236.81	\$902,237.57	\$137,999.24
Merchandise	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	\$60,321,626.56	\$68,080,702.15	(\$7,759,075.59)	\$60,321,626.56	\$63,036,979.95	(\$2,715,353.39)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	\$4,717,578.59	\$3,984,619.61	\$732,958.98	\$4,717,578.59	\$2,751,040.54	\$1,966,538.05
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Misc Current & Accrued Assets	\$234,291.47	\$22,326.25	\$211,965.22	\$234,291.47	\$7,157.79	\$227,133.68
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	\$115,355,493.21	\$115,006,302.13	\$349,191.08	\$115,355,493.21	\$122,568,878.94	(\$7,213,385.73)
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	\$292,807,239.64	\$270,276,364.21	\$22,530,875.43	\$292,807,239.64	\$270,905,359.58	\$21,901,880.06
Preliminary Surveys	\$1,766,047.14	\$2,788,789.01	(\$1,022,741.87)	\$1,766,047.14	\$3,797,652.27	(\$2,031,605.13)
Clearing Accounts	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Dec - 2018
FDW Standard Report - For Internal Use Only

	Month: <i>Dec - 2018</i>	Previous Month	Variance	Month: <i>Dec - 2018</i>	December of Previous Year	Variance
Miscellaneous Deferred Debits	\$5,012,465.63	\$4,994,523.85	\$17,941.78	\$5,012,465.63	\$5,029,166.00	(\$16,700.37)
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	\$130,360,758.00	\$153,871,341.00	(\$23,510,583.00)	\$130,360,758.00	\$73,139,609.00	\$57,221,149.00
Unrecovered Purchase Gas Costs	\$5,792,437.98	\$2,883,107.61	\$2,909,330.37	\$5,792,437.98	\$150,696.49	\$5,641,741.49
Deferred Debits	\$435,738,948.39	\$434,814,125.68	\$924,822.71	\$435,738,948.39	\$353,022,483.34	\$82,716,465.05
Assets and Other Debits	\$2,626,134,157.53	\$2,617,670,825.14	\$8,463,332.39	\$2,626,134,157.53	\$2,358,633,387.41	\$267,500,770.12
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	\$45,127,800.00	\$45,127,800.00	\$0.00	\$45,127,800.00	\$45,127,800.00	\$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	\$52,889,827.00	\$52,889,827.00	\$0.00	\$52,889,827.00	\$7,889,827.00	\$45,000,000.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	\$788,379,727.86	\$749,564,261.24	\$38,815,466.62	\$788,379,727.86	\$682,583,016.14	\$105,796,711.72
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	\$886,397,354.86	\$847,581,888.24	\$38,815,466.62	\$886,397,354.86	\$735,600,643.14	\$150,796,711.72
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	\$705,515,000.00	\$705,515,000.00	\$0.00	\$705,515,000.00	\$625,515,000.00	\$80,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	\$705,515,000.00	\$705,515,000.00	\$0.00	\$705,515,000.00	\$625,515,000.00	\$80,000,000.00
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	\$28,879,266.00	\$28,973,516.28	(\$94,250.28)	\$28,879,266.00	\$29,971,205.66	(\$1,091,939.66)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	\$113,922.28	\$113,132.96	\$789.32	\$113,922.28	\$131,519.00	(\$17,596.72)
Accum Prov - Pension & Benefit	\$6,164,095.93	\$2,431,941.34	\$3,732,154.59	\$6,164,095.93	\$2,243,278.35	\$3,920,817.58
Accum Misc Operating Provision	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	\$35,157,284.21	\$31,518,590.58	\$3,638,693.63	\$35,157,284.21	\$32,346,003.01	\$2,811,281.20
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	\$51,512,287.03	\$35,546,866.06	\$15,965,420.97	\$51,512,287.03	\$37,788,423.33	\$13,723,863.70
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	\$85,227,080.96	\$109,695,093.49	(\$24,468,012.53)	\$85,227,080.96	\$160,735,431.76	(\$75,508,350.80)
Customer Deposits	\$3,341,168.69	\$3,279,181.69	\$61,987.00	\$3,341,168.69	\$3,008,010.69	\$333,158.00
Taxes Accrued	\$17,076,471.21	\$4,557,668.76	\$12,518,802.45	\$17,076,471.21	\$645,926.54	\$16,430,544.67
Interest Accrued	\$320,692.87	\$314,997.27	\$5,695.60	\$320,692.87	\$313,923.85	\$6,769.02
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	\$501,506.84	\$301,872.93	\$199,633.91	\$501,506.84	\$487,772.79	\$13,734.05
Misc Current & Accrued Liab	\$60,809,351.05	\$65,616,258.97	(\$4,806,907.92)	\$60,809,351.05	\$58,562,693.20	\$2,246,657.85
Obligation Cap Lease - Current	\$1,088,458.01	\$1,081,416.36	\$7,041.65	\$1,088,458.01	\$992,132.84	\$96,325.17
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	\$219,877,016.66	\$220,393,355.53	(\$516,338.87)	\$219,877,016.66	\$262,534,315.00	(\$42,657,298.34)
Deferred Credits						
Customer Adv. for Construction	\$4,954,204.27	\$5,009,462.77	(\$55,258.50)	\$4,954,204.27	\$5,019,190.62	(\$64,986.35)
Acc Defd Investment Tax Credit	\$1,829,330.00	\$1,854,294.00	(\$24,964.00)	\$1,829,330.00	\$2,130,553.00	(\$301,223.00)
Other Deferred Credits	\$5,734,277.43	\$6,127,741.12	(\$393,463.69)	\$5,734,277.43	\$8,543,870.82	(\$2,809,593.39)

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Dec - 2018
FDW Standard Report - For Internal Use Only

	Month: <i>Dec - 2018</i>	Previous Month	Variance	Month: <i>Dec - 2018</i>	December of Previous Year	Variance
Other Regulatory Liabilities	\$267,658,578.41	\$335,068,556.21	(\$67,409,977.80)	\$267,658,578.41	\$324,250,547.13	(\$56,591,968.72)
Accum Defer Inc Tax - Oth Prop	\$492,715,525.70	\$461,284,145.70	\$31,431,380.00	\$492,715,525.70	\$358,134,913.70	\$134,580,612.00
Accum Defer Inc Tax - Other	\$6,295,585.99	\$3,317,790.99	\$2,977,795.00	\$6,295,585.99	\$4,558,350.99	\$1,737,235.00
Deferred Credits	\$779,187,501.80	\$812,661,990.79	(\$33,474,488.99)	\$779,187,501.80	\$702,637,426.26	\$76,550,075.54
Total Liabilities and Equity	\$2,626,134,157.53	\$2,617,670,825.14	\$8,463,332.39	\$2,626,134,157.53	\$2,358,633,387.41	\$267,500,770.12

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Jan - 2019
FDW Standard Report - For Internal Use Only

	Month: <i>Jan - 2019</i>	Previous Month	Variance	Month: <i>Jan - 2019</i>	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	\$2,486,753,868.22	\$2,470,071,060.77	\$16,682,807.45	\$2,486,753,868.22	\$2,470,071,060.77	\$16,682,807.45
Construction Work In Progress	\$47,501,130.02	\$47,472,392.48	\$28,737.54	\$47,501,130.02	\$47,472,392.48	\$28,737.54
Total Utility Plant	\$2,534,254,998.24	\$2,517,543,453.25	\$16,711,544.99	\$2,534,254,998.24	\$2,517,543,453.25	\$16,711,544.99
Accum Prov - Amort and Depr	(\$467,066,975.41)	(\$463,846,358.44)	(\$3,220,616.97)	(\$467,066,975.41)	(\$463,846,358.44)	(\$3,220,616.97)
Net Utility Plant	\$2,067,188,022.83	\$2,053,697,094.81	\$13,490,928.02	\$2,067,188,022.83	\$2,053,697,094.81	\$13,490,928.02
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	\$895,339.06	\$895,339.06	\$0.00	\$895,339.06	\$895,339.06	\$0.00
System Balancing Gas	(\$163,466.81)	(\$163,466.81)	\$0.00	(\$163,466.81)	(\$163,466.81)	\$0.00
Gas Store Undergrd_SysBal	\$731,872.25	\$731,872.25	\$0.00	\$731,872.25	\$731,872.25	\$0.00
Utility Plant	\$2,067,919,895.08	\$2,054,428,967.06	\$13,490,928.02	\$2,067,919,895.08	\$2,054,428,967.06	\$13,490,928.02
Other Property and Investments						
Non Utility Other Property	\$8,346.49	\$8,346.49	\$0.00	\$8,346.49	\$8,346.49	\$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	\$19,977,656.88	\$19,968,120.31	\$9,536.57	\$19,977,656.88	\$19,968,120.31	\$9,536.57
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	\$657,844.15	\$634,282.07	\$23,562.08	\$657,844.15	\$634,282.07	\$23,562.08
Other Property and Investments	\$20,643,847.52	\$20,610,748.87	\$33,098.65	\$20,643,847.52	\$20,610,748.87	\$33,098.65
Current and Accrued Assets						
Cash	\$4,792,367.02	\$3,928,067.44	\$864,299.58	\$4,792,367.02	\$3,928,067.44	\$864,299.58
Special Deposits	-	-	-	-	-	-
Working Funds	\$2,550.00	\$2,550.00	\$0.00	\$2,550.00	\$2,550.00	\$0.00
Temp Cash Investments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Accounts Receivable	\$253,429.02	\$253,205.46	\$223.56	\$253,429.02	\$253,205.46	\$223.56
Accum Prov Uncollectible - Cr	\$7,674.71	\$0.00	\$7,674.71	\$7,674.71	\$0.00	\$7,674.71
NR from Associated Cos	\$45,426,356.42	\$44,704,353.21	\$722,003.21	\$45,426,356.42	\$44,704,353.21	\$722,003.21
AR from Associated Cos	\$244,459.93	\$153,583.67	\$90,876.26	\$244,459.93	\$153,583.67	\$90,876.26
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	\$1,086,006.89	\$1,040,236.81	\$45,770.08	\$1,086,006.89	\$1,040,236.81	\$45,770.08
Merchandise	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	\$41,113,374.93	\$60,321,626.56	(\$19,208,251.63)	\$41,113,374.93	\$60,321,626.56	(\$19,208,251.63)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	\$4,382,284.27	\$4,717,578.59	(\$335,294.32)	\$4,382,284.27	\$4,717,578.59	(\$335,294.32)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Misc Current & Accrued Assets	\$1,455,302.38	\$234,291.47	\$1,221,010.91	\$1,455,302.38	\$234,291.47	\$1,221,010.91
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	\$98,763,805.57	\$115,355,493.21	(\$16,591,687.64)	\$98,763,805.57	\$115,355,493.21	(\$16,591,687.64)
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	\$291,976,883.39	\$292,807,239.64	(\$830,356.25)	\$291,976,883.39	\$292,807,239.64	(\$830,356.25)
Preliminary Surveys	\$2,364,986.62	\$1,766,047.14	\$598,939.48	\$2,364,986.62	\$1,766,047.14	\$598,939.48
Clearing Accounts	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Jan - 2019
FDW Standard Report - For Internal Use Only

	Month: <i>Jan - 2019</i>	Previous Month	Variance	Month: <i>Jan - 2019</i>	December of Previous Year	Variance
Miscellaneous Deferred Debits	\$5,919,757.83	\$5,012,465.63	\$907,292.20	\$5,919,757.83	\$5,012,465.63	\$907,292.20
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	\$130,360,758.00	\$130,360,758.00	\$0.00	\$130,360,758.00	\$130,360,758.00	\$0.00
Unrecovered Purchase Gas Costs	(\$3,204,998.92)	\$5,792,437.98	(\$8,997,436.90)	(\$3,204,998.92)	\$5,792,437.98	(\$8,997,436.90)
Deferred Debits	\$427,417,386.92	\$435,738,948.39	(\$8,321,561.47)	\$427,417,386.92	\$435,738,948.39	(\$8,321,561.47)
Assets and Other Debits	\$2,614,744,935.09	\$2,626,134,157.53	(\$11,389,222.44)	\$2,614,744,935.09	\$2,626,134,157.53	(\$11,389,222.44)
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	\$45,127,800.00	\$45,127,800.00	\$0.00	\$45,127,800.00	\$45,127,800.00	\$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	\$52,889,827.00	\$52,889,827.00	\$0.00	\$52,889,827.00	\$52,889,827.00	\$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	\$831,752,489.54	\$788,379,727.86	\$43,372,761.68	\$831,752,489.54	\$788,379,727.86	\$43,372,761.68
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	\$929,770,116.54	\$886,397,354.86	\$43,372,761.68	\$929,770,116.54	\$886,397,354.86	\$43,372,761.68
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	\$705,515,000.00	\$705,515,000.00	\$0.00	\$705,515,000.00	\$705,515,000.00	\$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	\$705,515,000.00	\$705,515,000.00	\$0.00	\$705,515,000.00	\$705,515,000.00	\$0.00
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	\$30,876,085.94	\$28,879,266.00	\$1,996,819.94	\$30,876,085.94	\$28,879,266.00	\$1,996,819.94
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	\$135,878.14	\$113,922.28	\$21,955.86	\$135,878.14	\$113,922.28	\$21,955.86
Accum Prov - Pension & Benefit	\$6,042,552.34	\$6,164,095.93	(\$121,543.59)	\$6,042,552.34	\$6,164,095.93	(\$121,543.59)
Accum Misc Operating Provision	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	\$37,054,516.42	\$35,157,284.21	\$1,897,232.21	\$37,054,516.42	\$35,157,284.21	\$1,897,232.21
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	\$37,508,983.33	\$51,512,287.03	(\$14,003,303.70)	\$37,508,983.33	\$51,512,287.03	(\$14,003,303.70)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	\$59,775,820.22	\$85,227,080.96	(\$25,451,260.74)	\$59,775,820.22	\$85,227,080.96	(\$25,451,260.74)
Customer Deposits	\$3,245,325.69	\$3,341,168.69	(\$95,843.00)	\$3,245,325.69	\$3,341,168.69	(\$95,843.00)
Taxes Accrued	\$17,471,834.46	\$17,076,471.21	\$395,363.25	\$17,471,834.46	\$17,076,471.21	\$395,363.25
Interest Accrued	\$271,517.36	\$320,692.87	(\$49,175.51)	\$271,517.36	\$320,692.87	(\$49,175.51)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	\$327,305.00	\$501,506.84	(\$174,201.84)	\$327,305.00	\$501,506.84	(\$174,201.84)
Misc Current & Accrued Liab	\$41,622,036.01	\$60,809,351.05	(\$19,187,315.04)	\$41,622,036.01	\$60,809,351.05	(\$19,187,315.04)
Obligation Cap Lease - Current	\$2,269,567.46	\$1,088,458.01	\$1,181,109.45	\$2,269,567.46	\$1,088,458.01	\$1,181,109.45
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	\$162,492,389.53	\$219,877,016.66	(\$57,384,627.13)	\$162,492,389.53	\$219,877,016.66	(\$57,384,627.13)
Deferred Credits						
Customer Adv. for Construction	\$4,883,993.90	\$4,954,204.27	(\$70,210.37)	\$4,883,993.90	\$4,954,204.27	(\$70,210.37)
Acc Defd Investment Tax Credit	\$1,829,330.00	\$1,829,330.00	\$0.00	\$1,829,330.00	\$1,829,330.00	\$0.00
Other Deferred Credits	\$5,733,584.71	\$5,734,277.43	(\$692.72)	\$5,733,584.71	\$5,734,277.43	(\$692.72)

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Jan - 2019
FDW Standard Report - For Internal Use Only

	Month: <i>Jan - 2019</i>	Previous Month	Variance	Month: <i>Jan - 2019</i>	December of Previous Year	Variance
Other Regulatory Liabilities	\$268,454,892.30	\$267,658,578.41	\$796,313.89	\$268,454,892.30	\$267,658,578.41	\$796,313.89
Accum Defer Inc Tax - Oth Prop	\$492,715,525.70	\$492,715,525.70	\$0.00	\$492,715,525.70	\$492,715,525.70	\$0.00
Accum Defer Inc Tax - Other	\$6,295,585.99	\$6,295,585.99	\$0.00	\$6,295,585.99	\$6,295,585.99	\$0.00
Deferred Credits	\$779,912,912.60	\$779,187,501.80	\$725,410.80	\$779,912,912.60	\$779,187,501.80	\$725,410.80
Total Liabilities and Equity	\$2,614,744,935.09	\$2,626,134,157.53	(\$11,389,222.44)	\$2,614,744,935.09	\$2,626,134,157.53	(\$11,389,222.44)

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Feb - 2019
FDW Standard Report - For Internal Use Only

	Month: <i>Feb - 2019</i>	Previous Month	Variance	Month: <i>Feb - 2019</i>	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	\$2,501,232,351.80	\$2,486,753,868.22	\$14,478,483.58	\$2,501,232,351.80	\$2,470,071,060.77	\$31,161,291.03
Construction Work In Progress	\$48,830,013.01	\$47,501,130.02	\$1,328,882.99	\$48,830,013.01	\$47,472,392.48	\$1,357,620.53
Total Utility Plant	\$2,550,062,364.81	\$2,534,254,998.24	\$15,807,366.57	\$2,550,062,364.81	\$2,517,543,453.25	\$32,518,911.56
Accum Prov - Amort and Depr	(\$471,822,965.73)	(\$467,066,975.41)	(\$4,755,990.32)	(\$471,822,965.73)	(\$463,846,358.44)	(\$7,976,607.29)
Net Utility Plant	\$2,078,239,399.08	\$2,067,188,022.83	\$11,051,376.25	\$2,078,239,399.08	\$2,053,697,094.81	\$24,542,304.27
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	\$895,339.06	\$895,339.06	\$0.00	\$895,339.06	\$895,339.06	\$0.00
System Balancing Gas	(\$163,466.81)	(\$163,466.81)	\$0.00	(\$163,466.81)	(\$163,466.81)	\$0.00
Gas Store Undergrd_SysBal	\$731,872.25	\$731,872.25	\$0.00	\$731,872.25	\$731,872.25	\$0.00
Utility Plant	\$2,078,971,271.33	\$2,067,919,895.08	\$11,051,376.25	\$2,078,971,271.33	\$2,054,428,967.06	\$24,542,304.27
Other Property and Investments						
Non Utility Other Property	\$8,346.49	\$8,346.49	\$0.00	\$8,346.49	\$8,346.49	\$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	\$20,039,048.12	\$19,977,656.88	\$61,391.24	\$20,039,048.12	\$19,968,120.31	\$70,927.81
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	\$820,251.23	\$657,844.15	\$162,407.08	\$820,251.23	\$634,282.07	\$185,969.16
Other Property and Investments	\$20,867,645.84	\$20,643,847.52	\$223,798.32	\$20,867,645.84	\$20,610,748.87	\$256,896.97
Current and Accrued Assets						
Cash	\$3,873,890.13	\$4,792,367.02	(\$918,476.89)	\$3,873,890.13	\$3,928,067.44	(\$54,177.31)
Special Deposits	-	-	-	-	-	-
Working Funds	\$2,550.00	\$2,550.00	\$0.00	\$2,550.00	\$2,550.00	\$0.00
Temp Cash Investments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Accounts Receivable	\$253,429.02	\$253,429.02	\$0.00	\$253,429.02	\$253,205.46	\$223.56
Accum Prov Uncollectible - Cr	\$0.00	\$7,674.71	(\$7,674.71)	\$0.00	\$0.00	\$0.00
NR from Associated Cos	\$43,576,016.10	\$45,426,356.42	(\$1,850,340.32)	\$43,576,016.10	\$44,704,353.21	(\$1,128,337.11)
AR from Associated Cos	\$179,116.37	\$244,459.93	(\$65,343.56)	\$179,116.37	\$153,583.67	\$25,532.70
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	\$1,086,297.90	\$1,086,006.89	\$291.01	\$1,086,297.90	\$1,040,236.81	\$46,061.09
Merchandise	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	\$25,510,813.73	\$41,113,374.93	(\$15,602,561.20)	\$25,510,813.73	\$60,321,626.56	(\$34,810,812.83)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	\$5,215,795.43	\$4,382,284.27	\$833,511.16	\$5,215,795.43	\$4,717,578.59	\$498,216.84
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Misc Current & Accrued Assets	\$2,388,961.83	\$1,455,302.38	\$933,659.45	\$2,388,961.83	\$234,291.47	\$2,154,670.36
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	\$82,086,870.51	\$98,763,805.57	(\$16,676,935.06)	\$82,086,870.51	\$115,355,493.21	(\$33,268,622.70)
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	\$291,961,587.21	\$291,976,883.39	(\$15,296.18)	\$291,961,587.21	\$292,807,239.64	(\$845,652.43)
Preliminary Surveys	\$3,067,179.81	\$2,364,986.62	\$702,193.19	\$3,067,179.81	\$1,766,047.14	\$1,301,132.67
Clearing Accounts	\$45.60	\$0.00	\$45.60	\$45.60	\$0.00	\$45.60

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Feb - 2019
FDW Standard Report - For Internal Use Only

	Month: <i>Feb - 2019</i>	Previous Month	Variance	Month: <i>Feb - 2019</i>	December of Previous Year	Variance
Miscellaneous Deferred Debits	\$5,675,304.24	\$5,919,757.83	(\$244,453.59)	\$5,675,304.24	\$5,012,465.63	\$662,838.61
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	\$124,864,657.00	\$130,360,758.00	(\$5,496,101.00)	\$124,864,657.00	\$130,360,758.00	(\$5,496,101.00)
Unrecovered Purchase Gas Costs	(\$7,491,785.70)	(\$3,204,998.92)	(\$4,286,786.78)	(\$7,491,785.70)	\$5,792,437.98	(\$13,284,223.68)
Deferred Debits	\$418,076,988.16	\$427,417,386.92	(\$9,340,398.76)	\$418,076,988.16	\$435,738,948.39	(\$17,661,960.23)
Assets and Other Debits	\$2,600,002,775.84	\$2,614,744,935.09	(\$14,742,159.25)	\$2,600,002,775.84	\$2,626,134,157.53	(\$26,131,381.69)
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	\$45,127,800.00	\$45,127,800.00	\$0.00	\$45,127,800.00	\$45,127,800.00	\$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	\$52,889,827.00	\$52,889,827.00	\$0.00	\$52,889,827.00	\$52,889,827.00	\$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	\$847,578,207.22	\$831,752,489.54	\$15,825,717.68	\$847,578,207.22	\$788,379,727.86	\$59,198,479.36
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	\$945,595,834.22	\$929,770,116.54	\$15,825,717.68	\$945,595,834.22	\$886,397,354.86	\$59,198,479.36
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	\$705,515,000.00	\$705,515,000.00	\$0.00	\$705,515,000.00	\$705,515,000.00	\$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	\$705,515,000.00	\$705,515,000.00	\$0.00	\$705,515,000.00	\$705,515,000.00	\$0.00
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	\$30,684,982.52	\$30,876,085.94	(\$191,103.42)	\$30,684,982.52	\$28,879,266.00	\$1,805,716.52
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	\$146,442.90	\$135,878.14	\$10,564.76	\$146,442.90	\$113,922.28	\$32,520.62
Accum Prov - Pension & Benefit	\$5,762,536.50	\$6,042,552.34	(\$280,015.84)	\$5,762,536.50	\$6,164,095.93	(\$401,559.43)
Accum Misc Operating Provision	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	\$36,593,961.92	\$37,054,516.42	(\$460,554.50)	\$36,593,961.92	\$35,157,284.21	\$1,436,677.71
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	\$34,228,077.46	\$37,508,983.33	(\$3,280,905.87)	\$34,228,077.46	\$51,512,287.03	(\$17,284,209.57)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	\$35,810,021.61	\$59,775,820.22	(\$23,965,798.61)	\$35,810,021.61	\$85,227,080.96	(\$49,417,059.35)
Customer Deposits	\$3,195,513.69	\$3,245,325.69	(\$49,812.00)	\$3,195,513.69	\$3,341,168.69	(\$145,655.00)
Taxes Accrued	\$33,191,450.30	\$17,471,834.46	\$15,719,615.84	\$33,191,450.30	\$17,076,471.21	\$16,114,979.09
Interest Accrued	\$276,832.98	\$271,517.36	\$5,315.62	\$276,832.98	\$320,692.87	(\$43,859.89)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	\$685,958.89	\$327,305.00	\$358,653.89	\$685,958.89	\$501,506.84	\$184,452.05
Misc Current & Accrued Liab	\$26,978,717.33	\$41,622,036.01	(\$14,643,318.68)	\$26,978,717.33	\$60,809,351.05	(\$33,830,633.72)
Obligation Cap Lease - Current	\$2,268,635.34	\$2,269,567.46	(\$932.12)	\$2,268,635.34	\$1,088,458.01	\$1,180,177.33
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	\$136,635,207.60	\$162,492,389.53	(\$25,857,181.93)	\$136,635,207.60	\$219,877,016.66	(\$83,241,809.06)
Deferred Credits						
Customer Adv. for Construction	\$4,874,766.30	\$4,883,993.90	(\$9,227.60)	\$4,874,766.30	\$4,954,204.27	(\$79,437.97)
Acc Defd Investment Tax Credit	\$1,779,402.00	\$1,829,330.00	(\$49,928.00)	\$1,779,402.00	\$1,829,330.00	(\$49,928.00)
Other Deferred Credits	\$5,695,970.25	\$5,733,584.71	(\$37,614.46)	\$5,695,970.25	\$5,734,277.43	(\$38,307.18)

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Feb - 2019
FDW Standard Report - For Internal Use Only

	Month: <i>Feb - 2019</i>	Previous Month	Variance	Month: <i>Feb - 2019</i>	December of Previous Year	Variance
Other Regulatory Liabilities	\$261,530,290.86	\$268,454,892.30	(\$6,924,601.44)	\$261,530,290.86	\$267,658,578.41	(\$6,128,287.55)
Accum Defer Inc Tax - Oth Prop	\$496,975,387.70	\$492,715,525.70	\$4,259,862.00	\$496,975,387.70	\$492,715,525.70	\$4,259,862.00
Accum Defer Inc Tax - Other	\$4,806,954.99	\$6,295,585.99	(\$1,488,631.00)	\$4,806,954.99	\$6,295,585.99	(\$1,488,631.00)
Deferred Credits	\$775,662,772.10	\$779,912,912.60	(\$4,250,140.50)	\$775,662,772.10	\$779,187,501.80	(\$3,524,729.70)
Total Liabilities and Equity	\$2,600,002,775.84	\$2,614,744,935.09	(\$14,742,159.25)	\$2,600,002,775.84	\$2,626,134,157.53	(\$26,131,381.69)

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Mar - 2019
FDW Standard Report - For Internal Use Only

	Month: <i>Mar - 2019</i>	Previous Month	Variance	Month: <i>Mar - 2019</i>	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	\$2,515,950,545.29	\$2,501,232,351.80	\$14,718,193.49	\$2,515,950,545.29	\$2,470,071,060.77	\$45,879,484.52
Construction Work In Progress	\$53,177,633.09	\$48,830,013.01	\$4,347,620.08	\$53,177,633.09	\$47,472,392.48	\$5,705,240.61
Total Utility Plant	\$2,569,128,178.38	\$2,550,062,364.81	\$19,065,813.57	\$2,569,128,178.38	\$2,517,543,453.25	\$51,584,725.13
Accum Prov - Amort and Depr	(\$476,416,946.06)	(\$471,822,965.73)	(\$4,593,980.33)	(\$476,416,946.06)	(\$463,846,358.44)	(\$12,570,587.62)
Net Utility Plant	\$2,092,711,232.32	\$2,078,239,399.08	\$14,471,833.24	\$2,092,711,232.32	\$2,053,697,094.81	\$39,014,137.51
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	\$895,339.06	\$895,339.06	\$0.00	\$895,339.06	\$895,339.06	\$0.00
System Balancing Gas	(\$163,466.81)	(\$163,466.81)	\$0.00	(\$163,466.81)	(\$163,466.81)	\$0.00
Gas Store Undergrd_SysBal	\$731,872.25	\$731,872.25	\$0.00	\$731,872.25	\$731,872.25	\$0.00
Utility Plant	\$2,093,443,104.57	\$2,078,971,271.33	\$14,471,833.24	\$2,093,443,104.57	\$2,054,428,967.06	\$39,014,137.51
Other Property and Investments						
Non Utility Other Property	\$8,346.49	\$8,346.49	\$0.00	\$8,346.49	\$8,346.49	\$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	\$20,074,553.83	\$20,039,048.12	\$35,505.71	\$20,074,553.83	\$19,968,120.31	\$106,433.52
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	\$3,512,319.77	\$820,251.23	\$2,692,068.54	\$3,512,319.77	\$634,282.07	\$2,878,037.70
Other Property and Investments	\$23,595,220.09	\$20,867,645.84	\$2,727,574.25	\$23,595,220.09	\$20,610,748.87	\$2,984,471.22
Current and Accrued Assets						
Cash	\$3,868,857.87	\$3,873,890.13	(\$5,032.26)	\$3,868,857.87	\$3,928,067.44	(\$59,209.57)
Special Deposits	-	-	-	-	-	-
Working Funds	\$2,550.00	\$2,550.00	\$0.00	\$2,550.00	\$2,550.00	\$0.00
Temp Cash Investments	\$161,072.90	\$0.00	\$161,072.90	\$161,072.90	\$0.00	\$161,072.90
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Accounts Receivable	\$253,429.02	\$253,429.02	\$0.00	\$253,429.02	\$253,205.46	\$223.56
Accum Prov Uncollectible - Cr	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NR from Associated Cos	\$34,750,853.10	\$43,576,016.10	(\$8,825,163.00)	\$34,750,853.10	\$44,704,353.21	(\$9,953,500.11)
AR from Associated Cos	\$17,030,210.83	\$179,116.37	\$16,851,094.46	\$17,030,210.83	\$153,583.67	\$16,876,627.16
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	\$1,093,064.36	\$1,086,297.90	\$6,766.46	\$1,093,064.36	\$1,040,236.81	\$52,827.55
Merchandise	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	\$14,550,435.23	\$25,510,813.73	(\$10,960,378.50)	\$14,550,435.23	\$60,321,626.56	(\$45,771,191.33)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	\$3,040,738.78	\$5,215,795.43	(\$2,175,056.65)	\$3,040,738.78	\$4,717,578.59	(\$1,676,839.81)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Misc Current & Accrued Assets	\$4,176,911.95	\$2,388,961.83	\$1,787,950.12	\$4,176,911.95	\$234,291.47	\$3,942,620.48
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	\$78,928,124.04	\$82,086,870.51	(\$3,158,746.47)	\$78,928,124.04	\$115,355,493.21	(\$36,427,369.17)
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	\$289,249,152.75	\$291,961,587.21	(\$2,712,434.46)	\$289,249,152.75	\$292,807,239.64	(\$3,558,086.89)
Preliminary Surveys	\$3,035,516.15	\$3,067,179.81	(\$31,663.66)	\$3,035,516.15	\$1,766,047.14	\$1,269,469.01
Clearing Accounts	\$0.00	\$45.60	(\$45.60)	\$0.00	\$0.00	\$0.00

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Mar - 2019
FDW Standard Report - For Internal Use Only

	Month: <i>Mar - 2019</i>	Previous Month	Variance	Month: <i>Mar - 2019</i>	December of Previous Year	Variance
Miscellaneous Deferred Debits	\$6,304,808.45	\$5,675,304.24	\$629,504.21	\$6,304,808.45	\$5,012,465.63	\$1,292,342.82
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	\$122,717,620.00	\$124,864,657.00	(\$2,147,037.00)	\$122,717,620.00	\$130,360,758.00	(\$7,643,138.00)
Unrecovered Purchase Gas Costs	(\$12,807,315.55)	(\$7,491,785.70)	(\$5,315,529.85)	(\$12,807,315.55)	\$5,792,437.98	(\$18,599,753.53)
Deferred Debits	\$408,499,781.80	\$418,076,988.16	(\$9,577,206.36)	\$408,499,781.80	\$435,738,948.39	(\$27,239,166.59)
Assets and Other Debits	\$2,604,466,230.50	\$2,600,002,775.84	\$4,463,454.66	\$2,604,466,230.50	\$2,626,134,157.53	(\$21,667,927.03)
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	\$45,127,800.00	\$45,127,800.00	\$0.00	\$45,127,800.00	\$45,127,800.00	\$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	\$52,889,827.00	\$52,889,827.00	\$0.00	\$52,889,827.00	\$52,889,827.00	\$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	\$869,285,673.73	\$847,578,207.22	\$21,707,466.51	\$869,285,673.73	\$788,379,727.86	\$80,905,945.87
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	\$967,303,300.73	\$945,595,834.22	\$21,707,466.51	\$967,303,300.73	\$886,397,354.86	\$80,905,945.87
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	\$705,515,000.00	\$705,515,000.00	\$0.00	\$705,515,000.00	\$705,515,000.00	\$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	\$705,515,000.00	\$705,515,000.00	\$0.00	\$705,515,000.00	\$705,515,000.00	\$0.00
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	\$30,500,655.14	\$30,684,982.52	(\$184,327.38)	\$30,500,655.14	\$28,879,266.00	\$1,621,389.14
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	\$121,540.67	\$146,442.90	(\$24,902.23)	\$121,540.67	\$113,922.28	\$7,618.39
Accum Prov - Pension & Benefit	\$6,316,882.48	\$5,762,536.50	\$554,345.98	\$6,316,882.48	\$6,164,095.93	\$152,786.55
Accum Misc Operating Provision	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	\$36,939,078.29	\$36,593,961.92	\$345,116.37	\$36,939,078.29	\$35,157,284.21	\$1,781,794.08
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	\$37,576,632.69	\$34,228,077.46	\$3,348,555.23	\$37,576,632.69	\$51,512,287.03	(\$13,935,654.34)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	\$21,701,747.48	\$35,810,021.61	(\$14,108,274.13)	\$21,701,747.48	\$85,227,080.96	(\$63,525,333.48)
Customer Deposits	\$3,151,400.69	\$3,195,513.69	(\$44,113.00)	\$3,151,400.69	\$3,341,168.69	(\$189,768.00)
Taxes Accrued	\$37,425,982.42	\$33,191,450.30	\$4,234,532.12	\$37,425,982.42	\$17,076,471.21	\$20,349,511.21
Interest Accrued	\$278,296.41	\$276,832.98	\$1,463.43	\$278,296.41	\$320,692.87	(\$42,396.46)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	\$592,936.74	\$685,958.89	(\$93,022.15)	\$592,936.74	\$501,506.84	\$91,429.90
Misc Current & Accrued Liab	\$17,942,207.36	\$26,978,717.33	(\$9,036,509.97)	\$17,942,207.36	\$60,809,351.05	(\$42,867,143.69)
Obligation Cap Lease - Current	\$2,278,438.63	\$2,268,635.34	\$9,803.29	\$2,278,438.63	\$1,088,458.01	\$1,189,980.62
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	\$120,947,642.42	\$136,635,207.60	(\$15,687,565.18)	\$120,947,642.42	\$219,877,016.66	(\$98,929,374.24)
Deferred Credits						
Customer Adv. for Construction	\$4,870,445.49	\$4,874,766.30	(\$4,320.81)	\$4,870,445.49	\$4,954,204.27	(\$83,758.78)
Acc Defd Investment Tax Credit	\$1,754,438.00	\$1,779,402.00	(\$24,964.00)	\$1,754,438.00	\$1,829,330.00	(\$74,892.00)
Other Deferred Credits	\$5,683,903.34	\$5,695,970.25	(\$12,066.91)	\$5,683,903.34	\$5,734,277.43	(\$50,374.09)

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Mar - 2019
FDW Standard Report - For Internal Use Only

	Month: <i>Mar - 2019</i>	Previous Month	Variance	Month: <i>Mar - 2019</i>	December of Previous Year	Variance
Other Regulatory Liabilities	\$257,773,805.54	\$261,530,290.86	(\$3,756,485.32)	\$257,773,805.54	\$267,658,578.41	(\$9,884,772.87)
Accum Defer Inc Tax - Oth Prop	\$499,105,318.70	\$496,975,387.70	\$2,129,931.00	\$499,105,318.70	\$492,715,525.70	\$6,389,793.00
Accum Defer Inc Tax - Other	\$4,573,297.99	\$4,806,954.99	(\$233,657.00)	\$4,573,297.99	\$6,295,585.99	(\$1,722,288.00)
Deferred Credits	\$773,761,209.06	\$775,662,772.10	(\$1,901,563.04)	\$773,761,209.06	\$779,187,501.80	(\$5,426,292.74)
Total Liabilities and Equity	\$2,604,466,230.50	\$2,600,002,775.84	\$4,463,454.66	\$2,604,466,230.50	\$2,626,134,157.53	(\$21,667,927.03)

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Apr - 2019
FDW Standard Report - For Internal Use Only

	Month: <i>Apr - 2019</i>	Previous Month	Variance	Month: <i>Apr - 2019</i>	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	\$2,537,310,463.28	\$2,515,950,545.29	\$21,359,917.99	\$2,537,310,463.28	\$2,470,071,060.77	\$67,239,402.51
Construction Work In Progress	\$54,158,683.09	\$53,177,633.09	\$981,050.00	\$54,158,683.09	\$47,472,392.48	\$6,686,290.61
Total Utility Plant	\$2,591,469,146.37	\$2,569,128,178.38	\$22,340,967.99	\$2,591,469,146.37	\$2,517,543,453.25	\$73,925,693.12
Accum Prov - Amort and Depr	(\$479,318,870.15)	(\$476,416,946.06)	(\$2,901,924.09)	(\$479,318,870.15)	(\$463,846,358.44)	(\$15,472,511.71)
Net Utility Plant	\$2,112,150,276.22	\$2,092,711,232.32	\$19,439,043.90	\$2,112,150,276.22	\$2,053,697,094.81	\$58,453,181.41
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	\$895,339.06	\$895,339.06	\$0.00	\$895,339.06	\$895,339.06	\$0.00
System Balancing Gas	(\$163,466.81)	(\$163,466.81)	\$0.00	(\$163,466.81)	(\$163,466.81)	\$0.00
Gas Store Undergrd_SysBal	\$731,872.25	\$731,872.25	\$0.00	\$731,872.25	\$731,872.25	\$0.00
Utility Plant	\$2,112,882,148.47	\$2,093,443,104.57	\$19,439,043.90	\$2,112,882,148.47	\$2,054,428,967.06	\$58,453,181.41
Other Property and Investments						
Non Utility Other Property	\$8,346.49	\$8,346.49	\$0.00	\$8,346.49	\$8,346.49	\$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	\$20,047,709.76	\$20,074,553.83	(\$26,844.07)	\$20,047,709.76	\$19,968,120.31	\$79,589.45
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	\$3,640,230.65	\$3,512,319.77	\$127,910.88	\$3,640,230.65	\$634,282.07	\$3,005,948.58
Other Property and Investments	\$23,696,286.90	\$23,595,220.09	\$101,066.81	\$23,696,286.90	\$20,610,748.87	\$3,085,538.03
Current and Accrued Assets						
Cash	\$2,995,883.58	\$3,868,857.87	(\$872,974.29)	\$2,995,883.58	\$3,928,067.44	(\$932,183.86)
Special Deposits	-	-	-	-	-	-
Working Funds	\$2,550.00	\$2,550.00	\$0.00	\$2,550.00	\$2,550.00	\$0.00
Temp Cash Investments	\$60,360.49	\$161,072.90	(\$100,712.41)	\$60,360.49	\$0.00	\$60,360.49
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Accounts Receivable	\$253,429.02	\$253,429.02	\$0.00	\$253,429.02	\$253,205.46	\$223.56
Accum Prov Uncollectible - Cr	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NR from Associated Cos	\$19,927,506.61	\$34,750,853.10	(\$14,823,346.49)	\$19,927,506.61	\$44,704,353.21	(\$24,776,846.60)
AR from Associated Cos	\$19,389,850.95	\$17,030,210.83	\$2,359,640.12	\$19,389,850.95	\$153,583.67	\$19,236,267.28
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	\$1,094,130.30	\$1,093,064.36	\$1,065.94	\$1,094,130.30	\$1,040,236.81	\$53,893.49
Merchandise	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	\$20,881,345.07	\$14,550,435.23	\$6,330,909.84	\$20,881,345.07	\$60,321,626.56	(\$39,440,281.49)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	\$2,565,939.43	\$3,040,738.78	(\$474,799.35)	\$2,565,939.43	\$4,717,578.59	(\$2,151,639.16)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Misc Current & Accrued Assets	\$5,693,006.54	\$4,176,911.95	\$1,516,094.59	\$5,693,006.54	\$234,291.47	\$5,458,715.07
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	\$72,864,001.99	\$78,928,124.04	(\$6,064,122.05)	\$72,864,001.99	\$115,355,493.21	(\$42,491,491.22)
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	\$289,028,445.99	\$289,249,152.75	(\$220,706.76)	\$289,028,445.99	\$292,807,239.64	(\$3,778,793.65)
Preliminary Surveys	\$3,241,919.64	\$3,035,516.15	\$206,403.49	\$3,241,919.64	\$1,766,047.14	\$1,475,872.50
Clearing Accounts	\$107,011.66	\$0.00	\$107,011.66	\$107,011.66	\$0.00	\$107,011.66

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Apr - 2019
FDW Standard Report - For Internal Use Only

	Month: <i>Apr - 2019</i>	Previous Month	Variance	Month: <i>Apr - 2019</i>	December of Previous Year	Variance
Miscellaneous Deferred Debits	\$6,498,746.72	\$6,304,808.45	\$193,938.27	\$6,498,746.72	\$5,012,465.63	\$1,486,281.09
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	\$122,423,304.00	\$122,717,620.00	(\$294,316.00)	\$122,423,304.00	\$130,360,758.00	(\$7,937,454.00)
Unrecovered Purchase Gas Costs	(\$13,407,370.79)	(\$12,807,315.55)	(\$600,055.24)	(\$13,407,370.79)	\$5,792,437.98	(\$19,199,808.77)
Deferred Debits	\$407,892,057.22	\$408,499,781.80	(\$607,724.58)	\$407,892,057.22	\$435,738,948.39	(\$27,846,891.17)
Assets and Other Debits	\$2,617,334,494.58	\$2,604,466,230.50	\$12,868,264.08	\$2,617,334,494.58	\$2,626,134,157.53	(\$8,799,662.95)
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	\$45,127,800.00	\$45,127,800.00	\$0.00	\$45,127,800.00	\$45,127,800.00	\$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	\$52,889,827.00	\$52,889,827.00	\$0.00	\$52,889,827.00	\$52,889,827.00	\$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	\$875,095,094.15	\$869,285,673.73	\$5,809,420.42	\$875,095,094.15	\$788,379,727.86	\$86,715,366.29
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	\$973,112,721.15	\$967,303,300.73	\$5,809,420.42	\$973,112,721.15	\$886,397,354.86	\$86,715,366.29
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	\$705,515,000.00	\$705,515,000.00	\$0.00	\$705,515,000.00	\$705,515,000.00	\$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	\$705,515,000.00	\$705,515,000.00	\$0.00	\$705,515,000.00	\$705,515,000.00	\$0.00
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	\$30,302,382.65	\$30,500,655.14	(\$198,272.49)	\$30,302,382.65	\$28,879,266.00	\$1,423,116.65
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	\$103,309.64	\$121,540.67	(\$18,231.03)	\$103,309.64	\$113,922.28	(\$10,612.64)
Accum Prov - Pension & Benefit	\$6,310,599.61	\$6,316,882.48	(\$6,282.87)	\$6,310,599.61	\$6,164,095.93	\$146,503.68
Accum Misc Operating Provision	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	\$36,716,291.90	\$36,939,078.29	(\$222,786.39)	\$36,716,291.90	\$35,157,284.21	\$1,559,007.69
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	\$42,757,733.01	\$37,576,632.69	\$5,181,100.32	\$42,757,733.01	\$51,512,287.03	(\$8,754,554.02)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	\$23,613,785.50	\$21,701,747.48	\$1,912,038.02	\$23,613,785.50	\$85,227,080.96	(\$61,613,295.46)
Customer Deposits	\$3,111,039.80	\$3,151,400.69	(\$40,360.89)	\$3,111,039.80	\$3,341,168.69	(\$230,128.89)
Taxes Accrued	\$36,922,769.95	\$37,425,982.42	(\$503,212.47)	\$36,922,769.95	\$17,076,471.21	\$19,846,298.74
Interest Accrued	\$281,652.03	\$278,296.41	\$3,355.62	\$281,652.03	\$320,692.87	(\$39,040.84)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	\$203,006.08	\$592,936.74	(\$389,930.66)	\$203,006.08	\$501,506.84	(\$298,500.76)
Misc Current & Accrued Liab	\$19,885,038.19	\$17,942,207.36	\$1,942,830.83	\$19,885,038.19	\$60,809,351.05	(\$40,924,312.86)
Obligation Cap Lease - Current	\$2,298,969.50	\$2,278,438.63	\$20,530.87	\$2,298,969.50	\$1,088,458.01	\$1,210,511.49
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	\$129,073,994.06	\$120,947,642.42	\$8,126,351.64	\$129,073,994.06	\$219,877,016.66	(\$90,803,022.60)
Deferred Credits						
Customer Adv. for Construction	\$4,874,997.98	\$4,870,445.49	\$4,552.49	\$4,874,997.98	\$4,954,204.27	(\$79,206.29)
Acc Defd Investment Tax Credit	\$1,729,474.00	\$1,754,438.00	(\$24,964.00)	\$1,729,474.00	\$1,829,330.00	(\$99,856.00)
Other Deferred Credits	\$5,675,231.39	\$5,683,903.34	(\$8,671.95)	\$5,675,231.39	\$5,734,277.43	(\$59,046.04)

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Apr - 2019
FDW Standard Report - For Internal Use Only

	Month: <i>Apr - 2019</i>	Previous Month	Variance	Month: <i>Apr - 2019</i>	December of Previous Year	Variance
Other Regulatory Liabilities	\$254,585,137.41	\$257,773,805.54	(\$3,188,668.13)	\$254,585,137.41	\$267,658,578.41	(\$13,073,441.00)
Accum Defer Inc Tax - Oth Prop	\$501,235,251.70	\$499,105,318.70	\$2,129,933.00	\$501,235,251.70	\$492,715,525.70	\$8,519,726.00
Accum Defer Inc Tax - Other	\$4,816,394.99	\$4,573,297.99	\$243,097.00	\$4,816,394.99	\$6,295,585.99	(\$1,479,191.00)
Deferred Credits	\$772,916,487.47	\$773,761,209.06	(\$844,721.59)	\$772,916,487.47	\$779,187,501.80	(\$6,271,014.33)
Total Liabilities and Equity	\$2,617,334,494.58	\$2,604,466,230.50	\$12,868,264.08	\$2,617,334,494.58	\$2,626,134,157.53	(\$8,799,662.95)

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of May - 2019
FDW Standard Report - For Internal Use Only

	Month: <i>May - 2019</i>	Previous Month	Variance	Month: <i>May - 2019</i>	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	\$2,553,990,859.39	\$2,537,310,463.28	\$16,680,396.11	\$2,553,990,859.39	\$2,470,071,060.77	\$83,919,798.62
Construction Work In Progress	\$64,802,783.75	\$54,158,683.09	\$10,644,100.66	\$64,802,783.75	\$47,472,392.48	\$17,330,391.27
Total Utility Plant	\$2,618,793,643.14	\$2,591,469,146.37	\$27,324,496.77	\$2,618,793,643.14	\$2,517,543,453.25	\$101,250,189.89
Accum Prov - Amort and Depr	(\$483,017,063.04)	(\$479,318,870.15)	(\$3,698,192.89)	(\$483,017,063.04)	(\$463,846,358.44)	(\$19,170,704.60)
Net Utility Plant	\$2,135,776,580.10	\$2,112,150,276.22	\$23,626,303.88	\$2,135,776,580.10	\$2,053,697,094.81	\$82,079,485.29
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	\$895,339.06	\$895,339.06	\$0.00	\$895,339.06	\$895,339.06	\$0.00
System Balancing Gas	(\$163,466.81)	(\$163,466.81)	\$0.00	(\$163,466.81)	(\$163,466.81)	\$0.00
Gas Store Undergrd_SysBal	\$731,872.25	\$731,872.25	\$0.00	\$731,872.25	\$731,872.25	\$0.00
Utility Plant	\$2,136,508,452.35	\$2,112,882,148.47	\$23,626,303.88	\$2,136,508,452.35	\$2,054,428,967.06	\$82,079,485.29
Other Property and Investments						
Non Utility Other Property	\$8,346.49	\$8,346.49	\$0.00	\$8,346.49	\$8,346.49	\$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	\$20,044,363.69	\$20,047,709.76	(\$3,346.07)	\$20,044,363.69	\$19,968,120.31	\$76,243.38
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	\$3,751,791.18	\$3,640,230.65	\$111,560.53	\$3,751,791.18	\$634,282.07	\$3,117,509.11
Other Property and Investments	\$23,804,501.36	\$23,696,286.90	\$108,214.46	\$23,804,501.36	\$20,610,748.87	\$3,193,752.49
Current and Accrued Assets						
Cash	\$2,333,716.86	\$2,995,883.58	(\$662,166.72)	\$2,333,716.86	\$3,928,067.44	(\$1,594,350.58)
Special Deposits	-	-	-	-	-	-
Working Funds	\$2,550.00	\$2,550.00	\$0.00	\$2,550.00	\$2,550.00	\$0.00
Temp Cash Investments	\$0.00	\$60,360.49	(\$60,360.49)	\$0.00	\$0.00	\$0.00
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Accounts Receivable	\$253,000.00	\$253,429.02	(\$429.02)	\$253,000.00	\$253,205.46	(\$205.46)
Accum Prov Uncollectible - Cr	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NR from Associated Cos	\$18,160,341.40	\$19,927,506.61	(\$1,767,165.21)	\$18,160,341.40	\$44,704,353.21	(\$26,544,011.81)
AR from Associated Cos	\$120,783.52	\$19,389,850.95	(\$19,269,067.43)	\$120,783.52	\$153,583.67	(\$32,800.15)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	\$1,103,021.08	\$1,094,130.30	\$8,890.78	\$1,103,021.08	\$1,040,236.81	\$62,784.27
Merchandise	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	\$30,410,633.22	\$20,881,345.07	\$9,529,288.15	\$30,410,633.22	\$60,321,626.56	(\$29,910,993.34)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	\$2,189,915.03	\$2,565,939.43	(\$376,024.40)	\$2,189,915.03	\$4,717,578.59	(\$2,527,663.56)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Misc Current & Accrued Assets	\$5,723,849.37	\$5,693,006.54	\$30,842.83	\$5,723,849.37	\$234,291.47	\$5,489,557.90
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	\$60,297,810.48	\$72,864,001.99	(\$12,566,191.51)	\$60,297,810.48	\$115,355,493.21	(\$55,057,682.73)
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	\$288,512,328.03	\$289,028,445.99	(\$516,117.96)	\$288,512,328.03	\$292,807,239.64	(\$4,294,911.61)
Preliminary Surveys	\$3,391,147.85	\$3,241,919.64	\$149,228.21	\$3,391,147.85	\$1,766,047.14	\$1,625,100.71
Clearing Accounts	\$128,390.62	\$107,011.66	\$21,378.96	\$128,390.62	\$0.00	\$128,390.62

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of May - 2019
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	Month: <i>May - 2019</i>	Previous Month	Variance	Month: <i>May - 2019</i>	December of Previous Year	Variance
Miscellaneous Deferred Debits	\$6,835,479.40	\$6,498,746.72	\$336,732.68	\$6,835,479.40	\$5,012,465.63	\$1,823,013.77
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	\$122,837,189.00	\$122,423,304.00	\$413,885.00	\$122,837,189.00	\$130,360,758.00	(\$7,523,569.00)
Unrecovered Purchase Gas Costs	(\$11,356,004.43)	(\$13,407,370.79)	\$2,051,366.36	(\$11,356,004.43)	\$5,792,437.98	(\$17,148,442.41)
Deferred Debits	\$410,348,530.47	\$407,892,057.22	\$2,456,473.25	\$410,348,530.47	\$435,738,948.39	(\$25,390,417.92)
Assets and Other Debits	\$2,630,959,294.66	\$2,617,334,494.58	\$13,624,800.08	\$2,630,959,294.66	\$2,626,134,157.53	\$4,825,137.13
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	\$45,127,800.00	\$45,127,800.00	\$0.00	\$45,127,800.00	\$45,127,800.00	\$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	\$52,889,827.00	\$52,889,827.00	\$0.00	\$52,889,827.00	\$52,889,827.00	\$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	\$872,180,594.61	\$875,095,094.15	(\$2,914,499.54)	\$872,180,594.61	\$788,379,727.86	\$83,800,866.75
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	\$970,198,221.61	\$973,112,721.15	(\$2,914,499.54)	\$970,198,221.61	\$886,397,354.86	\$83,800,866.75
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	\$705,515,000.00	\$705,515,000.00	\$0.00	\$705,515,000.00	\$705,515,000.00	\$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	\$705,515,000.00	\$705,515,000.00	\$0.00	\$705,515,000.00	\$705,515,000.00	\$0.00
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	\$30,103,301.30	\$30,302,382.65	(\$199,081.35)	\$30,103,301.30	\$28,879,266.00	\$1,224,035.30
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	\$122,527.26	\$103,309.64	\$19,217.62	\$122,527.26	\$113,922.28	\$8,604.98
Accum Prov - Pension & Benefit	\$6,267,618.56	\$6,310,599.61	(\$42,981.05)	\$6,267,618.56	\$6,164,095.93	\$103,522.63
Accum Misc Operating Provision	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	\$36,493,447.12	\$36,716,291.90	(\$222,844.78)	\$36,493,447.12	\$35,157,284.21	\$1,336,162.91
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	\$39,252,789.41	\$42,757,733.01	(\$3,504,943.60)	\$39,252,789.41	\$51,512,287.03	(\$12,259,497.62)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	\$43,377,117.06	\$23,613,785.50	\$19,763,331.56	\$43,377,117.06	\$85,227,080.96	(\$41,849,963.90)
Customer Deposits	\$3,143,242.80	\$3,111,039.80	\$32,203.00	\$3,143,242.80	\$3,341,168.69	(\$197,925.89)
Taxes Accrued	\$31,660,433.25	\$36,922,769.95	(\$5,262,336.70)	\$31,660,433.25	\$17,076,471.21	\$14,583,962.04
Interest Accrued	\$284,127.74	\$281,652.03	\$2,475.71	\$284,127.74	\$320,692.87	(\$36,565.13)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	\$69,629.70	\$203,006.08	(\$133,376.38)	\$69,629.70	\$501,506.84	(\$431,877.14)
Misc Current & Accrued Liab	\$25,268,678.61	\$19,885,038.19	\$5,383,640.42	\$25,268,678.61	\$60,809,351.05	(\$35,540,672.44)
Obligation Cap Lease - Current	\$2,329,714.62	\$2,298,969.50	\$30,745.12	\$2,329,714.62	\$1,088,458.01	\$1,241,256.61
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	\$145,385,733.19	\$129,073,994.06	\$16,311,739.13	\$145,385,733.19	\$219,877,016.66	(\$74,491,283.47)
Deferred Credits						
Customer Adv. for Construction	\$4,873,159.89	\$4,874,997.98	(\$1,838.09)	\$4,873,159.89	\$4,954,204.27	(\$81,044.38)
Acc Defd Investment Tax Credit	\$1,704,510.00	\$1,729,474.00	(\$24,964.00)	\$1,704,510.00	\$1,829,330.00	(\$124,820.00)
Other Deferred Credits	\$5,659,533.08	\$5,675,231.39	(\$15,698.31)	\$5,659,533.08	\$5,734,277.43	(\$74,744.35)

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of May - 2019
FDW Standard Report - For Internal Use Only

	Month: <i>May - 2019</i>	Previous Month	Variance	Month: <i>May - 2019</i>	December of Previous Year	Variance
Other Regulatory Liabilities	\$252,636,859.08	\$254,585,137.41	(\$1,948,278.33)	\$252,636,859.08	\$267,658,578.41	(\$15,021,719.33)
Accum Defer Inc Tax - Oth Prop	\$503,365,186.70	\$501,235,251.70	\$2,129,935.00	\$503,365,186.70	\$492,715,525.70	\$10,649,661.00
Accum Defer Inc Tax - Other	\$5,127,643.99	\$4,816,394.99	\$311,249.00	\$5,127,643.99	\$6,295,585.99	(\$1,167,942.00)
Deferred Credits	\$773,366,892.74	\$772,916,487.47	\$450,405.27	\$773,366,892.74	\$779,187,501.80	(\$5,820,609.06)
Total Liabilities and Equity	\$2,630,959,294.66	\$2,617,334,494.58	\$13,624,800.08	\$2,630,959,294.66	\$2,626,134,157.53	\$4,825,137.13

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Jun - 2019
FDW Standard Report - For Internal Use Only

	Month: <i>Jun - 2019</i>	Previous Month	Variance	Month: <i>Jun - 2019</i>	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	\$2,583,104,787.35	\$2,553,990,859.39	\$29,113,927.96	\$2,583,104,787.35	\$2,470,071,060.77	\$113,033,726.58
Construction Work In Progress	\$68,558,363.56	\$64,802,783.75	\$3,755,579.81	\$68,558,363.56	\$47,472,392.48	\$21,085,971.08
Total Utility Plant	\$2,651,663,150.91	\$2,618,793,643.14	\$32,869,507.77	\$2,651,663,150.91	\$2,517,543,453.25	\$134,119,697.66
Accum Prov - Amort and Depr	(\$487,082,553.71)	(\$483,017,063.04)	(\$4,065,490.67)	(\$487,082,553.71)	(\$463,846,358.44)	(\$23,236,195.27)
Net Utility Plant	\$2,164,580,597.20	\$2,135,776,580.10	\$28,804,017.10	\$2,164,580,597.20	\$2,053,697,094.81	\$110,883,502.39
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	\$895,339.06	\$895,339.06	\$0.00	\$895,339.06	\$895,339.06	\$0.00
System Balancing Gas	(\$163,466.81)	(\$163,466.81)	\$0.00	(\$163,466.81)	(\$163,466.81)	\$0.00
Gas Store Undergrd_SysBal	\$731,872.25	\$731,872.25	\$0.00	\$731,872.25	\$731,872.25	\$0.00
Utility Plant	\$2,165,312,469.45	\$2,136,508,452.35	\$28,804,017.10	\$2,165,312,469.45	\$2,054,428,967.06	\$110,883,502.39
Other Property and Investments						
Non Utility Other Property	\$8,346.49	\$8,346.49	\$0.00	\$8,346.49	\$8,346.49	\$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	\$20,025,241.99	\$20,044,363.69	(\$19,121.70)	\$20,025,241.99	\$19,968,120.31	\$57,121.68
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	\$3,651,414.01	\$3,751,791.18	(\$100,377.17)	\$3,651,414.01	\$634,282.07	\$3,017,131.94
Other Property and Investments	\$23,685,002.49	\$23,804,501.36	(\$119,498.87)	\$23,685,002.49	\$20,610,748.87	\$3,074,253.62
Current and Accrued Assets						
Cash	\$1,666,559.62	\$2,333,716.86	(\$667,157.24)	\$1,666,559.62	\$3,928,067.44	(\$2,261,507.82)
Special Deposits	-	-	-	-	-	-
Working Funds	\$2,550.00	\$2,550.00	\$0.00	\$2,550.00	\$2,550.00	\$0.00
Temp Cash Investments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Accounts Receivable	\$253,000.00	\$253,000.00	\$0.00	\$253,000.00	\$253,205.46	(\$205.46)
Accum Prov Uncollectible - Cr	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NR from Associated Cos	\$18,103,257.13	\$18,160,341.40	(\$57,084.27)	\$18,103,257.13	\$44,704,353.21	(\$26,601,096.08)
AR from Associated Cos	\$76,250.64	\$120,783.52	(\$44,532.88)	\$76,250.64	\$153,583.67	(\$77,333.03)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	\$1,123,403.91	\$1,103,021.08	\$20,382.83	\$1,123,403.91	\$1,040,236.81	\$83,167.10
Merchandise	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	\$39,791,876.89	\$30,410,633.22	\$9,381,243.67	\$39,791,876.89	\$60,321,626.56	(\$20,529,749.67)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	\$1,289,340.59	\$2,189,915.03	(\$900,574.44)	\$1,289,340.59	\$4,717,578.59	(\$3,428,238.00)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Misc Current & Accrued Assets	\$4,696,170.33	\$5,723,849.37	(\$1,027,679.04)	\$4,696,170.33	\$234,291.47	\$4,461,878.86
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	\$67,002,409.11	\$60,297,810.48	\$6,704,598.63	\$67,002,409.11	\$115,355,493.21	(\$48,353,084.10)
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	\$288,402,342.02	\$288,512,328.03	(\$109,986.01)	\$288,402,342.02	\$292,807,239.64	(\$4,404,897.62)
Preliminary Surveys	\$3,540,041.01	\$3,391,147.85	\$148,893.16	\$3,540,041.01	\$1,766,047.14	\$1,773,993.87
Clearing Accounts	\$149,438.05	\$128,390.62	\$21,047.43	\$149,438.05	\$0.00	\$149,438.05

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Jun - 2019
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	Month: <i>Jun - 2019</i>	Previous Month	Variance	Month: <i>Jun - 2019</i>	December of Previous Year	Variance
Miscellaneous Deferred Debits	\$6,017,919.96	\$6,835,479.40	(\$817,559.44)	\$6,017,919.96	\$5,012,465.63	\$1,005,454.33
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	\$123,457,051.00	\$122,837,189.00	\$619,862.00	\$123,457,051.00	\$130,360,758.00	(\$6,903,707.00)
Unrecovered Purchase Gas Costs	(\$7,952,040.74)	(\$11,356,004.43)	\$3,403,963.69	(\$7,952,040.74)	\$5,792,437.98	(\$13,744,478.72)
Deferred Debits	\$413,614,751.30	\$410,348,530.47	\$3,266,220.83	\$413,614,751.30	\$435,738,948.39	(\$22,124,197.09)
Assets and Other Debits	\$2,669,614,632.35	\$2,630,959,294.66	\$38,655,337.69	\$2,669,614,632.35	\$2,626,134,157.53	\$43,480,474.82
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	\$45,127,800.00	\$45,127,800.00	\$0.00	\$45,127,800.00	\$45,127,800.00	\$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	\$52,889,827.00	\$52,889,827.00	\$0.00	\$52,889,827.00	\$52,889,827.00	\$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	\$865,373,532.82	\$872,180,594.61	(\$6,807,061.79)	\$865,373,532.82	\$788,379,727.86	\$76,993,804.96
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	\$963,391,159.82	\$970,198,221.61	(\$6,807,061.79)	\$963,391,159.82	\$886,397,354.86	\$76,993,804.96
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	\$705,515,000.00	\$705,515,000.00	\$0.00	\$705,515,000.00	\$705,515,000.00	\$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	\$705,515,000.00	\$705,515,000.00	\$0.00	\$705,515,000.00	\$705,515,000.00	\$0.00
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	\$35,996,532.64	\$30,103,301.30	\$5,893,231.34	\$35,996,532.64	\$28,879,266.00	\$7,117,266.64
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	\$133,243.69	\$122,527.26	\$10,716.43	\$133,243.69	\$113,922.28	\$19,321.41
Accum Prov - Pension & Benefit	\$6,291,356.08	\$6,267,618.56	\$23,737.52	\$6,291,356.08	\$6,164,095.93	\$127,260.15
Accum Misc Operating Provision	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	\$42,421,132.41	\$36,493,447.12	\$5,927,685.29	\$42,421,132.41	\$35,157,284.21	\$7,263,848.20
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	\$42,526,231.73	\$39,252,789.41	\$3,273,442.32	\$42,526,231.73	\$51,512,287.03	(\$8,986,055.30)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	\$78,316,327.04	\$43,377,117.06	\$34,939,209.98	\$78,316,327.04	\$85,227,080.96	(\$6,910,753.92)
Customer Deposits	\$3,191,650.11	\$3,143,242.80	\$48,407.31	\$3,191,650.11	\$3,341,168.69	(\$149,518.58)
Taxes Accrued	\$26,962,112.81	\$31,660,433.25	(\$4,698,320.44)	\$26,962,112.81	\$17,076,471.21	\$9,885,641.60
Interest Accrued	\$286,959.59	\$284,127.74	\$2,831.85	\$286,959.59	\$320,692.87	(\$33,733.28)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	\$54,493.08	\$69,629.70	(\$15,136.62)	\$54,493.08	\$501,506.84	(\$447,013.76)
Misc Current & Accrued Liab	\$29,870,898.57	\$25,268,678.61	\$4,602,219.96	\$29,870,898.57	\$60,809,351.05	(\$30,938,452.48)
Obligation Cap Lease - Current	\$2,118,040.18	\$2,329,714.62	(\$211,674.44)	\$2,118,040.18	\$1,088,458.01	\$1,029,582.17
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	\$183,326,713.11	\$145,385,733.19	\$37,940,979.92	\$183,326,713.11	\$219,877,016.66	(\$36,550,303.55)
Deferred Credits						
Customer Adv. for Construction	\$4,934,854.52	\$4,873,159.89	\$61,694.63	\$4,934,854.52	\$4,954,204.27	(\$19,349.75)
Acc Defd Investment Tax Credit	\$1,679,546.00	\$1,704,510.00	(\$24,964.00)	\$1,679,546.00	\$1,829,330.00	(\$149,784.00)
Other Deferred Credits	\$5,748,216.00	\$5,659,533.08	\$88,682.92	\$5,748,216.00	\$5,734,277.43	\$13,938.57

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	Month: <i>Jun - 2019</i>	Previous Month	Variance	Month: <i>Jun - 2019</i>	December of Previous Year	Variance
Other Regulatory Liabilities	\$251,808,027.80	\$252,636,859.08	(\$828,831.28)	\$251,808,027.80	\$267,658,578.41	(\$15,850,550.61)
Accum Defer Inc Tax - Oth Prop	\$505,495,124.70	\$503,365,186.70	\$2,129,938.00	\$505,495,124.70	\$492,715,525.70	\$12,779,599.00
Accum Defer Inc Tax - Other	\$5,294,857.99	\$5,127,643.99	\$167,214.00	\$5,294,857.99	\$6,295,585.99	(\$1,000,728.00)
Deferred Credits	\$774,960,627.01	\$773,366,892.74	\$1,593,734.27	\$774,960,627.01	\$779,187,501.80	(\$4,226,874.79)
Total Liabilities and Equity	\$2,669,614,632.35	\$2,630,959,294.66	\$38,655,337.69	\$2,669,614,632.35	\$2,626,134,157.53	\$43,480,474.82

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	Month: <i>Jul - 2019</i>	Previous Month	Variance	Month: <i>Jul - 2019</i>	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	\$2,600,765,049.95	\$2,583,104,787.35	\$17,660,262.60	\$2,600,765,049.95	\$2,470,071,060.77	\$130,693,989.18
Construction Work In Progress	\$78,004,077.49	\$68,558,363.56	\$9,445,713.93	\$78,004,077.49	\$47,472,392.48	\$30,531,685.01
Total Utility Plant	\$2,678,769,127.44	\$2,651,663,150.91	\$27,105,976.53	\$2,678,769,127.44	\$2,517,543,453.25	\$161,225,674.19
Accum Prov - Amort and Depr	(\$490,971,730.03)	(\$487,082,553.71)	(\$3,889,176.32)	(\$490,971,730.03)	(\$463,846,358.44)	(\$27,125,371.59)
Net Utility Plant	\$2,187,797,397.41	\$2,164,580,597.20	\$23,216,800.21	\$2,187,797,397.41	\$2,053,697,094.81	\$134,100,302.60
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	\$895,339.06	\$895,339.06	\$0.00	\$895,339.06	\$895,339.06	\$0.00
System Balancing Gas	(\$163,466.81)	(\$163,466.81)	\$0.00	(\$163,466.81)	(\$163,466.81)	\$0.00
Gas Store Undergrd_SysBal	\$731,872.25	\$731,872.25	\$0.00	\$731,872.25	\$731,872.25	\$0.00
Utility Plant	\$2,188,529,269.66	\$2,165,312,469.45	\$23,216,800.21	\$2,188,529,269.66	\$2,054,428,967.06	\$134,100,302.60
Other Property and Investments						
Non Utility Other Property	\$8,346.49	\$8,346.49	\$0.00	\$8,346.49	\$8,346.49	\$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	\$20,056,405.28	\$20,025,241.99	\$31,163.29	\$20,056,405.28	\$19,968,120.31	\$88,284.97
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	\$3,687,358.18	\$3,651,414.01	\$35,944.17	\$3,687,358.18	\$634,282.07	\$3,053,076.11
Other Property and Investments	\$23,752,109.95	\$23,685,002.49	\$67,107.46	\$23,752,109.95	\$20,610,748.87	\$3,141,361.08
Current and Accrued Assets						
Cash	\$1,627,179.80	\$1,666,559.62	(\$39,379.82)	\$1,627,179.80	\$3,928,067.44	(\$2,300,887.64)
Special Deposits	-	-	-	-	-	-
Working Funds	\$2,550.00	\$2,550.00	\$0.00	\$2,550.00	\$2,550.00	\$0.00
Temp Cash Investments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Accounts Receivable	\$253,000.00	\$253,000.00	\$0.00	\$253,000.00	\$253,205.46	(\$205.46)
Accum Prov Uncollectible - Cr	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NR from Associated Cos	\$12,648,847.17	\$18,103,257.13	(\$5,454,409.96)	\$12,648,847.17	\$44,704,353.21	(\$32,055,506.04)
AR from Associated Cos	\$75,338.23	\$76,250.64	(\$912.41)	\$75,338.23	\$153,583.67	(\$78,245.44)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	\$1,106,721.81	\$1,123,403.91	(\$16,682.10)	\$1,106,721.81	\$1,040,236.81	\$66,485.00
Merchandise	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	\$48,999,416.10	\$39,791,876.89	\$9,207,539.21	\$48,999,416.10	\$60,321,626.56	(\$11,322,210.46)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	\$5,597,794.30	\$1,289,340.59	\$4,308,453.71	\$5,597,794.30	\$4,717,578.59	\$880,215.71
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Misc Current & Accrued Assets	\$1,372,929.82	\$4,696,170.33	(\$3,323,240.51)	\$1,372,929.82	\$234,291.47	\$1,138,638.35
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	\$71,683,777.23	\$67,002,409.11	\$4,681,368.12	\$71,683,777.23	\$115,355,493.21	(\$43,671,715.98)
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	\$288,031,983.05	\$288,402,342.02	(\$370,358.97)	\$288,031,983.05	\$292,807,239.64	(\$4,775,256.59)
Preliminary Surveys	\$3,600,076.57	\$3,540,041.01	\$60,035.56	\$3,600,076.57	\$1,766,047.14	\$1,834,029.43
Clearing Accounts	\$135,496.90	\$149,438.05	(\$13,941.15)	\$135,496.90	\$0.00	\$135,496.90

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	Month: <i>Jul - 2019</i>	Previous Month	Variance	Month: <i>Jul - 2019</i>	December of Previous Year	Variance
Miscellaneous Deferred Debits	\$6,136,663.55	\$6,017,919.96	\$118,743.59	\$6,136,663.55	\$5,012,465.63	\$1,124,197.92
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	\$123,809,219.00	\$123,457,051.00	\$352,168.00	\$123,809,219.00	\$130,360,758.00	(\$6,551,539.00)
Unrecovered Purchase Gas Costs	(\$5,049,624.17)	(\$7,952,040.74)	\$2,902,416.57	(\$5,049,624.17)	\$5,792,437.98	(\$10,842,062.15)
Deferred Debits	\$416,663,814.90	\$413,614,751.30	\$3,049,063.60	\$416,663,814.90	\$435,738,948.39	(\$19,075,133.49)
Assets and Other Debits	\$2,700,628,971.74	\$2,669,614,632.35	\$31,014,339.39	\$2,700,628,971.74	\$2,626,134,157.53	\$74,494,814.21
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	\$45,127,800.00	\$45,127,800.00	\$0.00	\$45,127,800.00	\$45,127,800.00	\$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	\$52,889,827.00	\$52,889,827.00	\$0.00	\$52,889,827.00	\$52,889,827.00	\$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	\$859,716,767.26	\$865,373,532.82	(\$5,656,765.56)	\$859,716,767.26	\$788,379,727.86	\$71,337,039.40
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	\$957,734,394.26	\$963,391,159.82	(\$5,656,765.56)	\$957,734,394.26	\$886,397,354.86	\$71,337,039.40
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	\$705,515,000.00	\$705,515,000.00	\$0.00	\$705,515,000.00	\$705,515,000.00	\$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	\$705,515,000.00	\$705,515,000.00	\$0.00	\$705,515,000.00	\$705,515,000.00	\$0.00
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	\$35,753,567.16	\$35,996,532.64	(\$242,965.48)	\$35,753,567.16	\$28,879,266.00	\$6,874,301.16
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	\$137,839.32	\$133,243.69	\$4,595.63	\$137,839.32	\$113,922.28	\$23,917.04
Accum Prov - Pension & Benefit	\$6,358,606.15	\$6,291,356.08	\$67,250.07	\$6,358,606.15	\$6,164,095.93	\$194,510.22
Accum Misc Operating Provision	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	\$42,250,012.63	\$42,421,132.41	(\$171,119.78)	\$42,250,012.63	\$35,157,284.21	\$7,092,728.42
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	\$37,770,888.91	\$42,526,231.73	(\$4,755,342.82)	\$37,770,888.91	\$51,512,287.03	(\$13,741,398.12)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	\$114,438,695.48	\$78,316,327.04	\$36,122,368.44	\$114,438,695.48	\$85,227,080.96	\$29,211,614.52
Customer Deposits	\$3,206,470.11	\$3,191,650.11	\$14,820.00	\$3,206,470.11	\$3,341,168.69	(\$134,698.58)
Taxes Accrued	\$23,078,201.78	\$26,962,112.81	(\$3,883,911.03)	\$23,078,201.78	\$17,076,471.21	\$6,001,730.57
Interest Accrued	\$281,445.28	\$286,959.59	(\$5,514.31)	\$281,445.28	\$320,692.87	(\$39,247.59)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	\$27,982.43	\$54,493.08	(\$26,510.65)	\$27,982.43	\$501,506.84	(\$473,524.41)
Misc Current & Accrued Liab	\$37,719,655.92	\$29,870,898.57	\$7,848,757.35	\$37,719,655.92	\$60,809,351.05	(\$23,089,695.13)
Obligation Cap Lease - Current	\$2,209,180.92	\$2,118,040.18	\$91,140.74	\$2,209,180.92	\$1,088,458.01	\$1,120,722.91
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	\$218,732,520.83	\$183,326,713.11	\$35,405,807.72	\$218,732,520.83	\$219,877,016.66	(\$1,144,495.83)
Deferred Credits						
Customer Adv. for Construction	\$4,957,770.93	\$4,934,854.52	\$22,916.41	\$4,957,770.93	\$4,954,204.27	\$3,566.66
Acc Defd Investment Tax Credit	\$1,654,582.00	\$1,679,546.00	(\$24,964.00)	\$1,654,582.00	\$1,829,330.00	(\$174,748.00)
Other Deferred Credits	\$5,730,438.01	\$5,748,216.00	(\$17,777.99)	\$5,730,438.01	\$5,734,277.43	(\$3,839.42)

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Jul - 2019
FDW Standard Report - For Internal Use Only

	Month: <i>Jul - 2019</i>	Previous Month	Variance	Month: <i>Jul - 2019</i>	December of Previous Year	Variance
Other Regulatory Liabilities	\$251,040,627.39	\$251,808,027.80	(\$767,400.41)	\$251,040,627.39	\$267,658,578.41	(\$16,617,951.02)
Accum Defer Inc Tax - Oth Prop	\$507,625,061.70	\$505,495,124.70	\$2,129,937.00	\$507,625,061.70	\$492,715,525.70	\$14,909,536.00
Accum Defer Inc Tax - Other	\$5,388,563.99	\$5,294,857.99	\$93,706.00	\$5,388,563.99	\$6,295,585.99	(\$907,022.00)
Deferred Credits	\$776,397,044.02	\$774,960,627.01	\$1,436,417.01	\$776,397,044.02	\$779,187,501.80	(\$2,790,457.78)
Total Liabilities and Equity	\$2,700,628,971.74	\$2,669,614,632.35	\$31,014,339.39	\$2,700,628,971.74	\$2,626,134,157.53	\$74,494,814.21

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Aug - 2019
FDW Standard Report - For Internal Use Only

	Month: <i>Aug - 2019</i>	Previous Month	Variance	Month: <i>Aug - 2019</i>	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	\$2,620,569,512.32	\$2,600,765,049.95	\$19,804,462.37	\$2,620,569,512.32	\$2,470,071,060.77	\$150,498,451.55
Construction Work In Progress	\$86,859,929.59	\$78,004,077.49	\$8,855,852.10	\$86,859,929.59	\$47,472,392.48	\$39,387,537.11
Total Utility Plant	\$2,707,429,441.91	\$2,678,769,127.44	\$28,660,314.47	\$2,707,429,441.91	\$2,517,543,453.25	\$189,885,988.66
Accum Prov - Amort and Depr	(\$494,549,452.69)	(\$490,971,730.03)	(\$3,577,722.66)	(\$494,549,452.69)	(\$463,846,358.44)	(\$30,703,094.25)
Net Utility Plant	\$2,212,879,989.22	\$2,187,797,397.41	\$25,082,591.81	\$2,212,879,989.22	\$2,053,697,094.81	\$159,182,894.41
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	\$895,339.06	\$895,339.06	\$0.00	\$895,339.06	\$895,339.06	\$0.00
System Balancing Gas	(\$163,466.81)	(\$163,466.81)	\$0.00	(\$163,466.81)	(\$163,466.81)	\$0.00
Gas Store Undergrd_SysBal	\$731,872.25	\$731,872.25	\$0.00	\$731,872.25	\$731,872.25	\$0.00
Utility Plant	\$2,213,611,861.47	\$2,188,529,269.66	\$25,082,591.81	\$2,213,611,861.47	\$2,054,428,967.06	\$159,182,894.41
Other Property and Investments						
Non Utility Other Property	\$8,346.49	\$8,346.49	\$0.00	\$8,346.49	\$8,346.49	\$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	\$20,071,487.61	\$20,056,405.28	\$15,082.33	\$20,071,487.61	\$19,968,120.31	\$103,367.30
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	\$3,723,302.35	\$3,687,358.18	\$35,944.17	\$3,723,302.35	\$634,282.07	\$3,089,020.28
Other Property and Investments	\$23,803,136.45	\$23,752,109.95	\$51,026.50	\$23,803,136.45	\$20,610,748.87	\$3,192,387.58
Current and Accrued Assets						
Cash	\$1,708,056.55	\$1,627,179.80	\$80,876.75	\$1,708,056.55	\$3,928,067.44	(\$2,220,010.89)
Special Deposits	-	-	-	-	-	-
Working Funds	\$2,550.00	\$2,550.00	\$0.00	\$2,550.00	\$2,550.00	\$0.00
Temp Cash Investments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Accounts Receivable	\$253,000.00	\$253,000.00	\$0.00	\$253,000.00	\$253,205.46	(\$205.46)
Accum Prov Uncollectible - Cr	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NR from Associated Cos	\$10,091,059.42	\$12,648,847.17	(\$2,557,787.75)	\$10,091,059.42	\$44,704,353.21	(\$34,613,293.79)
AR from Associated Cos	\$86,277.11	\$75,338.23	\$10,938.88	\$86,277.11	\$153,583.67	(\$67,306.56)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	\$1,115,996.87	\$1,106,721.81	\$9,275.06	\$1,115,996.87	\$1,040,236.81	\$75,760.06
Merchandise	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	\$57,111,146.32	\$48,999,416.10	\$8,111,730.22	\$57,111,146.32	\$60,321,626.56	(\$3,210,480.24)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	\$4,466,741.83	\$5,597,794.30	(\$1,131,052.47)	\$4,466,741.83	\$4,717,578.59	(\$250,836.76)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Misc Current & Accrued Assets	\$68,916.36	\$1,372,929.82	(\$1,304,013.46)	\$68,916.36	\$234,291.47	(\$165,375.11)
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	\$74,903,744.46	\$71,683,777.23	\$3,219,967.23	\$74,903,744.46	\$115,355,493.21	(\$40,451,748.75)
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	\$287,687,173.54	\$288,031,983.05	(\$344,809.51)	\$287,687,173.54	\$292,807,239.64	(\$5,120,066.10)
Preliminary Surveys	\$4,099,479.02	\$3,600,076.57	\$499,402.45	\$4,099,479.02	\$1,766,047.14	\$2,333,431.88
Clearing Accounts	\$218,017.15	\$135,496.90	\$82,520.25	\$218,017.15	\$0.00	\$218,017.15

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Aug - 2019
FDW Standard Report - For Internal Use Only

	Month: <i>Aug - 2019</i>	Previous Month	Variance	Month: <i>Aug - 2019</i>	December of Previous Year	Variance
Miscellaneous Deferred Debits	\$6,153,090.34	\$6,136,663.55	\$16,426.79	\$6,153,090.34	\$5,012,465.63	\$1,140,624.71
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	\$124,245,843.00	\$123,809,219.00	\$436,624.00	\$124,245,843.00	\$130,360,758.00	(\$6,114,915.00)
Unrecovered Purchase Gas Costs	(\$2,131,362.14)	(\$5,049,624.17)	\$2,918,262.03	(\$2,131,362.14)	\$5,792,437.98	(\$7,923,800.12)
Deferred Debits	\$420,272,240.91	\$416,663,814.90	\$3,608,426.01	\$420,272,240.91	\$435,738,948.39	(\$15,466,707.48)
Assets and Other Debits	\$2,732,590,983.29	\$2,700,628,971.74	\$31,962,011.55	\$2,732,590,983.29	\$2,626,134,157.53	\$106,456,825.76
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	\$45,127,800.00	\$45,127,800.00	\$0.00	\$45,127,800.00	\$45,127,800.00	\$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	\$52,889,827.00	\$52,889,827.00	\$0.00	\$52,889,827.00	\$52,889,827.00	\$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	\$853,468,802.42	\$859,716,767.26	(\$6,247,964.84)	\$853,468,802.42	\$788,379,727.86	\$65,089,074.56
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	\$951,486,429.42	\$957,734,394.26	(\$6,247,964.84)	\$951,486,429.42	\$886,397,354.86	\$65,089,074.56
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	\$705,515,000.00	\$705,515,000.00	\$0.00	\$705,515,000.00	\$705,515,000.00	\$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	\$705,515,000.00	\$705,515,000.00	\$0.00	\$705,515,000.00	\$705,515,000.00	\$0.00
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	\$35,569,080.43	\$35,753,567.16	(\$184,486.73)	\$35,569,080.43	\$28,879,266.00	\$6,689,814.43
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	\$136,052.65	\$137,839.32	(\$1,786.67)	\$136,052.65	\$113,922.28	\$22,130.37
Accum Prov - Pension & Benefit	\$6,260,210.10	\$6,358,606.15	(\$98,396.05)	\$6,260,210.10	\$6,164,095.93	\$96,114.17
Accum Misc Operating Provision	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	\$41,965,343.18	\$42,250,012.63	(\$284,669.45)	\$41,965,343.18	\$35,157,284.21	\$6,808,058.97
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	\$39,597,841.73	\$37,770,888.91	\$1,826,952.82	\$39,597,841.73	\$51,512,287.03	(\$11,914,445.30)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	\$146,692,251.39	\$114,438,695.48	\$32,253,555.91	\$146,692,251.39	\$85,227,080.96	\$61,465,170.43
Customer Deposits	\$3,190,318.11	\$3,206,470.11	(\$16,152.00)	\$3,190,318.11	\$3,341,168.69	(\$150,850.58)
Taxes Accrued	\$18,914,188.26	\$23,078,201.78	(\$4,164,013.52)	\$18,914,188.26	\$17,076,471.21	\$1,837,717.05
Interest Accrued	\$282,808.64	\$281,445.28	\$1,363.36	\$282,808.64	\$320,692.87	(\$37,884.23)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	\$23,793.04	\$27,982.43	(\$4,189.39)	\$23,793.04	\$501,506.84	(\$477,713.80)
Misc Current & Accrued Liab	\$44,324,625.66	\$37,719,655.92	\$6,604,969.74	\$44,324,625.66	\$60,809,351.05	(\$16,484,725.39)
Obligation Cap Lease - Current	\$2,225,805.86	\$2,209,180.92	\$16,624.94	\$2,225,805.86	\$1,088,458.01	\$1,137,347.85
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	\$255,251,632.69	\$218,732,520.83	\$36,519,111.86	\$255,251,632.69	\$219,877,016.66	\$35,374,616.03
Deferred Credits						
Customer Adv. for Construction	\$4,970,963.65	\$4,957,770.93	\$13,192.72	\$4,970,963.65	\$4,954,204.27	\$16,759.38
Acc Defd Investment Tax Credit	\$1,629,618.00	\$1,654,582.00	(\$24,964.00)	\$1,629,618.00	\$1,829,330.00	(\$199,712.00)
Other Deferred Credits	\$5,717,778.31	\$5,730,438.01	(\$12,659.70)	\$5,717,778.31	\$5,734,277.43	(\$16,499.12)

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Aug - 2019
FDW Standard Report - For Internal Use Only

	Month: <i>Aug - 2019</i>	Previous Month	Variance	Month: <i>Aug - 2019</i>	December of Previous Year	Variance
Other Regulatory Liabilities	\$250,809,255.35	\$251,040,627.39	(\$231,372.04)	\$250,809,255.35	\$267,658,578.41	(\$16,849,323.06)
Accum Defer Inc Tax - Oth Prop	\$509,755,001.70	\$507,625,061.70	\$2,129,940.00	\$509,755,001.70	\$492,715,525.70	\$17,039,476.00
Accum Defer Inc Tax - Other	\$5,489,960.99	\$5,388,563.99	\$101,397.00	\$5,489,960.99	\$6,295,585.99	(\$805,625.00)
Deferred Credits	\$778,372,578.00	\$776,397,044.02	\$1,975,533.98	\$778,372,578.00	\$779,187,501.80	(\$814,923.80)
Total Liabilities and Equity	\$2,732,590,983.29	\$2,700,628,971.74	\$31,962,011.55	\$2,732,590,983.29	\$2,626,134,157.53	\$106,456,825.76

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Sep - 2019
FDW Standard Report - For Internal Use Only

	Month: <i>Sep - 2019</i>	Previous Month	Variance	Month: <i>Sep - 2019</i>	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	\$2,655,091,348.58	\$2,620,569,512.32	\$34,521,836.26	\$2,655,091,348.58	\$2,470,071,060.77	\$185,020,287.81
Construction Work In Progress	\$77,970,243.89	\$86,859,929.59	(\$8,889,685.70)	\$77,970,243.89	\$47,472,392.48	\$30,497,851.41
Total Utility Plant	\$2,733,061,592.47	\$2,707,429,441.91	\$25,632,150.56	\$2,733,061,592.47	\$2,517,543,453.25	\$215,518,139.22
Accum Prov - Amort and Depr	(\$497,053,923.02)	(\$494,549,452.69)	(\$2,504,470.33)	(\$497,053,923.02)	(\$463,846,358.44)	(\$33,207,564.58)
Net Utility Plant	\$2,236,007,669.45	\$2,212,879,989.22	\$23,127,680.23	\$2,236,007,669.45	\$2,053,697,094.81	\$182,310,574.64
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	\$895,339.06	\$895,339.06	\$0.00	\$895,339.06	\$895,339.06	\$0.00
System Balancing Gas	(\$163,466.81)	(\$163,466.81)	\$0.00	(\$163,466.81)	(\$163,466.81)	\$0.00
Gas Store Undergrd_SysBal	\$731,872.25	\$731,872.25	\$0.00	\$731,872.25	\$731,872.25	\$0.00
Utility Plant	\$2,236,739,541.70	\$2,213,611,861.47	\$23,127,680.23	\$2,236,739,541.70	\$2,054,428,967.06	\$182,310,574.64
Other Property and Investments						
Non Utility Other Property	\$8,346.49	\$8,346.49	\$0.00	\$8,346.49	\$8,346.49	\$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	\$20,110,252.78	\$20,071,487.61	\$38,765.17	\$20,110,252.78	\$19,968,120.31	\$142,132.47
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	\$3,639,339.54	\$3,723,302.35	(\$83,962.81)	\$3,639,339.54	\$634,282.07	\$3,005,057.47
Other Property and Investments	\$23,757,938.81	\$23,803,136.45	(\$45,197.64)	\$23,757,938.81	\$20,610,748.87	\$3,147,189.94
Current and Accrued Assets						
Cash	\$2,617,118.23	\$1,708,056.55	\$909,061.68	\$2,617,118.23	\$3,928,067.44	(\$1,310,949.21)
Special Deposits	-	-	-	-	-	-
Working Funds	\$2,550.00	\$2,550.00	\$0.00	\$2,550.00	\$2,550.00	\$0.00
Temp Cash Investments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Accounts Receivable	\$1,508,139.49	\$253,000.00	\$1,255,139.49	\$1,508,139.49	\$253,205.46	\$1,254,934.03
Accum Prov Uncollectible - Cr	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NR from Associated Cos	\$6,964,549.18	\$10,091,059.42	(\$3,126,510.24)	\$6,964,549.18	\$44,704,353.21	(\$37,739,804.03)
AR from Associated Cos	\$35,105.61	\$86,277.11	(\$51,171.50)	\$35,105.61	\$153,583.67	(\$118,478.06)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	\$1,121,269.86	\$1,115,996.87	\$5,272.99	\$1,121,269.86	\$1,040,236.81	\$81,033.05
Merchandise	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	\$63,573,083.77	\$57,111,146.32	\$6,461,937.45	\$63,573,083.77	\$60,321,626.56	\$3,251,457.21
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	\$6,283,020.86	\$4,466,741.83	\$1,816,279.03	\$6,283,020.86	\$4,717,578.59	\$1,565,442.27
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Misc Current & Accrued Assets	\$320,702.53	\$68,916.36	\$251,786.17	\$320,702.53	\$234,291.47	\$86,411.06
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	\$82,425,539.53	\$74,903,744.46	\$7,521,795.07	\$82,425,539.53	\$115,355,493.21	(\$32,929,953.68)
Deferred Debits						
Unamortized Debt Expense	\$1,820.38	\$0.00	\$1,820.38	\$1,820.38	\$0.00	\$1,820.38
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	\$287,310,429.19	\$287,687,173.54	(\$376,744.35)	\$287,310,429.19	\$292,807,239.64	(\$5,496,810.45)
Preliminary Surveys	\$4,529,206.16	\$4,099,479.02	\$429,727.14	\$4,529,206.16	\$1,766,047.14	\$2,763,159.02
Clearing Accounts	\$2,157.37	\$218,017.15	(\$215,859.78)	\$2,157.37	\$0.00	\$2,157.37

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Sep - 2019
FDW Standard Report - For Internal Use Only

	Month: <i>Sep - 2019</i>	Previous Month	Variance	Month: <i>Sep - 2019</i>	December of Previous Year	Variance
Miscellaneous Deferred Debits	\$6,069,996.31	\$6,153,090.34	(\$83,094.03)	\$6,069,996.31	\$5,012,465.63	\$1,057,530.68
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	\$125,420,810.00	\$124,245,843.00	\$1,174,967.00	\$125,420,810.00	\$130,360,758.00	(\$4,939,948.00)
Unrecovered Purchase Gas Costs	\$1,253,659.59	(\$2,131,362.14)	\$3,385,021.73	\$1,253,659.59	\$5,792,437.98	(\$4,538,778.39)
Deferred Debits	\$424,588,079.00	\$420,272,240.91	\$4,315,838.09	\$424,588,079.00	\$435,738,948.39	(\$11,150,869.39)
Assets and Other Debits	\$2,767,511,099.04	\$2,732,590,983.29	\$34,920,115.75	\$2,767,511,099.04	\$2,626,134,157.53	\$141,376,941.51
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	\$45,127,800.00	\$45,127,800.00	\$0.00	\$45,127,800.00	\$45,127,800.00	\$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	\$52,889,827.00	\$52,889,827.00	\$0.00	\$52,889,827.00	\$52,889,827.00	\$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	\$847,274,586.14	\$853,468,802.42	(\$6,194,216.28)	\$847,274,586.14	\$788,379,727.86	\$58,894,858.28
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	\$945,292,213.14	\$951,486,429.42	(\$6,194,216.28)	\$945,292,213.14	\$886,397,354.86	\$58,894,858.28
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	\$805,515,000.00	\$705,515,000.00	\$100,000,000.00	\$805,515,000.00	\$705,515,000.00	\$100,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	\$805,515,000.00	\$705,515,000.00	\$100,000,000.00	\$805,515,000.00	\$705,515,000.00	\$100,000,000.00
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	\$35,383,817.77	\$35,569,080.43	(\$185,262.66)	\$35,383,817.77	\$28,879,266.00	\$6,504,551.77
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	\$144,544.85	\$136,052.65	\$8,492.20	\$144,544.85	\$113,922.28	\$30,622.57
Accum Prov - Pension & Benefit	\$6,237,076.65	\$6,260,210.10	(\$23,133.45)	\$6,237,076.65	\$6,164,095.93	\$72,980.72
Accum Misc Operating Provision	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	\$41,765,439.27	\$41,965,343.18	(\$199,903.91)	\$41,765,439.27	\$35,157,284.21	\$6,608,155.06
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	\$40,442,086.17	\$39,597,841.73	\$844,244.44	\$40,442,086.17	\$51,512,287.03	(\$11,070,200.86)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	\$79,373,882.46	\$146,692,251.39	(\$67,318,368.93)	\$79,373,882.46	\$85,227,080.96	(\$5,853,198.50)
Customer Deposits	\$3,226,014.11	\$3,190,318.11	\$35,696.00	\$3,226,014.11	\$3,341,168.69	(\$115,154.58)
Taxes Accrued	\$14,441,164.23	\$18,914,188.26	(\$4,473,024.03)	\$14,441,164.23	\$17,076,471.21	(\$2,635,306.98)
Interest Accrued	\$284,260.35	\$282,808.64	\$1,451.71	\$284,260.35	\$320,692.87	(\$36,432.52)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	\$20,423.45	\$23,793.04	(\$3,369.59)	\$20,423.45	\$501,506.84	(\$481,083.39)
Misc Current & Accrued Liab	\$55,137,381.53	\$44,324,625.66	\$10,812,755.87	\$55,137,381.53	\$60,809,351.05	(\$5,671,969.52)
Obligation Cap Lease - Current	\$2,409,028.73	\$2,225,805.86	\$183,222.87	\$2,409,028.73	\$1,088,458.01	\$1,320,570.72
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	\$195,334,241.03	\$255,251,632.69	(\$59,917,391.66)	\$195,334,241.03	\$219,877,016.66	(\$24,542,775.63)
Deferred Credits						
Customer Adv. for Construction	\$4,859,336.23	\$4,970,963.65	(\$111,627.42)	\$4,859,336.23	\$4,954,204.27	(\$94,868.04)
Acc Defd Investment Tax Credit	\$1,604,654.00	\$1,629,618.00	(\$24,964.00)	\$1,604,654.00	\$1,829,330.00	(\$224,676.00)
Other Deferred Credits	\$5,684,127.72	\$5,717,778.31	(\$33,650.59)	\$5,684,127.72	\$5,734,277.43	(\$50,149.71)

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Sep - 2019
FDW Standard Report - For Internal Use Only

	Month: <i>Sep - 2019</i>	Previous Month	Variance	Month: <i>Sep - 2019</i>	December of Previous Year	Variance
Other Regulatory Liabilities	\$249,817,488.96	\$250,809,255.35	(\$991,766.39)	\$249,817,488.96	\$267,658,578.41	(\$17,841,089.45)
Accum Defer Inc Tax - Oth Prop	\$511,884,942.70	\$509,755,001.70	\$2,129,941.00	\$511,884,942.70	\$492,715,525.70	\$19,169,417.00
Accum Defer Inc Tax - Other	\$5,753,655.99	\$5,489,960.99	\$263,695.00	\$5,753,655.99	\$6,295,585.99	(\$541,930.00)
Deferred Credits	\$779,604,205.60	\$778,372,578.00	\$1,231,627.60	\$779,604,205.60	\$779,187,501.80	\$416,703.80
Total Liabilities and Equity	\$2,767,511,099.04	\$2,732,590,983.29	\$34,920,115.75	\$2,767,511,099.04	\$2,626,134,157.53	\$141,376,941.51

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Oct - 2019
FDW Standard Report - For Internal Use Only

	Month: <i>Oct - 2019</i>	Previous Month	Variance	Month: <i>Oct - 2019</i>	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	\$2,701,590,603.14	\$2,655,091,348.58	\$46,499,254.56	\$2,701,590,603.14	\$2,470,071,060.77	\$231,519,542.37
Construction Work In Progress	\$61,601,260.10	\$77,970,243.89	(\$16,368,983.79)	\$61,601,260.10	\$47,472,392.48	\$14,128,867.62
Total Utility Plant	\$2,763,191,863.24	\$2,733,061,592.47	\$30,130,270.77	\$2,763,191,863.24	\$2,517,543,453.25	\$245,648,409.99
Accum Prov - Amort and Depr	(\$501,371,670.64)	(\$497,053,923.02)	(\$4,317,747.62)	(\$501,371,670.64)	(\$463,846,358.44)	(\$37,525,312.20)
Net Utility Plant	\$2,261,820,192.60	\$2,236,007,669.45	\$25,812,523.15	\$2,261,820,192.60	\$2,053,697,094.81	\$208,123,097.79
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	\$895,339.06	\$895,339.06	\$0.00	\$895,339.06	\$895,339.06	\$0.00
System Balancing Gas	(\$163,466.81)	(\$163,466.81)	\$0.00	(\$163,466.81)	(\$163,466.81)	\$0.00
Gas Store Undergrd_SysBal	\$731,872.25	\$731,872.25	\$0.00	\$731,872.25	\$731,872.25	\$0.00
Utility Plant	\$2,262,552,064.85	\$2,236,739,541.70	\$25,812,523.15	\$2,262,552,064.85	\$2,054,428,967.06	\$208,123,097.79
Other Property and Investments						
Non Utility Other Property	\$8,346.49	\$8,346.49	\$0.00	\$8,346.49	\$8,346.49	\$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	\$20,151,610.13	\$20,110,252.78	\$41,357.35	\$20,151,610.13	\$19,968,120.31	\$183,489.82
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	\$3,675,283.71	\$3,639,339.54	\$35,944.17	\$3,675,283.71	\$634,282.07	\$3,041,001.64
Other Property and Investments	\$23,835,240.33	\$23,757,938.81	\$77,301.52	\$23,835,240.33	\$20,610,748.87	\$3,224,491.46
Current and Accrued Assets						
Cash	\$1,456,087.38	\$2,617,118.23	(\$1,161,030.85)	\$1,456,087.38	\$3,928,067.44	(\$2,471,980.06)
Special Deposits	-	-	-	-	-	-
Working Funds	\$2,550.00	\$2,550.00	\$0.00	\$2,550.00	\$2,550.00	\$0.00
Temp Cash Investments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Accounts Receivable	\$253,000.00	\$1,508,139.49	(\$1,255,139.49)	\$253,000.00	\$253,205.46	(\$205.46)
Accum Prov Uncollectible - Cr	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NR from Associated Cos	\$16,165,639.82	\$6,964,549.18	\$9,201,090.64	\$16,165,639.82	\$44,704,353.21	(\$28,538,713.39)
AR from Associated Cos	\$89,446.02	\$35,105.61	\$54,340.41	\$89,446.02	\$153,583.67	(\$64,137.65)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	\$1,155,734.44	\$1,121,269.86	\$34,464.58	\$1,155,734.44	\$1,040,236.81	\$115,497.63
Merchandise	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	\$65,811,031.60	\$63,573,083.77	\$2,237,947.83	\$65,811,031.60	\$60,321,626.56	\$5,489,405.04
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	\$5,799,206.66	\$6,283,020.86	(\$483,814.20)	\$5,799,206.66	\$4,717,578.59	\$1,081,628.07
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Misc Current & Accrued Assets	\$290,294.83	\$320,702.53	(\$30,407.70)	\$290,294.83	\$234,291.47	\$56,003.36
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	\$91,022,990.75	\$82,425,539.53	\$8,597,451.22	\$91,022,990.75	\$115,355,493.21	(\$24,332,502.46)
Deferred Debits						
Unamortized Debt Expense	\$0.00	\$1,820.38	(\$1,820.38)	\$0.00	\$0.00	\$0.00
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	\$286,965,632.71	\$287,310,429.19	(\$344,796.48)	\$286,965,632.71	\$292,807,239.64	(\$5,841,606.93)
Preliminary Surveys	\$4,665,096.25	\$4,529,206.16	\$135,890.09	\$4,665,096.25	\$1,766,047.14	\$2,899,049.11
Clearing Accounts	(\$13,423.72)	\$2,157.37	(\$15,581.09)	(\$13,423.72)	\$0.00	(\$13,423.72)

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Oct - 2019
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	Month: <i>Oct - 2019</i>	Previous Month	Variance	Month: <i>Oct - 2019</i>	December of Previous Year	Variance
Miscellaneous Deferred Debits	\$5,485,337.02	\$6,069,996.31	(\$584,659.29)	\$5,485,337.02	\$5,012,465.63	\$472,871.39
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	\$127,528,456.00	\$125,420,810.00	\$2,107,646.00	\$127,528,456.00	\$130,360,758.00	(\$2,832,302.00)
Unrecovered Purchase Gas Costs	\$2,766,456.68	\$1,253,659.59	\$1,512,797.09	\$2,766,456.68	\$5,792,437.98	(\$3,025,981.30)
Deferred Debits	\$427,397,554.94	\$424,588,079.00	\$2,809,475.94	\$427,397,554.94	\$435,738,948.39	(\$8,341,393.45)
Assets and Other Debits	\$2,804,807,850.87	\$2,767,511,099.04	\$37,296,751.83	\$2,804,807,850.87	\$2,626,134,157.53	\$178,673,693.34
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	\$45,127,800.00	\$45,127,800.00	\$0.00	\$45,127,800.00	\$45,127,800.00	\$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	\$52,889,827.00	\$52,889,827.00	\$0.00	\$52,889,827.00	\$52,889,827.00	\$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	\$844,914,448.29	\$847,274,586.14	(\$2,360,137.85)	\$844,914,448.29	\$788,379,727.86	\$56,534,720.43
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	\$942,932,075.29	\$945,292,213.14	(\$2,360,137.85)	\$942,932,075.29	\$886,397,354.86	\$56,534,720.43
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	\$805,515,000.00	\$805,515,000.00	\$0.00	\$805,515,000.00	\$705,515,000.00	\$100,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	\$805,515,000.00	\$805,515,000.00	\$0.00	\$805,515,000.00	\$705,515,000.00	\$100,000,000.00
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	\$35,197,774.99	\$35,383,817.77	(\$186,042.78)	\$35,197,774.99	\$28,879,266.00	\$6,318,508.99
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	\$137,030.85	\$144,544.85	(\$7,514.00)	\$137,030.85	\$113,922.28	\$23,108.57
Accum Prov - Pension & Benefit	\$6,110,405.43	\$6,237,076.65	(\$126,671.22)	\$6,110,405.43	\$6,164,095.93	(\$53,690.50)
Accum Misc Operating Provision	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	\$41,445,211.27	\$41,765,439.27	(\$320,228.00)	\$41,445,211.27	\$35,157,284.21	\$6,287,927.06
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	\$37,788,684.41	\$40,442,086.17	(\$2,653,401.76)	\$37,788,684.41	\$51,512,287.03	(\$13,723,602.62)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	\$112,061,092.62	\$79,373,882.46	\$32,687,210.16	\$112,061,092.62	\$85,227,080.96	\$26,834,011.66
Customer Deposits	\$3,296,033.11	\$3,226,014.11	\$70,019.00	\$3,296,033.11	\$3,341,168.69	(\$45,135.58)
Taxes Accrued	\$17,274,105.78	\$14,441,164.23	\$2,832,941.55	\$17,274,105.78	\$17,076,471.21	\$197,634.57
Interest Accrued	\$283,743.85	\$284,260.35	(\$516.50)	\$283,743.85	\$320,692.87	(\$36,949.02)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	\$28,224.39	\$20,423.45	\$7,800.94	\$28,224.39	\$501,506.84	(\$473,282.45)
Misc Current & Accrued Liab	\$65,164,691.19	\$55,137,381.53	\$10,027,309.66	\$65,164,691.19	\$60,809,351.05	\$4,355,340.14
Obligation Cap Lease - Current	\$2,669,151.68	\$2,409,028.73	\$260,122.95	\$2,669,151.68	\$1,088,458.01	\$1,580,693.67
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	\$238,565,727.03	\$195,334,241.03	\$43,231,486.00	\$238,565,727.03	\$219,877,016.66	\$18,688,710.37
Deferred Credits						
Customer Adv. for Construction	\$4,297,229.60	\$4,859,336.23	(\$562,106.63)	\$4,297,229.60	\$4,954,204.27	(\$656,974.67)
Acc Defd Investment Tax Credit	\$1,579,690.00	\$1,604,654.00	(\$24,964.00)	\$1,579,690.00	\$1,829,330.00	(\$249,640.00)
Other Deferred Credits	\$5,664,834.85	\$5,684,127.72	(\$19,292.87)	\$5,664,834.85	\$5,734,277.43	(\$69,442.58)

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Oct - 2019
FDW Standard Report - For Internal Use Only

	Month: <i>Oct - 2019</i>	Previous Month	Variance	Month: <i>Oct - 2019</i>	December of Previous Year	Variance
Other Regulatory Liabilities	\$250,845,818.14	\$249,817,488.96	\$1,028,329.18	\$250,845,818.14	\$267,658,578.41	(\$16,812,760.27)
Accum Defer Inc Tax - Oth Prop	\$508,278,393.70	\$511,884,942.70	(\$3,606,549.00)	\$508,278,393.70	\$492,715,525.70	\$15,562,868.00
Accum Defer Inc Tax - Other	\$5,683,870.99	\$5,753,655.99	(\$69,785.00)	\$5,683,870.99	\$6,295,585.99	(\$611,715.00)
Deferred Credits	\$776,349,837.28	\$779,604,205.60	(\$3,254,368.32)	\$776,349,837.28	\$779,187,501.80	(\$2,837,664.52)
Total Liabilities and Equity	\$2,804,807,850.87	\$2,767,511,099.04	\$37,296,751.83	\$2,804,807,850.87	\$2,626,134,157.53	\$178,673,693.34

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Nov - 2019
FDW Standard Report - For Internal Use Only

	Month: <i>Nov - 2019</i>	Previous Month	Variance	Month: <i>Nov - 2019</i>	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	\$2,720,771,019.43	\$2,701,590,603.14	\$19,180,416.29	\$2,720,771,019.43	\$2,470,071,060.77	\$250,699,958.66
Construction Work In Progress	\$68,940,447.82	\$61,601,260.10	\$7,339,187.72	\$68,940,447.82	\$47,472,392.48	\$21,468,055.34
Total Utility Plant	\$2,789,711,467.25	\$2,763,191,863.24	\$26,519,604.01	\$2,789,711,467.25	\$2,517,543,453.25	\$272,168,014.00
Accum Prov - Amort and Depr	(\$502,691,310.01)	(\$501,371,670.64)	(\$1,319,639.37)	(\$502,691,310.01)	(\$463,846,358.44)	(\$38,844,951.57)
Net Utility Plant	\$2,287,020,157.24	\$2,261,820,192.60	\$25,199,964.64	\$2,287,020,157.24	\$2,053,697,094.81	\$233,323,062.43
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	\$895,339.06	\$895,339.06	\$0.00	\$895,339.06	\$895,339.06	\$0.00
System Balancing Gas	(\$163,466.81)	(\$163,466.81)	\$0.00	(\$163,466.81)	(\$163,466.81)	\$0.00
Gas Store Undergrd_SysBal	\$731,872.25	\$731,872.25	\$0.00	\$731,872.25	\$731,872.25	\$0.00
Utility Plant	\$2,287,752,029.49	\$2,262,552,064.85	\$25,199,964.64	\$2,287,752,029.49	\$2,054,428,967.06	\$233,323,062.43
Other Property and Investments						
Non Utility Other Property	\$8,346.49	\$8,346.49	\$0.00	\$8,346.49	\$8,346.49	\$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	\$20,214,952.11	\$20,151,610.13	\$63,341.98	\$20,214,952.11	\$19,968,120.31	\$246,831.80
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	\$3,679,392.88	\$3,675,283.71	\$4,109.17	\$3,679,392.88	\$634,282.07	\$3,045,110.81
Other Property and Investments	\$23,902,691.48	\$23,835,240.33	\$67,451.15	\$23,902,691.48	\$20,610,748.87	\$3,291,942.61
Current and Accrued Assets						
Cash	\$410,181.45	\$1,456,087.38	(\$1,045,905.93)	\$410,181.45	\$3,928,067.44	(\$3,517,885.99)
Special Deposits	-	-	-	-	-	-
Working Funds	\$2,550.00	\$2,550.00	\$0.00	\$2,550.00	\$2,550.00	\$0.00
Temp Cash Investments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Accounts Receivable	\$253,000.00	\$253,000.00	\$0.00	\$253,000.00	\$253,205.46	(\$205.46)
Accum Prov Uncollectible - Cr	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NR from Associated Cos	\$38,501,029.93	\$16,165,639.82	\$22,335,390.11	\$38,501,029.93	\$44,704,353.21	(\$6,203,323.28)
AR from Associated Cos	\$111,007.59	\$89,446.02	\$21,561.57	\$111,007.59	\$153,583.67	(\$42,576.08)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	\$1,158,550.74	\$1,155,734.44	\$2,816.30	\$1,158,550.74	\$1,040,236.81	\$118,313.93
Merchandise	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	\$59,220,987.16	\$65,811,031.60	(\$6,590,044.44)	\$59,220,987.16	\$60,321,626.56	(\$1,100,639.40)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	\$5,092,243.25	\$5,799,206.66	(\$706,963.41)	\$5,092,243.25	\$4,717,578.59	\$374,664.66
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Misc Current & Accrued Assets	\$1,353,762.91	\$290,294.83	\$1,063,468.08	\$1,353,762.91	\$234,291.47	\$1,119,471.44
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	\$106,103,313.03	\$91,022,990.75	\$15,080,322.28	\$106,103,313.03	\$115,355,493.21	(\$9,252,180.18)
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	\$285,794,016.00	\$286,965,632.71	(\$1,171,616.71)	\$285,794,016.00	\$292,807,239.64	(\$7,013,223.64)
Preliminary Surveys	\$4,817,638.69	\$4,665,096.25	\$152,542.44	\$4,817,638.69	\$1,766,047.14	\$3,051,591.55
Clearing Accounts	\$1,296.33	(\$13,423.72)	\$14,720.05	\$1,296.33	\$0.00	\$1,296.33

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Nov - 2019
FDW Standard Report - For Internal Use Only

	Month: <i>Nov - 2019</i>	Previous Month	Variance	Month: <i>Nov - 2019</i>	December of Previous Year	Variance
Miscellaneous Deferred Debits	\$5,507,955.49	\$5,485,337.02	\$22,618.47	\$5,507,955.49	\$5,012,465.63	\$495,489.86
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	\$124,000,822.00	\$127,528,456.00	(\$3,527,634.00)	\$124,000,822.00	\$130,360,758.00	(\$6,359,936.00)
Unrecovered Purchase Gas Costs	\$1,775,504.93	\$2,766,456.68	(\$990,951.75)	\$1,775,504.93	\$5,792,437.98	(\$4,016,933.05)
Deferred Debits	\$421,897,233.44	\$427,397,554.94	(\$5,500,321.50)	\$421,897,233.44	\$435,738,948.39	(\$13,841,714.95)
Assets and Other Debits	\$2,839,655,267.44	\$2,804,807,850.87	\$34,847,416.57	\$2,839,655,267.44	\$2,626,134,157.53	\$213,521,109.91
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	\$45,127,800.00	\$45,127,800.00	\$0.00	\$45,127,800.00	\$45,127,800.00	\$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	\$52,889,827.00	\$52,889,827.00	\$0.00	\$52,889,827.00	\$52,889,827.00	\$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	\$859,124,191.53	\$844,914,448.29	\$14,209,743.24	\$859,124,191.53	\$788,379,727.86	\$70,744,463.67
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	\$957,141,818.53	\$942,932,075.29	\$14,209,743.24	\$957,141,818.53	\$886,397,354.86	\$70,744,463.67
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	\$785,515,000.00	\$805,515,000.00	(\$20,000,000.00)	\$785,515,000.00	\$705,515,000.00	\$80,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	\$785,515,000.00	\$805,515,000.00	(\$20,000,000.00)	\$785,515,000.00	\$705,515,000.00	\$80,000,000.00
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	\$27,087,751.28	\$35,197,774.99	(\$8,110,023.71)	\$27,087,751.28	\$28,879,266.00	(\$1,791,514.72)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	\$143,664.60	\$137,030.85	\$6,633.75	\$143,664.60	\$113,922.28	\$29,742.32
Accum Prov - Pension & Benefit	\$5,935,103.46	\$6,110,405.43	(\$175,301.97)	\$5,935,103.46	\$6,164,095.93	(\$228,992.47)
Accum Misc Operating Provision	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	\$33,166,519.34	\$41,445,211.27	(\$8,278,691.93)	\$33,166,519.34	\$35,157,284.21	(\$1,990,764.87)
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	\$43,680,534.54	\$37,788,684.41	\$5,891,850.13	\$43,680,534.54	\$51,512,287.03	(\$7,831,752.49)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	\$153,810,659.99	\$112,061,092.62	\$41,749,567.37	\$153,810,659.99	\$85,227,080.96	\$68,583,579.03
Customer Deposits	\$3,406,498.11	\$3,296,033.11	\$110,465.00	\$3,406,498.11	\$3,341,168.69	\$65,329.42
Taxes Accrued	\$18,053,167.79	\$17,274,105.78	\$779,062.01	\$18,053,167.79	\$17,076,471.21	\$976,696.58
Interest Accrued	\$287,134.10	\$283,743.85	\$3,390.25	\$287,134.10	\$320,692.87	(\$33,558.77)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	\$156,499.49	\$28,224.39	\$128,275.10	\$156,499.49	\$501,506.84	(\$345,007.35)
Misc Current & Accrued Liab	\$67,027,441.26	\$65,164,691.19	\$1,862,750.07	\$67,027,441.26	\$60,809,351.05	\$6,218,090.21
Obligation Cap Lease - Current	\$2,513,265.92	\$2,669,151.68	(\$155,885.76)	\$2,513,265.92	\$1,088,458.01	\$1,424,807.91
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	\$288,935,201.20	\$238,565,727.03	\$50,369,474.17	\$288,935,201.20	\$219,877,016.66	\$69,058,184.54
Deferred Credits						
Customer Adv. for Construction	\$4,225,187.75	\$4,297,229.60	(\$72,041.85)	\$4,225,187.75	\$4,954,204.27	(\$729,016.52)
Acc Defd Investment Tax Credit	\$1,554,726.00	\$1,579,690.00	(\$24,964.00)	\$1,554,726.00	\$1,829,330.00	(\$274,604.00)
Other Deferred Credits	\$5,658,059.91	\$5,664,834.85	(\$6,774.94)	\$5,658,059.91	\$5,734,277.43	(\$76,217.52)

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Nov - 2019
FDW Standard Report - For Internal Use Only

	Month: <i>Nov - 2019</i>	Previous Month	Variance	Month: <i>Nov - 2019</i>	December of Previous Year	Variance
Other Regulatory Liabilities	\$248,143,965.02	\$250,845,818.14	(\$2,701,853.12)	\$248,143,965.02	\$267,658,578.41	(\$19,514,613.39)
Accum Defer Inc Tax - Oth Prop	\$510,408,337.70	\$508,278,393.70	\$2,129,944.00	\$510,408,337.70	\$492,715,525.70	\$17,692,812.00
Accum Defer Inc Tax - Other	\$4,906,451.99	\$5,683,870.99	(\$777,419.00)	\$4,906,451.99	\$6,295,585.99	(\$1,389,134.00)
Deferred Credits	\$774,896,728.37	\$776,349,837.28	(\$1,453,108.91)	\$774,896,728.37	\$779,187,501.80	(\$4,290,773.43)
Total Liabilities and Equity	\$2,839,655,267.44	\$2,804,807,850.87	\$34,847,416.57	\$2,839,655,267.44	\$2,626,134,157.53	\$213,521,109.91

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Dec - 2019
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	Month: <i>Dec - 2019</i>	Previous Month	Variance	Month: <i>Dec - 2019</i>	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	\$2,755,558,490.42	\$2,720,771,019.43	\$34,787,470.99	\$2,755,558,490.42	\$2,470,071,060.77	\$285,487,429.65
Construction Work In Progress	\$45,731,782.15	\$68,940,447.82	(\$23,208,665.67)	\$45,731,782.15	\$47,472,392.48	(\$1,740,610.33)
Total Utility Plant	\$2,801,290,272.57	\$2,789,711,467.25	\$11,578,805.32	\$2,801,290,272.57	\$2,517,543,453.25	\$283,746,819.32
Accum Prov - Amort and Depr	(\$489,551,440.66)	(\$502,691,310.01)	\$13,139,869.35	(\$489,551,440.66)	(\$463,846,358.44)	(\$25,705,082.22)
Net Utility Plant	\$2,311,738,831.91	\$2,287,020,157.24	\$24,718,674.67	\$2,311,738,831.91	\$2,053,697,094.81	\$258,041,737.10
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	\$895,339.06	\$895,339.06	\$0.00	\$895,339.06	\$895,339.06	\$0.00
System Balancing Gas	(\$163,466.81)	(\$163,466.81)	\$0.00	(\$163,466.81)	(\$163,466.81)	\$0.00
Gas Store Undergrd_SysBal	\$731,872.25	\$731,872.25	\$0.00	\$731,872.25	\$731,872.25	\$0.00
Utility Plant	\$2,312,470,704.16	\$2,287,752,029.49	\$24,718,674.67	\$2,312,470,704.16	\$2,054,428,967.06	\$258,041,737.10
Other Property and Investments						
Non Utility Other Property	\$8,346.49	\$8,346.49	\$0.00	\$8,346.49	\$8,346.49	\$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	\$20,283,227.94	\$20,214,952.11	\$68,275.83	\$20,283,227.94	\$19,968,120.31	\$315,107.63
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	\$4,752,561.03	\$3,679,392.88	\$1,073,168.15	\$4,752,561.03	\$634,282.07	\$4,118,278.96
Other Property and Investments	\$25,044,135.46	\$23,902,691.48	\$1,141,443.98	\$25,044,135.46	\$20,610,748.87	\$4,433,386.59
Current and Accrued Assets						
Cash	\$2,099,204.84	\$410,181.45	\$1,689,023.39	\$2,099,204.84	\$3,928,067.44	(\$1,828,862.60)
Special Deposits	-	-	-	-	-	-
Working Funds	\$2,550.00	\$2,550.00	\$0.00	\$2,550.00	\$2,550.00	\$0.00
Temp Cash Investments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Accounts Receivable	\$253,000.00	\$253,000.00	\$0.00	\$253,000.00	\$253,205.46	(\$205.46)
Accum Prov Uncollectible - Cr	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NR from Associated Cos	\$43,010,056.07	\$38,501,029.93	\$4,509,026.14	\$43,010,056.07	\$44,704,353.21	(\$1,694,297.14)
AR from Associated Cos	\$802,216.99	\$111,007.59	\$691,209.40	\$802,216.99	\$153,583.67	\$648,633.32
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	\$1,163,837.48	\$1,158,550.74	\$5,286.74	\$1,163,837.48	\$1,040,236.81	\$123,600.67
Merchandise	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	\$48,078,559.27	\$59,220,987.16	(\$11,142,427.89)	\$48,078,559.27	\$60,321,626.56	(\$12,243,067.29)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	\$6,152,017.74	\$5,092,243.25	\$1,059,774.49	\$6,152,017.74	\$4,717,578.59	\$1,434,439.15
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Misc Current & Accrued Assets	\$2,838,327.35	\$1,353,762.91	\$1,484,564.44	\$2,838,327.35	\$234,291.47	\$2,604,035.88
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	\$104,399,769.74	\$106,103,313.03	(\$1,703,543.29)	\$104,399,769.74	\$115,355,493.21	(\$10,955,723.47)
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	\$279,043,933.40	\$285,794,016.00	(\$6,750,082.60)	\$279,043,933.40	\$292,807,239.64	(\$13,763,306.24)
Preliminary Surveys	\$4,427,002.87	\$4,817,638.69	(\$390,635.82)	\$4,427,002.87	\$1,766,047.14	\$2,660,955.73
Clearing Accounts	\$0.00	\$1,296.33	(\$1,296.33)	\$0.00	\$0.00	\$0.00

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
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	Month: <i>Dec - 2019</i>	Previous Month	Variance	Month: <i>Dec - 2019</i>	December of Previous Year	Variance
Miscellaneous Deferred Debits	\$4,334,213.24	\$5,507,955.49	(\$1,173,742.25)	\$4,334,213.24	\$5,012,465.63	(\$678,252.39)
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	\$122,916,021.00	\$124,000,822.00	(\$1,084,801.00)	\$122,916,021.00	\$130,360,758.00	(\$7,444,737.00)
Unrecovered Purchase Gas Costs	(\$830,838.41)	\$1,775,504.93	(\$2,606,343.34)	(\$830,838.41)	\$5,792,437.98	(\$6,623,276.39)
Deferred Debits	\$409,890,332.10	\$421,897,233.44	(\$12,006,901.34)	\$409,890,332.10	\$435,738,948.39	(\$25,848,616.29)
Assets and Other Debits	\$2,851,804,941.46	\$2,839,655,267.44	\$12,149,674.02	\$2,851,804,941.46	\$2,626,134,157.53	\$225,670,783.93
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	\$45,127,800.00	\$45,127,800.00	\$0.00	\$45,127,800.00	\$45,127,800.00	\$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	\$52,889,827.00	\$52,889,827.00	\$0.00	\$52,889,827.00	\$52,889,827.00	\$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	\$885,402,388.17	\$859,124,191.53	\$26,278,196.64	\$885,402,388.17	\$788,379,727.86	\$97,022,660.31
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	\$983,420,015.17	\$957,141,818.53	\$26,278,196.64	\$983,420,015.17	\$886,397,354.86	\$97,022,660.31
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	\$785,515,000.00	\$785,515,000.00	\$0.00	\$785,515,000.00	\$705,515,000.00	\$80,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	\$785,515,000.00	\$785,515,000.00	\$0.00	\$785,515,000.00	\$705,515,000.00	\$80,000,000.00
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	\$27,187,702.09	\$27,087,751.28	\$99,950.81	\$27,187,702.09	\$28,879,266.00	(\$1,691,563.91)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	\$142,035.04	\$143,664.60	(\$1,629.56)	\$142,035.04	\$113,922.28	\$28,112.76
Accum Prov - Pension & Benefit	\$2,553,240.14	\$5,935,103.46	(\$3,381,863.32)	\$2,553,240.14	\$6,164,095.93	(\$3,610,855.79)
Accum Misc Operating Provision	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	\$29,882,977.27	\$33,166,519.34	(\$3,283,542.07)	\$29,882,977.27	\$35,157,284.21	(\$5,274,306.94)
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	\$46,517,293.00	\$43,680,534.54	\$2,836,758.46	\$46,517,293.00	\$51,512,287.03	(\$4,994,994.03)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	\$156,860,863.31	\$153,810,659.99	\$3,050,203.32	\$156,860,863.31	\$85,227,080.96	\$71,633,782.35
Customer Deposits	\$3,522,509.11	\$3,406,498.11	\$116,011.00	\$3,522,509.11	\$3,341,168.69	\$181,340.42
Taxes Accrued	\$11,769,563.75	\$18,053,167.79	(\$6,283,604.04)	\$11,769,563.75	\$17,076,471.21	(\$5,306,907.46)
Interest Accrued	\$289,931.85	\$287,134.10	\$2,797.75	\$289,931.85	\$320,692.87	(\$30,761.02)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	\$438,583.95	\$156,499.49	\$282,084.46	\$438,583.95	\$501,506.84	(\$62,922.89)
Misc Current & Accrued Liab	\$63,957,232.81	\$67,027,441.26	(\$3,070,208.45)	\$63,957,232.81	\$60,809,351.05	\$3,147,881.76
Obligation Cap Lease - Current	\$2,788,851.75	\$2,513,265.92	\$275,585.83	\$2,788,851.75	\$1,088,458.01	\$1,700,393.74
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	\$286,144,829.53	\$288,935,201.20	(\$2,790,371.67)	\$286,144,829.53	\$219,877,016.66	\$66,267,812.87
Deferred Credits						
Customer Adv. for Construction	\$4,206,255.94	\$4,225,187.75	(\$18,931.81)	\$4,206,255.94	\$4,954,204.27	(\$747,948.33)
Acc Defd Investment Tax Credit	\$1,529,762.00	\$1,554,726.00	(\$24,964.00)	\$1,529,762.00	\$1,829,330.00	(\$299,568.00)
Other Deferred Credits	\$5,655,894.91	\$5,658,059.91	(\$2,165.00)	\$5,655,894.91	\$5,734,277.43	(\$78,382.52)

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Dec - 2019
FDW Standard Report - For Internal Use Only

	Month: <i>Dec - 2019</i>	Previous Month	Variance	Month: <i>Dec - 2019</i>	December of Previous Year	Variance
Other Regulatory Liabilities	\$241,381,620.95	\$248,143,965.02	(\$6,762,344.07)	\$241,381,620.95	\$267,658,578.41	(\$26,276,957.46)
Accum Defer Inc Tax - Oth Prop	\$506,796,456.70	\$510,408,337.70	(\$3,611,881.00)	\$506,796,456.70	\$492,715,525.70	\$14,080,931.00
Accum Defer Inc Tax - Other	\$7,272,128.99	\$4,906,451.99	\$2,365,677.00	\$7,272,128.99	\$6,295,585.99	\$976,543.00
Deferred Credits	\$766,842,119.49	\$774,896,728.37	(\$8,054,608.88)	\$766,842,119.49	\$779,187,501.80	(\$12,345,382.31)
Total Liabilities and Equity	\$2,851,804,941.46	\$2,839,655,267.44	\$12,149,674.02	\$2,851,804,941.46	\$2,626,134,157.53	\$225,670,783.93

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Jan - 2020
FDW Standard Report - For Internal Use Only

	Month: <i>Jan - 2020</i>	Previous Month	Variance	Month: <i>Jan - 2020</i>	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	\$2,780,829,527.24	\$2,755,558,490.42	\$25,271,036.82	\$2,780,829,527.24	\$2,755,558,490.42	\$25,271,036.82
Construction Work In Progress	\$52,901,455.47	\$45,731,782.15	\$7,169,673.32	\$52,901,455.47	\$45,731,782.15	\$7,169,673.32
Total Utility Plant	\$2,833,730,982.71	\$2,801,290,272.57	\$32,440,710.14	\$2,833,730,982.71	\$2,801,290,272.57	\$32,440,710.14
Accum Prov - Amort and Depr	(\$504,219,450.57)	(\$489,551,440.66)	(\$14,668,009.91)	(\$504,219,450.57)	(\$489,551,440.66)	(\$14,668,009.91)
Net Utility Plant	\$2,329,511,532.14	\$2,311,738,831.91	\$17,772,700.23	\$2,329,511,532.14	\$2,311,738,831.91	\$17,772,700.23
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	\$895,339.06	\$895,339.06	\$0.00	\$895,339.06	\$895,339.06	\$0.00
System Balancing Gas	(\$163,466.81)	(\$163,466.81)	\$0.00	(\$163,466.81)	(\$163,466.81)	\$0.00
Gas Store Undergrd_SysBal	\$731,872.25	\$731,872.25	\$0.00	\$731,872.25	\$731,872.25	\$0.00
Utility Plant	\$2,330,243,404.39	\$2,312,470,704.16	\$17,772,700.23	\$2,330,243,404.39	\$2,312,470,704.16	\$17,772,700.23
Other Property and Investments						
Non Utility Other Property	\$8,346.49	\$8,346.49	\$0.00	\$8,346.49	\$8,346.49	\$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	\$20,355,167.79	\$20,283,227.94	\$71,939.85	\$20,355,167.79	\$20,283,227.94	\$71,939.85
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	\$4,938,707.45	\$4,752,561.03	\$186,146.42	\$4,938,707.45	\$4,752,561.03	\$186,146.42
Other Property and Investments	\$25,302,221.73	\$25,044,135.46	\$258,086.27	\$25,302,221.73	\$25,044,135.46	\$258,086.27
Current and Accrued Assets						
Cash	\$2,041,018.20	\$2,099,204.84	(\$58,186.64)	\$2,041,018.20	\$2,099,204.84	(\$58,186.64)
Special Deposits	-	-	-	-	-	-
Working Funds	\$2,550.00	\$2,550.00	\$0.00	\$2,550.00	\$2,550.00	\$0.00
Temp Cash Investments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Accounts Receivable	\$253,000.00	\$253,000.00	\$0.00	\$253,000.00	\$253,000.00	\$0.00
Accum Prov Uncollectible - Cr	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NR from Associated Cos	\$19,753,321.13	\$43,010,056.07	(\$23,256,734.94)	\$19,753,321.13	\$43,010,056.07	(\$23,256,734.94)
AR from Associated Cos	\$309,774.60	\$802,216.99	(\$492,442.39)	\$309,774.60	\$802,216.99	(\$492,442.39)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	\$1,154,707.78	\$1,163,837.48	(\$9,129.70)	\$1,154,707.78	\$1,163,837.48	(\$9,129.70)
Merchandise	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	\$34,942,447.56	\$48,078,559.27	(\$13,136,111.71)	\$34,942,447.56	\$48,078,559.27	(\$13,136,111.71)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	\$4,540,338.35	\$6,152,017.74	(\$1,611,679.39)	\$4,540,338.35	\$6,152,017.74	(\$1,611,679.39)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Misc Current & Accrued Assets	\$3,067,508.44	\$2,838,327.35	\$229,181.09	\$3,067,508.44	\$2,838,327.35	\$229,181.09
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	\$66,064,666.06	\$104,399,769.74	(\$38,335,103.68)	\$66,064,666.06	\$104,399,769.74	(\$38,335,103.68)
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	\$278,228,346.24	\$279,043,933.40	(\$815,587.16)	\$278,228,346.24	\$279,043,933.40	(\$815,587.16)
Preliminary Surveys	\$4,807,778.71	\$4,427,002.87	\$380,775.84	\$4,807,778.71	\$4,427,002.87	\$380,775.84
Clearing Accounts	\$773.52	\$0.00	\$773.52	\$773.52	\$0.00	\$773.52

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Jan - 2020
FDW Standard Report - For Internal Use Only

	Month: <i>Jan - 2020</i>	Previous Month	Variance	Month: <i>Jan - 2020</i>	December of Previous Year	Variance
Miscellaneous Deferred Debits	\$4,377,682.63	\$4,334,213.24	\$43,469.39	\$4,377,682.63	\$4,334,213.24	\$43,469.39
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	\$118,345,968.00	\$122,916,021.00	(\$4,570,053.00)	\$118,345,968.00	\$122,916,021.00	(\$4,570,053.00)
Unrecovered Purchase Gas Costs	(\$3,683,757.79)	(\$830,838.41)	(\$2,852,919.38)	(\$3,683,757.79)	(\$830,838.41)	(\$2,852,919.38)
Deferred Debits	\$402,076,791.31	\$409,890,332.10	(\$7,813,540.79)	\$402,076,791.31	\$409,890,332.10	(\$7,813,540.79)
Assets and Other Debits	\$2,823,687,083.49	\$2,851,804,941.46	(\$28,117,857.97)	\$2,823,687,083.49	\$2,851,804,941.46	(\$28,117,857.97)
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	\$45,127,800.00	\$45,127,800.00	\$0.00	\$45,127,800.00	\$45,127,800.00	\$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	\$52,889,827.00	\$52,889,827.00	\$0.00	\$52,889,827.00	\$52,889,827.00	\$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	\$909,580,240.27	\$885,402,388.17	\$24,177,852.10	\$909,580,240.27	\$885,402,388.17	\$24,177,852.10
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	\$1,007,597,867.27	\$983,420,015.17	\$24,177,852.10	\$1,007,597,867.27	\$983,420,015.17	\$24,177,852.10
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	\$785,515,000.00	\$785,515,000.00	\$0.00	\$785,515,000.00	\$785,515,000.00	\$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	\$785,515,000.00	\$785,515,000.00	\$0.00	\$785,515,000.00	\$785,515,000.00	\$0.00
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	\$27,015,536.49	\$27,187,702.09	(\$172,165.60)	\$27,015,536.49	\$27,187,702.09	(\$172,165.60)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	\$164,246.04	\$142,035.04	\$22,211.00	\$164,246.04	\$142,035.04	\$22,211.00
Accum Prov - Pension & Benefit	\$2,486,207.15	\$2,553,240.14	(\$67,032.99)	\$2,486,207.15	\$2,553,240.14	(\$67,032.99)
Accum Misc Operating Provision	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	\$29,665,989.68	\$29,882,977.27	(\$216,987.59)	\$29,665,989.68	\$29,882,977.27	(\$216,987.59)
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	\$39,055,879.79	\$46,517,293.00	(\$7,461,413.21)	\$39,055,879.79	\$46,517,293.00	(\$7,461,413.21)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	\$125,772,037.74	\$156,860,863.31	(\$31,088,825.57)	\$125,772,037.74	\$156,860,863.31	(\$31,088,825.57)
Customer Deposits	\$3,490,127.11	\$3,522,509.11	(\$32,382.00)	\$3,490,127.11	\$3,522,509.11	(\$32,382.00)
Taxes Accrued	\$18,342,094.49	\$11,769,563.75	\$6,572,530.74	\$18,342,094.49	\$11,769,563.75	\$6,572,530.74
Interest Accrued	\$226,561.16	\$289,931.85	(\$63,370.69)	\$226,561.16	\$289,931.85	(\$63,370.69)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	\$495,709.45	\$438,583.95	\$57,125.50	\$495,709.45	\$438,583.95	\$57,125.50
Misc Current & Accrued Liab	\$49,418,808.86	\$63,957,232.81	(\$14,538,423.95)	\$49,418,808.86	\$63,957,232.81	(\$14,538,423.95)
Obligation Cap Lease - Current	\$2,747,307.95	\$2,788,851.75	(\$41,543.80)	\$2,747,307.95	\$2,788,851.75	(\$41,543.80)
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	\$239,548,526.55	\$286,144,829.53	(\$46,596,302.98)	\$239,548,526.55	\$286,144,829.53	(\$46,596,302.98)
Deferred Credits						
Customer Adv. for Construction	\$4,166,105.04	\$4,206,255.94	(\$40,150.90)	\$4,166,105.04	\$4,206,255.94	(\$40,150.90)
Acc Defd Investment Tax Credit	\$1,504,798.00	\$1,529,762.00	(\$24,964.00)	\$1,504,798.00	\$1,529,762.00	(\$24,964.00)
Other Deferred Credits	\$5,651,234.91	\$5,655,894.91	(\$4,660.00)	\$5,651,234.91	\$5,655,894.91	(\$4,660.00)

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Jan - 2020
FDW Standard Report - For Internal Use Only

	Month: <i>Jan - 2020</i>	Previous Month	Variance	Month: <i>Jan - 2020</i>	December of Previous Year	Variance
Other Regulatory Liabilities	\$236,954,227.35	\$241,381,620.95	(\$4,427,393.60)	\$236,954,227.35	\$241,381,620.95	(\$4,427,393.60)
Accum Defer Inc Tax - Oth Prop	\$508,649,074.70	\$506,796,456.70	\$1,852,618.00	\$508,649,074.70	\$506,796,456.70	\$1,852,618.00
Accum Defer Inc Tax - Other	\$4,434,259.99	\$7,272,128.99	(\$2,837,869.00)	\$4,434,259.99	\$7,272,128.99	(\$2,837,869.00)
Deferred Credits	\$761,359,699.99	\$766,842,119.49	(\$5,482,419.50)	\$761,359,699.99	\$766,842,119.49	(\$5,482,419.50)
Total Liabilities and Equity	\$2,823,687,083.49	\$2,851,804,941.46	(\$28,117,857.97)	\$2,823,687,083.49	\$2,851,804,941.46	(\$28,117,857.97)

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Feb - 2020
FDW Standard Report - For Internal Use Only

	Month: <i>Feb - 2020</i>	Previous Month	Variance	Month: <i>Feb - 2020</i>	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	\$2,808,763,864.41	\$2,780,829,527.24	\$27,934,337.17	\$2,808,763,864.41	\$2,755,558,490.42	\$53,205,373.99
Construction Work In Progress	\$45,527,030.77	\$52,901,455.47	(\$7,374,424.70)	\$45,527,030.77	\$45,731,782.15	(\$204,751.38)
Total Utility Plant	\$2,854,290,895.18	\$2,833,730,982.71	\$20,559,912.47	\$2,854,290,895.18	\$2,801,290,272.57	\$53,000,622.61
Accum Prov - Amort and Depr	(\$509,045,720.22)	(\$504,219,450.57)	(\$4,826,269.65)	(\$509,045,720.22)	(\$489,551,440.66)	(\$19,494,279.56)
Net Utility Plant	\$2,345,245,174.96	\$2,329,511,532.14	\$15,733,642.82	\$2,345,245,174.96	\$2,311,738,831.91	\$33,506,343.05
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	\$895,339.06	\$895,339.06	\$0.00	\$895,339.06	\$895,339.06	\$0.00
System Balancing Gas	(\$163,466.81)	(\$163,466.81)	\$0.00	(\$163,466.81)	(\$163,466.81)	\$0.00
Gas Store Undergrd_SysBal	\$731,872.25	\$731,872.25	\$0.00	\$731,872.25	\$731,872.25	\$0.00
Utility Plant	\$2,345,977,047.21	\$2,330,243,404.39	\$15,733,642.82	\$2,345,977,047.21	\$2,312,470,704.16	\$33,506,343.05
Other Property and Investments						
Non Utility Other Property	\$8,346.49	\$8,346.49	\$0.00	\$8,346.49	\$8,346.49	\$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	\$20,423,347.48	\$20,355,167.79	\$68,179.69	\$20,423,347.48	\$20,283,227.94	\$140,119.54
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	\$5,124,853.87	\$4,938,707.45	\$186,146.42	\$5,124,853.87	\$4,752,561.03	\$372,292.84
Other Property and Investments	\$25,556,547.84	\$25,302,221.73	\$254,326.11	\$25,556,547.84	\$25,044,135.46	\$512,412.38
Current and Accrued Assets						
Cash	\$2,294,929.88	\$2,041,018.20	\$253,911.68	\$2,294,929.88	\$2,099,204.84	\$195,725.04
Special Deposits	-	-	-	-	-	-
Working Funds	\$2,550.00	\$2,550.00	\$0.00	\$2,550.00	\$2,550.00	\$0.00
Temp Cash Investments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Accounts Receivable	\$253,000.00	\$253,000.00	\$0.00	\$253,000.00	\$253,000.00	\$0.00
Accum Prov Uncollectible - Cr	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NR from Associated Cos	\$38,265,292.79	\$19,753,321.13	\$18,511,971.66	\$38,265,292.79	\$43,010,056.07	(\$4,744,763.28)
AR from Associated Cos	\$267,711.74	\$309,774.60	(\$42,062.86)	\$267,711.74	\$802,216.99	(\$534,505.25)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	\$1,178,016.74	\$1,154,707.78	\$23,308.96	\$1,178,016.74	\$1,163,837.48	\$14,179.26
Merchandise	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	\$22,503,254.73	\$34,942,447.56	(\$12,439,192.83)	\$22,503,254.73	\$48,078,559.27	(\$25,575,304.54)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	\$5,197,600.02	\$4,540,338.35	\$657,261.67	\$5,197,600.02	\$6,152,017.74	(\$954,417.72)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Misc Current & Accrued Assets	\$3,237,819.97	\$3,067,508.44	\$170,311.53	\$3,237,819.97	\$2,838,327.35	\$399,492.62
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	\$73,200,175.87	\$66,064,666.06	\$7,135,509.81	\$73,200,175.87	\$104,399,769.74	(\$31,199,593.87)
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	\$277,504,361.76	\$278,228,346.24	(\$723,984.48)	\$277,504,361.76	\$279,043,933.40	(\$1,539,571.64)
Preliminary Surveys	\$5,248,353.10	\$4,807,778.71	\$440,574.39	\$5,248,353.10	\$4,427,002.87	\$821,350.23
Clearing Accounts	(\$2,383.62)	\$773.52	(\$3,157.14)	(\$2,383.62)	\$0.00	(\$2,383.62)

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Feb - 2020
FDW Standard Report - For Internal Use Only

	Month: <i>Feb - 2020</i>	Previous Month	Variance	Month: <i>Feb - 2020</i>	December of Previous Year	Variance
Miscellaneous Deferred Debits	\$4,383,166.27	\$4,377,682.63	\$5,483.64	\$4,383,166.27	\$4,334,213.24	\$48,953.03
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	\$117,827,422.00	\$118,345,968.00	(\$518,546.00)	\$117,827,422.00	\$122,916,021.00	(\$5,088,599.00)
Unrecovered Purchase Gas Costs	(\$8,996,613.68)	(\$3,683,757.79)	(\$5,312,855.89)	(\$8,996,613.68)	(\$830,838.41)	(\$8,165,775.27)
Deferred Debits	\$395,964,305.83	\$402,076,791.31	(\$6,112,485.48)	\$395,964,305.83	\$409,890,332.10	(\$13,926,026.27)
Assets and Other Debits	\$2,840,698,076.75	\$2,823,687,083.49	\$17,010,993.26	\$2,840,698,076.75	\$2,851,804,941.46	(\$11,106,864.71)
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	\$45,127,800.00	\$45,127,800.00	\$0.00	\$45,127,800.00	\$45,127,800.00	\$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	\$52,889,827.00	\$52,889,827.00	\$0.00	\$52,889,827.00	\$52,889,827.00	\$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	\$942,256,448.64	\$909,580,240.27	\$32,676,208.37	\$942,256,448.64	\$885,402,388.17	\$56,854,060.47
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	\$1,040,274,075.64	\$1,007,597,867.27	\$32,676,208.37	\$1,040,274,075.64	\$983,420,015.17	\$56,854,060.47
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	\$785,515,000.00	\$785,515,000.00	\$0.00	\$785,515,000.00	\$785,515,000.00	\$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	\$785,515,000.00	\$785,515,000.00	\$0.00	\$785,515,000.00	\$785,515,000.00	\$0.00
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	\$26,842,644.33	\$27,015,536.49	(\$172,892.16)	\$26,842,644.33	\$27,187,702.09	(\$345,057.76)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	\$154,220.50	\$164,246.04	(\$10,025.54)	\$154,220.50	\$142,035.04	\$12,185.46
Accum Prov - Pension & Benefit	\$2,200,007.01	\$2,486,207.15	(\$286,200.14)	\$2,200,007.01	\$2,553,240.14	(\$353,233.13)
Accum Misc Operating Provision	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	\$29,196,871.84	\$29,665,989.68	(\$469,117.84)	\$29,196,871.84	\$29,882,977.27	(\$686,105.43)
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	\$36,533,765.09	\$39,055,879.79	(\$2,522,114.70)	\$36,533,765.09	\$46,517,293.00	(\$9,983,527.91)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	\$118,050,145.16	\$125,772,037.74	(\$7,721,892.58)	\$118,050,145.16	\$156,860,863.31	(\$38,810,718.15)
Customer Deposits	\$3,570,109.11	\$3,490,127.11	\$79,982.00	\$3,570,109.11	\$3,522,509.11	\$47,600.00
Taxes Accrued	\$26,676,002.92	\$18,342,094.49	\$8,333,908.43	\$26,676,002.92	\$11,769,563.75	\$14,906,439.17
Interest Accrued	\$237,385.53	\$226,561.16	\$10,824.37	\$237,385.53	\$289,931.85	(\$52,546.32)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	\$321,833.09	\$495,709.45	(\$173,876.36)	\$321,833.09	\$438,583.95	(\$116,750.86)
Misc Current & Accrued Liab	\$36,986,210.00	\$49,418,808.86	(\$12,432,598.86)	\$36,986,210.00	\$63,957,232.81	(\$26,971,022.81)
Obligation Cap Lease - Current	\$2,718,690.57	\$2,747,307.95	(\$28,617.38)	\$2,718,690.57	\$2,788,851.75	(\$70,161.18)
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	\$225,094,141.47	\$239,548,526.55	(\$14,454,385.08)	\$225,094,141.47	\$286,144,829.53	(\$61,050,688.06)
Deferred Credits						
Customer Adv. for Construction	\$4,158,509.19	\$4,166,105.04	(\$7,595.85)	\$4,158,509.19	\$4,206,255.94	(\$47,746.75)
Acc Defd Investment Tax Credit	\$1,479,834.00	\$1,504,798.00	(\$24,964.00)	\$1,479,834.00	\$1,529,762.00	(\$49,928.00)
Other Deferred Credits	\$5,651,234.91	\$5,651,234.91	\$0.00	\$5,651,234.91	\$5,655,894.91	(\$4,660.00)

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Feb - 2020
FDW Standard Report - For Internal Use Only

	Month: <i>Feb - 2020</i>	Previous Month	Variance	Month: <i>Feb - 2020</i>	December of Previous Year	Variance
Other Regulatory Liabilities	\$231,975,773.01	\$236,954,227.35	(\$4,978,454.34)	\$231,975,773.01	\$241,381,620.95	(\$9,405,847.94)
Accum Defer Inc Tax - Oth Prop	\$510,501,693.70	\$508,649,074.70	\$1,852,619.00	\$510,501,693.70	\$506,796,456.70	\$3,705,237.00
Accum Defer Inc Tax - Other	\$6,850,942.99	\$4,434,259.99	\$2,416,683.00	\$6,850,942.99	\$7,272,128.99	(\$421,186.00)
Deferred Credits	\$760,617,987.80	\$761,359,699.99	(\$741,712.19)	\$760,617,987.80	\$766,842,119.49	(\$6,224,131.69)
Total Liabilities and Equity	\$2,840,698,076.75	\$2,823,687,083.49	\$17,010,993.26	\$2,840,698,076.75	\$2,851,804,941.46	(\$11,106,864.71)

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Mar - 2020
FDW Standard Report - For Internal Use Only

	Month: <i>Mar - 2020</i>	Previous Month	Variance	Month: <i>Mar - 2020</i>	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	\$2,829,470,441.77	\$2,808,763,864.41	\$20,706,577.36	\$2,829,470,441.77	\$2,755,558,490.42	\$73,911,951.35
Construction Work In Progress	\$45,748,244.96	\$45,527,030.77	\$221,214.19	\$45,748,244.96	\$45,731,782.15	\$16,462.81
Total Utility Plant	\$2,875,218,686.73	\$2,854,290,895.18	\$20,927,791.55	\$2,875,218,686.73	\$2,801,290,272.57	\$73,928,414.16
Accum Prov - Amort and Depr	(\$512,518,898.93)	(\$509,045,720.22)	(\$3,473,178.71)	(\$512,518,898.93)	(\$489,551,440.66)	(\$22,967,458.27)
Net Utility Plant	\$2,362,699,787.80	\$2,345,245,174.96	\$17,454,612.84	\$2,362,699,787.80	\$2,311,738,831.91	\$50,960,955.89
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	\$895,339.06	\$895,339.06	\$0.00	\$895,339.06	\$895,339.06	\$0.00
System Balancing Gas	(\$163,466.81)	(\$163,466.81)	\$0.00	(\$163,466.81)	(\$163,466.81)	\$0.00
Gas Store Undergrd_SysBal	\$731,872.25	\$731,872.25	\$0.00	\$731,872.25	\$731,872.25	\$0.00
Utility Plant	\$2,363,431,660.05	\$2,345,977,047.21	\$17,454,612.84	\$2,363,431,660.05	\$2,312,470,704.16	\$50,960,955.89
Other Property and Investments						
Non Utility Other Property	\$8,346.49	\$8,346.49	\$0.00	\$8,346.49	\$8,346.49	\$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	\$20,488,802.69	\$20,423,347.48	\$65,455.21	\$20,488,802.69	\$20,283,227.94	\$205,574.75
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	\$5,483,955.66	\$5,124,853.87	\$359,101.79	\$5,483,955.66	\$4,752,561.03	\$731,394.63
Other Property and Investments	\$25,981,104.84	\$25,556,547.84	\$424,557.00	\$25,981,104.84	\$25,044,135.46	\$936,969.38
Current and Accrued Assets						
Cash	\$1,752,172.19	\$2,294,929.88	(\$542,757.69)	\$1,752,172.19	\$2,099,204.84	(\$347,032.65)
Special Deposits	-	-	-	-	-	-
Working Funds	\$2,550.00	\$2,550.00	\$0.00	\$2,550.00	\$2,550.00	\$0.00
Temp Cash Investments	\$511,817.84	\$0.00	\$511,817.84	\$511,817.84	\$0.00	\$511,817.84
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Accounts Receivable	\$253,000.00	\$253,000.00	\$0.00	\$253,000.00	\$253,000.00	\$0.00
Accum Prov Uncollectible - Cr	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NR from Associated Cos	\$14,524,287.94	\$38,265,292.79	(\$23,741,004.85)	\$14,524,287.94	\$43,010,056.07	(\$28,485,768.13)
AR from Associated Cos	\$94,417,102.81	\$267,711.74	\$94,149,391.07	\$94,417,102.81	\$802,216.99	\$93,614,885.82
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	\$1,160,890.86	\$1,178,016.74	(\$17,125.88)	\$1,160,890.86	\$1,163,837.48	(\$2,946.62)
Merchandise	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	\$15,951,537.81	\$22,503,254.73	(\$6,551,716.92)	\$15,951,537.81	\$48,078,559.27	(\$32,127,021.46)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	\$2,618,353.88	\$5,197,600.02	(\$2,579,246.14)	\$2,618,353.88	\$6,152,017.74	(\$3,533,663.86)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Misc Current & Accrued Assets	\$2,254,889.46	\$3,237,819.97	(\$982,930.51)	\$2,254,889.46	\$2,838,327.35	(\$583,437.89)
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	\$133,446,602.79	\$73,200,175.87	\$60,246,426.92	\$133,446,602.79	\$104,399,769.74	\$29,046,833.05
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	\$276,824,655.39	\$277,504,361.76	(\$679,706.37)	\$276,824,655.39	\$279,043,933.40	(\$2,219,278.01)
Preliminary Surveys	\$5,586,568.49	\$5,248,353.10	\$338,215.39	\$5,586,568.49	\$4,427,002.87	\$1,159,565.62
Clearing Accounts	\$6,463.01	(\$2,383.62)	\$8,846.63	\$6,463.01	\$0.00	\$6,463.01

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Mar - 2020
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	Month: <i>Mar - 2020</i>	Previous Month	Variance	Month: <i>Mar - 2020</i>	December of Previous Year	Variance
Miscellaneous Deferred Debits	\$4,364,909.80	\$4,383,166.27	(\$18,256.47)	\$4,364,909.80	\$4,334,213.24	\$30,696.56
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	\$116,565,540.00	\$117,827,422.00	(\$1,261,882.00)	\$116,565,540.00	\$122,916,021.00	(\$6,350,481.00)
Unrecovered Purchase Gas Costs	(\$9,475,727.81)	(\$8,996,613.68)	(\$479,114.13)	(\$9,475,727.81)	(\$830,838.41)	(\$8,644,889.40)
Deferred Debits	\$393,872,408.88	\$395,964,305.83	(\$2,091,896.95)	\$393,872,408.88	\$409,890,332.10	(\$16,017,923.22)
Assets and Other Debits	\$2,916,731,776.56	\$2,840,698,076.75	\$76,033,699.81	\$2,916,731,776.56	\$2,851,804,941.46	\$64,926,835.10
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	\$45,127,800.00	\$45,127,800.00	\$0.00	\$45,127,800.00	\$45,127,800.00	\$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	\$107,889,827.00	\$52,889,827.00	\$55,000,000.00	\$107,889,827.00	\$52,889,827.00	\$55,000,000.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	\$956,893,315.95	\$942,256,448.64	\$14,636,867.31	\$956,893,315.95	\$885,402,388.17	\$71,490,927.78
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	\$1,109,910,942.95	\$1,040,274,075.64	\$69,636,867.31	\$1,109,910,942.95	\$983,420,015.17	\$126,490,927.78
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	\$895,515,000.00	\$785,515,000.00	\$110,000,000.00	\$895,515,000.00	\$785,515,000.00	\$110,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	\$895,515,000.00	\$785,515,000.00	\$110,000,000.00	\$895,515,000.00	\$785,515,000.00	\$110,000,000.00
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	\$26,663,278.53	\$26,842,644.33	(\$179,365.80)	\$26,663,278.53	\$27,187,702.09	(\$524,423.56)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	\$179,448.84	\$154,220.50	\$25,228.34	\$179,448.84	\$142,035.04	\$37,413.80
Accum Prov - Pension & Benefit	\$2,526,956.42	\$2,200,007.01	\$326,949.41	\$2,526,956.42	\$2,553,240.14	(\$26,283.72)
Accum Misc Operating Provision	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	\$29,369,683.79	\$29,196,871.84	\$172,811.95	\$29,369,683.79	\$29,882,977.27	(\$513,293.48)
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	\$32,177,137.82	\$36,533,765.09	(\$4,356,627.27)	\$32,177,137.82	\$46,517,293.00	(\$14,340,155.18)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	\$25,847,672.63	\$118,050,145.16	(\$92,202,472.53)	\$25,847,672.63	\$156,860,863.31	(\$131,013,190.68)
Customer Deposits	\$3,500,556.11	\$3,570,109.11	(\$69,553.00)	\$3,500,556.11	\$3,522,509.11	(\$21,953.00)
Taxes Accrued	\$28,842,218.07	\$26,676,002.92	\$2,166,215.15	\$28,842,218.07	\$11,769,563.75	\$17,072,654.32
Interest Accrued	\$249,406.60	\$237,385.53	\$12,021.07	\$249,406.60	\$289,931.85	(\$40,525.25)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	(\$165,654.57)	\$321,833.09	(\$487,487.66)	(\$165,654.57)	\$438,583.95	(\$604,238.52)
Misc Current & Accrued Liab	\$30,213,250.89	\$36,986,210.00	(\$6,772,959.11)	\$30,213,250.89	\$63,957,232.81	(\$33,743,981.92)
Obligation Cap Lease - Current	\$2,812,513.10	\$2,718,690.57	\$93,822.53	\$2,812,513.10	\$2,788,851.75	\$23,661.35
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	\$123,477,100.65	\$225,094,141.47	(\$101,617,040.82)	\$123,477,100.65	\$286,144,829.53	(\$162,667,728.88)
Deferred Credits						
Customer Adv. for Construction	\$4,101,310.56	\$4,158,509.19	(\$57,198.63)	\$4,101,310.56	\$4,206,255.94	(\$104,945.38)
Acc Defd Investment Tax Credit	\$1,454,870.00	\$1,479,834.00	(\$24,964.00)	\$1,454,870.00	\$1,529,762.00	(\$74,892.00)
Other Deferred Credits	\$5,550,035.46	\$5,651,234.91	(\$101,199.45)	\$5,550,035.46	\$5,655,894.91	(\$105,859.45)

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Mar - 2020
FDW Standard Report - For Internal Use Only

	Month: <i>Mar - 2020</i>	Previous Month	Variance	Month: <i>Mar - 2020</i>	December of Previous Year	Variance
Other Regulatory Liabilities	\$228,009,310.46	\$231,975,773.01	(\$3,966,462.55)	\$228,009,310.46	\$241,381,620.95	(\$13,372,310.49)
Accum Defer Inc Tax - Oth Prop	\$512,354,309.70	\$510,501,693.70	\$1,852,616.00	\$512,354,309.70	\$506,796,456.70	\$5,557,853.00
Accum Defer Inc Tax - Other	\$6,989,212.99	\$6,850,942.99	\$138,270.00	\$6,989,212.99	\$7,272,128.99	(\$282,916.00)
Deferred Credits	\$758,459,049.17	\$760,617,987.80	(\$2,158,938.63)	\$758,459,049.17	\$766,842,119.49	(\$8,383,070.32)
Total Liabilities and Equity	\$2,916,731,776.56	\$2,840,698,076.75	\$76,033,699.81	\$2,916,731,776.56	\$2,851,804,941.46	\$64,926,835.10

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Apr - 2020
FDW Standard Report - For Internal Use Only

	Month: <i>Apr - 2020</i>	Previous Month	Variance	Month: <i>Apr - 2020</i>	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	\$2,831,536,709.29	\$2,829,470,441.77	\$2,066,267.52	\$2,831,536,709.29	\$2,755,558,490.42	\$75,978,218.87
Construction Work In Progress	\$54,626,029.82	\$45,748,244.96	\$8,877,784.86	\$54,626,029.82	\$45,731,782.15	\$8,894,247.67
Total Utility Plant	\$2,886,162,739.11	\$2,875,218,686.73	\$10,944,052.38	\$2,886,162,739.11	\$2,801,290,272.57	\$84,872,466.54
Accum Prov - Amort and Depr	(\$517,239,836.25)	(\$512,518,898.93)	(\$4,720,937.32)	(\$517,239,836.25)	(\$489,551,440.66)	(\$27,688,395.59)
Net Utility Plant	\$2,368,922,902.86	\$2,362,699,787.80	\$6,223,115.06	\$2,368,922,902.86	\$2,311,738,831.91	\$57,184,070.95
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	\$895,339.06	\$895,339.06	\$0.00	\$895,339.06	\$895,339.06	\$0.00
System Balancing Gas	(\$163,466.81)	(\$163,466.81)	\$0.00	(\$163,466.81)	(\$163,466.81)	\$0.00
Gas Store Undergrd_SysBal	\$731,872.25	\$731,872.25	\$0.00	\$731,872.25	\$731,872.25	\$0.00
Utility Plant	\$2,369,654,775.11	\$2,363,431,660.05	\$6,223,115.06	\$2,369,654,775.11	\$2,312,470,704.16	\$57,184,070.95
Other Property and Investments						
Non Utility Other Property	\$8,346.49	\$8,346.49	\$0.00	\$8,346.49	\$8,346.49	\$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	\$20,486,039.00	\$20,488,802.69	(\$2,763.69)	\$20,486,039.00	\$20,283,227.94	\$202,811.06
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	\$5,671,351.82	\$5,483,955.66	\$187,396.16	\$5,671,351.82	\$4,752,561.03	\$918,790.79
Other Property and Investments	\$26,165,737.31	\$25,981,104.84	\$184,632.47	\$26,165,737.31	\$25,044,135.46	\$1,121,601.85
Current and Accrued Assets						
Cash	\$1,086,893.66	\$1,752,172.19	(\$665,278.53)	\$1,086,893.66	\$2,099,204.84	(\$1,012,311.18)
Special Deposits	-	-	-	-	-	-
Working Funds	\$2,550.00	\$2,550.00	\$0.00	\$2,550.00	\$2,550.00	\$0.00
Temp Cash Investments	\$375,954.75	\$511,817.84	(\$135,863.09)	\$375,954.75	\$0.00	\$375,954.75
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Accounts Receivable	\$253,000.00	\$253,000.00	\$0.00	\$253,000.00	\$253,000.00	\$0.00
Accum Prov Uncollectible - Cr	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NR from Associated Cos	\$73,251,996.45	\$14,524,287.94	\$58,727,708.51	\$73,251,996.45	\$43,010,056.07	\$30,241,940.38
AR from Associated Cos	\$22,533,237.87	\$94,417,102.81	(\$71,883,864.94)	\$22,533,237.87	\$802,216.99	\$21,731,020.88
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	\$1,162,473.42	\$1,160,890.86	\$1,582.56	\$1,162,473.42	\$1,163,837.48	(\$1,364.06)
Merchandise	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	\$19,297,046.83	\$15,951,537.81	\$3,345,509.02	\$19,297,046.83	\$48,078,559.27	(\$28,781,512.44)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	\$1,949,558.83	\$2,618,353.88	(\$668,795.05)	\$1,949,558.83	\$6,152,017.74	(\$4,202,458.91)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Misc Current & Accrued Assets	\$1,930,373.30	\$2,254,889.46	(\$324,516.16)	\$1,930,373.30	\$2,838,327.35	(\$907,954.05)
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	\$121,843,085.11	\$133,446,602.79	(\$11,603,517.68)	\$121,843,085.11	\$104,399,769.74	\$17,443,315.37
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	\$276,245,854.10	\$276,824,655.39	(\$578,801.29)	\$276,245,854.10	\$279,043,933.40	(\$2,798,079.30)
Preliminary Surveys	\$5,954,952.94	\$5,586,568.49	\$368,384.45	\$5,954,952.94	\$4,427,002.87	\$1,527,950.07
Clearing Accounts	\$6,817.30	\$6,463.01	\$354.29	\$6,817.30	\$0.00	\$6,817.30

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Apr - 2020
FDW Standard Report - For Internal Use Only

	Month: <i>Apr - 2020</i>	Previous Month	Variance	Month: <i>Apr - 2020</i>	December of Previous Year	Variance
Miscellaneous Deferred Debits	\$3,973,650.46	\$4,364,909.80	(\$391,259.34)	\$3,973,650.46	\$4,334,213.24	(\$360,562.78)
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	\$116,354,470.00	\$116,565,540.00	(\$211,070.00)	\$116,354,470.00	\$122,916,021.00	(\$6,561,551.00)
Unrecovered Purchase Gas Costs	(\$12,094,973.94)	(\$9,475,727.81)	(\$2,619,246.13)	(\$12,094,973.94)	(\$830,838.41)	(\$11,264,135.53)
Deferred Debits	\$390,440,770.86	\$393,872,408.88	(\$3,431,638.02)	\$390,440,770.86	\$409,890,332.10	(\$19,449,561.24)
Assets and Other Debits	\$2,908,104,368.39	\$2,916,731,776.56	(\$8,627,408.17)	\$2,908,104,368.39	\$2,851,804,941.46	\$56,299,426.93
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	\$45,127,800.00	\$45,127,800.00	\$0.00	\$45,127,800.00	\$45,127,800.00	\$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	\$107,889,827.00	\$107,889,827.00	\$0.00	\$107,889,827.00	\$52,889,827.00	\$55,000,000.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	\$961,853,600.62	\$956,893,315.95	\$4,960,284.67	\$961,853,600.62	\$885,402,388.17	\$76,451,212.45
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	\$1,114,871,227.62	\$1,109,910,942.95	\$4,960,284.67	\$1,114,871,227.62	\$983,420,015.17	\$131,451,212.45
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	\$895,515,000.00	\$895,515,000.00	\$0.00	\$895,515,000.00	\$785,515,000.00	\$110,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	\$895,515,000.00	\$895,515,000.00	\$0.00	\$895,515,000.00	\$785,515,000.00	\$110,000,000.00
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	\$26,496,167.61	\$26,663,278.53	(\$167,110.92)	\$26,496,167.61	\$27,187,702.09	(\$691,534.48)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	\$162,286.54	\$179,448.84	(\$17,162.30)	\$162,286.54	\$142,035.04	\$20,251.50
Accum Prov - Pension & Benefit	\$2,440,004.30	\$2,526,956.42	(\$86,952.12)	\$2,440,004.30	\$2,553,240.14	(\$113,235.84)
Accum Misc Operating Provision	\$189,913.76	\$0.00	\$189,913.76	\$189,913.76	\$0.00	\$189,913.76
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	\$29,288,372.21	\$29,369,683.79	(\$81,311.58)	\$29,288,372.21	\$29,882,977.27	(\$594,605.06)
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	\$23,118,171.51	\$32,177,137.82	(\$9,058,966.31)	\$23,118,171.51	\$46,517,293.00	(\$23,399,121.49)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	\$24,445,997.85	\$25,847,672.63	(\$1,401,674.78)	\$24,445,997.85	\$156,860,863.31	(\$132,414,865.46)
Customer Deposits	\$3,506,188.11	\$3,500,556.11	\$5,632.00	\$3,506,188.11	\$3,522,509.11	(\$16,321.00)
Taxes Accrued	\$28,721,819.33	\$28,842,218.07	(\$120,398.74)	\$28,721,819.33	\$11,769,563.75	\$16,952,255.58
Interest Accrued	\$261,599.04	\$249,406.60	\$12,192.44	\$261,599.04	\$289,931.85	(\$28,332.81)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	\$138,080.60	(\$165,654.57)	\$303,735.17	\$138,080.60	\$438,583.95	(\$300,503.35)
Misc Current & Accrued Liab	\$27,590,015.28	\$30,213,250.89	(\$2,623,235.61)	\$27,590,015.28	\$63,957,232.81	(\$36,367,217.53)
Obligation Cap Lease - Current	\$2,733,983.23	\$2,812,513.10	(\$78,529.87)	\$2,733,983.23	\$2,788,851.75	(\$54,868.52)
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	\$110,515,854.95	\$123,477,100.65	(\$12,961,245.70)	\$110,515,854.95	\$286,144,829.53	(\$175,628,974.58)
Deferred Credits						
Customer Adv. for Construction	\$4,069,402.63	\$4,101,310.56	(\$31,907.93)	\$4,069,402.63	\$4,206,255.94	(\$136,853.31)
Acc Defd Investment Tax Credit	\$1,429,906.00	\$1,454,870.00	(\$24,964.00)	\$1,429,906.00	\$1,529,762.00	(\$99,856.00)
Other Deferred Credits	\$5,544,785.52	\$5,550,035.46	(\$5,249.94)	\$5,544,785.52	\$5,655,894.91	(\$111,109.39)

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Apr - 2020
FDW Standard Report - For Internal Use Only

	Month: <i>Apr - 2020</i>	Previous Month	Variance	Month: <i>Apr - 2020</i>	December of Previous Year	Variance
Other Regulatory Liabilities	\$225,696,564.77	\$228,009,310.46	(\$2,312,745.69)	\$225,696,564.77	\$241,381,620.95	(\$15,685,056.18)
Accum Defer Inc Tax - Oth Prop	\$514,206,934.70	\$512,354,309.70	\$1,852,625.00	\$514,206,934.70	\$506,796,456.70	\$7,410,478.00
Accum Defer Inc Tax - Other	\$6,966,319.99	\$6,989,212.99	(\$22,893.00)	\$6,966,319.99	\$7,272,128.99	(\$305,809.00)
Deferred Credits	\$757,913,913.61	\$758,459,049.17	(\$545,135.56)	\$757,913,913.61	\$766,842,119.49	(\$8,928,205.88)
Total Liabilities and Equity	\$2,908,104,368.39	\$2,916,731,776.56	(\$8,627,408.17)	\$2,908,104,368.39	\$2,851,804,941.46	\$56,299,426.93

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of May - 2020
FDW Standard Report - For Internal Use Only

	Month: <i>May - 2020</i>	Previous Month	Variance	Month: <i>May - 2020</i>	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	\$2,845,883,335.51	\$2,831,536,709.29	\$14,346,626.22	\$2,845,883,335.51	\$2,755,558,490.42	\$90,324,845.09
Construction Work In Progress	\$57,480,882.09	\$54,626,029.82	\$2,854,852.27	\$57,480,882.09	\$45,731,782.15	\$11,749,099.94
Total Utility Plant	\$2,903,364,217.60	\$2,886,162,739.11	\$17,201,478.49	\$2,903,364,217.60	\$2,801,290,272.57	\$102,073,945.03
Accum Prov - Amort and Depr	(\$521,888,715.22)	(\$517,239,836.25)	(\$4,648,878.97)	(\$521,888,715.22)	(\$489,551,440.66)	(\$32,337,274.56)
Net Utility Plant	\$2,381,475,502.38	\$2,368,922,902.86	\$12,552,599.52	\$2,381,475,502.38	\$2,311,738,831.91	\$69,736,670.47
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	\$895,339.06	\$895,339.06	\$0.00	\$895,339.06	\$895,339.06	\$0.00
System Balancing Gas	(\$163,466.81)	(\$163,466.81)	\$0.00	(\$163,466.81)	(\$163,466.81)	\$0.00
Gas Store Undergrd_SysBal	\$731,872.25	\$731,872.25	\$0.00	\$731,872.25	\$731,872.25	\$0.00
Utility Plant	\$2,382,207,374.63	\$2,369,654,775.11	\$12,552,599.52	\$2,382,207,374.63	\$2,312,470,704.16	\$69,736,670.47
Other Property and Investments						
Non Utility Other Property	\$8,346.49	\$8,346.49	\$0.00	\$8,346.49	\$8,346.49	\$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	\$20,509,986.16	\$20,486,039.00	\$23,947.16	\$20,509,986.16	\$20,283,227.94	\$226,758.22
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	\$5,859,564.02	\$5,671,351.82	\$188,212.20	\$5,859,564.02	\$4,752,561.03	\$1,107,002.99
Other Property and Investments	\$26,377,896.67	\$26,165,737.31	\$212,159.36	\$26,377,896.67	\$25,044,135.46	\$1,333,761.21
Current and Accrued Assets						
Cash	\$1,135,528.97	\$1,086,893.66	\$48,635.31	\$1,135,528.97	\$2,099,204.84	(\$963,675.87)
Special Deposits	-	-	-	-	-	-
Working Funds	\$2,550.00	\$2,550.00	\$0.00	\$2,550.00	\$2,550.00	\$0.00
Temp Cash Investments	\$317,961.65	\$375,954.75	(\$57,993.10)	\$317,961.65	\$0.00	\$317,961.65
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Accounts Receivable	\$253,000.00	\$253,000.00	\$0.00	\$253,000.00	\$253,000.00	\$0.00
Accum Prov Uncollectible - Cr	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NR from Associated Cos	\$16,793,100.70	\$73,251,996.45	(\$56,458,895.75)	\$16,793,100.70	\$43,010,056.07	(\$26,216,955.37)
AR from Associated Cos	\$71,345,902.04	\$22,533,237.87	\$48,812,664.17	\$71,345,902.04	\$802,216.99	\$70,543,685.05
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	\$1,174,184.01	\$1,162,473.42	\$11,710.59	\$1,174,184.01	\$1,163,837.48	\$10,346.53
Merchandise	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	\$22,302,639.40	\$19,297,046.83	\$3,005,592.57	\$22,302,639.40	\$48,078,559.27	(\$25,775,919.87)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	\$1,328,279.97	\$1,949,558.83	(\$621,278.86)	\$1,328,279.97	\$6,152,017.74	(\$4,823,737.77)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Misc Current & Accrued Assets	\$1,816,105.94	\$1,930,373.30	(\$114,267.36)	\$1,816,105.94	\$2,838,327.35	(\$1,022,221.41)
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	\$116,469,252.68	\$121,843,085.11	(\$5,373,832.43)	\$116,469,252.68	\$104,399,769.74	\$12,069,482.94
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	\$275,805,984.43	\$276,245,854.10	(\$439,869.67)	\$275,805,984.43	\$279,043,933.40	(\$3,237,948.97)
Preliminary Surveys	\$6,265,984.67	\$5,954,952.94	\$311,031.73	\$6,265,984.67	\$4,427,002.87	\$1,838,981.80
Clearing Accounts	\$10,113.22	\$6,817.30	\$3,295.92	\$10,113.22	\$0.00	\$10,113.22

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of May - 2020
FDW Standard Report - For Internal Use Only

	Month: <i>May - 2020</i>	Previous Month	Variance	Month: <i>May - 2020</i>	December of Previous Year	Variance
Miscellaneous Deferred Debits	\$3,963,052.21	\$3,973,650.46	(\$10,598.25)	\$3,963,052.21	\$4,334,213.24	(\$371,161.03)
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	\$116,148,753.00	\$116,354,470.00	(\$205,717.00)	\$116,148,753.00	\$122,916,021.00	(\$6,767,268.00)
Unrecovered Purchase Gas Costs	(\$11,091,150.36)	(\$12,094,973.94)	\$1,003,823.58	(\$11,091,150.36)	(\$830,838.41)	(\$10,260,311.95)
Deferred Debits	\$391,102,737.17	\$390,440,770.86	\$661,966.31	\$391,102,737.17	\$409,890,332.10	(\$18,787,594.93)
Assets and Other Debits	\$2,916,157,261.15	\$2,908,104,368.39	\$8,052,892.76	\$2,916,157,261.15	\$2,851,804,941.46	\$64,352,319.69
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	\$45,127,800.00	\$45,127,800.00	\$0.00	\$45,127,800.00	\$45,127,800.00	\$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	\$107,889,827.00	\$107,889,827.00	\$0.00	\$107,889,827.00	\$52,889,827.00	\$55,000,000.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	\$961,568,704.82	\$961,853,600.62	(\$284,895.80)	\$961,568,704.82	\$885,402,388.17	\$76,166,316.65
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	\$1,114,586,331.82	\$1,114,871,227.62	(\$284,895.80)	\$1,114,586,331.82	\$983,420,015.17	\$131,166,316.65
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	\$895,515,000.00	\$895,515,000.00	\$0.00	\$895,515,000.00	\$785,515,000.00	\$110,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	\$895,515,000.00	\$895,515,000.00	\$0.00	\$895,515,000.00	\$785,515,000.00	\$110,000,000.00
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	\$26,320,843.29	\$26,496,167.61	(\$175,324.32)	\$26,320,843.29	\$27,187,702.09	(\$866,858.80)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	\$145,452.54	\$162,286.54	(\$16,834.00)	\$145,452.54	\$142,035.04	\$3,417.50
Accum Prov - Pension & Benefit	\$2,354,410.05	\$2,440,004.30	(\$85,594.25)	\$2,354,410.05	\$2,553,240.14	(\$198,830.09)
Accum Misc Operating Provision	\$487,150.31	\$189,913.76	\$297,236.55	\$487,150.31	\$0.00	\$487,150.31
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	\$29,307,856.19	\$29,288,372.21	\$19,483.98	\$29,307,856.19	\$29,882,977.27	(\$575,121.08)
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	\$30,680,732.46	\$23,118,171.51	\$7,562,560.95	\$30,680,732.46	\$46,517,293.00	(\$15,836,560.54)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	\$26,603,805.66	\$24,445,997.85	\$2,157,807.81	\$26,603,805.66	\$156,860,863.31	(\$130,257,057.65)
Customer Deposits	\$3,520,089.11	\$3,506,188.11	\$13,901.00	\$3,520,089.11	\$3,522,509.11	(\$2,420.00)
Taxes Accrued	\$26,644,763.12	\$28,721,819.33	(\$2,077,056.21)	\$26,644,763.12	\$11,769,563.75	\$14,875,199.37
Interest Accrued	\$274,131.37	\$261,599.04	\$12,532.33	\$274,131.37	\$289,931.85	(\$15,800.48)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	\$211,965.99	\$138,080.60	\$73,885.39	\$211,965.99	\$438,583.95	(\$226,617.96)
Misc Current & Accrued Liab	\$27,893,790.92	\$27,590,015.28	\$303,775.64	\$27,893,790.92	\$63,957,232.81	(\$36,063,441.89)
Obligation Cap Lease - Current	\$2,711,211.18	\$2,733,983.23	(\$22,772.05)	\$2,711,211.18	\$2,788,851.75	(\$77,640.57)
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	\$118,540,489.81	\$110,515,854.95	\$8,024,634.86	\$118,540,489.81	\$286,144,829.53	(\$167,604,339.72)
Deferred Credits						
Customer Adv. for Construction	\$4,041,122.56	\$4,069,402.63	(\$28,280.07)	\$4,041,122.56	\$4,206,255.94	(\$165,133.38)
Acc Defd Investment Tax Credit	\$1,404,942.00	\$1,429,906.00	(\$24,964.00)	\$1,404,942.00	\$1,529,762.00	(\$124,820.00)
Other Deferred Credits	\$5,516,801.29	\$5,544,785.52	(\$27,984.23)	\$5,516,801.29	\$5,655,894.91	(\$139,093.62)

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of May - 2020
FDW Standard Report - For Internal Use Only

	Month: <i>May - 2020</i>	Previous Month	Variance	Month: <i>May - 2020</i>	December of Previous Year	Variance
Other Regulatory Liabilities	\$224,565,317.79	\$225,696,564.77	(\$1,131,246.98)	\$224,565,317.79	\$241,381,620.95	(\$16,816,303.16)
Accum Defer Inc Tax - Oth Prop	\$515,742,946.70	\$514,206,934.70	\$1,536,012.00	\$515,742,946.70	\$506,796,456.70	\$8,946,490.00
Accum Defer Inc Tax - Other	\$6,936,452.99	\$6,966,319.99	(\$29,867.00)	\$6,936,452.99	\$7,272,128.99	(\$335,676.00)
Deferred Credits	\$758,207,583.33	\$757,913,913.61	\$293,669.72	\$758,207,583.33	\$766,842,119.49	(\$8,634,536.16)
Total Liabilities and Equity	\$2,916,157,261.15	\$2,908,104,368.39	\$8,052,892.76	\$2,916,157,261.15	\$2,851,804,941.46	\$64,352,319.69

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Jun - 2020
FDW Standard Report - For Internal Use Only

	Month: <i>Jun - 2020</i>	Previous Month	Variance	Month: <i>Jun - 2020</i>	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	\$2,872,538,371.75	\$2,845,883,335.51	\$26,655,036.24	\$2,872,538,371.75	\$2,755,558,490.42	\$116,979,881.33
Construction Work In Progress	\$59,862,441.97	\$57,480,882.09	\$2,381,559.88	\$59,862,441.97	\$45,731,782.15	\$14,130,659.82
Total Utility Plant	\$2,932,400,813.72	\$2,903,364,217.60	\$29,036,596.12	\$2,932,400,813.72	\$2,801,290,272.57	\$131,110,541.15
Accum Prov - Amort and Depr	(\$526,177,224.88)	(\$521,888,715.22)	(\$4,288,509.66)	(\$526,177,224.88)	(\$489,551,440.66)	(\$36,625,784.22)
Net Utility Plant	\$2,406,223,588.84	\$2,381,475,502.38	\$24,748,086.46	\$2,406,223,588.84	\$2,311,738,831.91	\$94,484,756.93
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	\$895,339.06	\$895,339.06	\$0.00	\$895,339.06	\$895,339.06	\$0.00
System Balancing Gas	(\$163,466.81)	(\$163,466.81)	\$0.00	(\$163,466.81)	(\$163,466.81)	\$0.00
Gas Store Undergrd_SysBal	\$731,872.25	\$731,872.25	\$0.00	\$731,872.25	\$731,872.25	\$0.00
Utility Plant	\$2,406,955,461.09	\$2,382,207,374.63	\$24,748,086.46	\$2,406,955,461.09	\$2,312,470,704.16	\$94,484,756.93
Other Property and Investments						
Non Utility Other Property	\$8,346.49	\$8,346.49	\$0.00	\$8,346.49	\$8,346.49	\$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	\$20,548,565.42	\$20,509,986.16	\$38,579.26	\$20,548,565.42	\$20,283,227.94	\$265,337.48
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	\$6,049,418.23	\$5,859,564.02	\$189,854.21	\$6,049,418.23	\$4,752,561.03	\$1,296,857.20
Other Property and Investments	\$26,606,330.14	\$26,377,896.67	\$228,433.47	\$26,606,330.14	\$25,044,135.46	\$1,562,194.68
Current and Accrued Assets						
Cash	\$940,849.94	\$1,135,528.97	(\$194,679.03)	\$940,849.94	\$2,099,204.84	(\$1,158,354.90)
Special Deposits	-	-	-	-	-	-
Working Funds	\$2,550.00	\$2,550.00	\$0.00	\$2,550.00	\$2,550.00	\$0.00
Temp Cash Investments	\$229,469.17	\$317,961.65	(\$88,492.48)	\$229,469.17	\$0.00	\$229,469.17
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Accounts Receivable	\$253,000.00	\$253,000.00	\$0.00	\$253,000.00	\$253,000.00	\$0.00
Accum Prov Uncollectible - Cr	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NR from Associated Cos	\$17,191,569.88	\$16,793,100.70	\$398,469.18	\$17,191,569.88	\$43,010,056.07	(\$25,818,486.19)
AR from Associated Cos	\$26,486,170.79	\$71,345,902.04	(\$44,859,731.25)	\$26,486,170.79	\$802,216.99	\$25,683,953.80
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	\$1,171,607.15	\$1,174,184.01	(\$2,576.86)	\$1,171,607.15	\$1,163,837.48	\$7,769.67
Merchandise	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	\$24,934,792.65	\$22,302,639.40	\$2,632,153.25	\$24,934,792.65	\$48,078,559.27	(\$23,143,766.62)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	\$1,931,219.27	\$1,328,279.97	\$602,939.30	\$1,931,219.27	\$6,152,017.74	(\$4,220,798.47)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Misc Current & Accrued Assets	\$1,457,908.91	\$1,816,105.94	(\$358,197.03)	\$1,457,908.91	\$2,838,327.35	(\$1,380,418.44)
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	\$74,599,137.76	\$116,469,252.68	(\$41,870,114.92)	\$74,599,137.76	\$104,399,769.74	(\$29,800,631.98)
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	\$276,257,211.35	\$275,805,984.43	\$451,226.92	\$276,257,211.35	\$279,043,933.40	(\$2,786,722.05)
Preliminary Surveys	\$6,039,183.57	\$6,265,984.67	(\$226,801.10)	\$6,039,183.57	\$4,427,002.87	\$1,612,180.70
Clearing Accounts	\$11,392.39	\$10,113.22	\$1,279.17	\$11,392.39	\$0.00	\$11,392.39

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Jun - 2020
FDW Standard Report - For Internal Use Only

	Month: <i>Jun - 2020</i>	Previous Month	Variance	Month: <i>Jun - 2020</i>	December of Previous Year	Variance
Miscellaneous Deferred Debits	\$3,950,717.36	\$3,963,052.21	(\$12,334.85)	\$3,950,717.36	\$4,334,213.24	(\$383,495.88)
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	\$117,260,308.00	\$116,148,753.00	\$1,111,555.00	\$117,260,308.00	\$122,916,021.00	(\$5,655,713.00)
Unrecovered Purchase Gas Costs	(\$9,897,292.82)	(\$11,091,150.36)	\$1,193,857.54	(\$9,897,292.82)	(\$830,838.41)	(\$9,066,454.41)
Deferred Debits	\$393,621,519.85	\$391,102,737.17	\$2,518,782.68	\$393,621,519.85	\$409,890,332.10	(\$16,268,812.25)
Assets and Other Debits	\$2,901,782,448.84	\$2,916,157,261.15	(\$14,374,812.31)	\$2,901,782,448.84	\$2,851,804,941.46	\$49,977,507.38
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	\$45,127,800.00	\$45,127,800.00	\$0.00	\$45,127,800.00	\$45,127,800.00	\$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	\$107,889,827.00	\$107,889,827.00	\$0.00	\$107,889,827.00	\$52,889,827.00	\$55,000,000.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	\$956,045,703.95	\$961,568,704.82	(\$5,523,000.87)	\$956,045,703.95	\$885,402,388.17	\$70,643,315.78
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	\$1,109,063,330.95	\$1,114,586,331.82	(\$5,523,000.87)	\$1,109,063,330.95	\$983,420,015.17	\$125,643,315.78
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	\$895,515,000.00	\$895,515,000.00	\$0.00	\$895,515,000.00	\$785,515,000.00	\$110,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	\$895,515,000.00	\$895,515,000.00	\$0.00	\$895,515,000.00	\$785,515,000.00	\$110,000,000.00
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	\$26,158,483.88	\$26,320,843.29	(\$162,359.41)	\$26,158,483.88	\$27,187,702.09	(\$1,029,218.21)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	\$122,307.25	\$145,452.54	(\$23,145.29)	\$122,307.25	\$142,035.04	(\$19,727.79)
Accum Prov - Pension & Benefit	\$2,769,514.69	\$2,354,410.05	\$415,104.64	\$2,769,514.69	\$2,553,240.14	\$216,274.55
Accum Misc Operating Provision	\$790,766.39	\$487,150.31	\$303,616.08	\$790,766.39	\$0.00	\$790,766.39
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	\$29,841,072.21	\$29,307,856.19	\$533,216.02	\$29,841,072.21	\$29,882,977.27	(\$41,905.06)
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	\$35,127,315.48	\$30,680,732.46	\$4,446,583.02	\$35,127,315.48	\$46,517,293.00	(\$11,389,977.52)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	\$11,534,215.17	\$26,603,805.66	(\$15,069,590.49)	\$11,534,215.17	\$156,860,863.31	(\$145,326,648.14)
Customer Deposits	\$3,357,092.11	\$3,520,089.11	(\$162,997.00)	\$3,357,092.11	\$3,522,509.11	(\$165,417.00)
Taxes Accrued	\$23,489,457.83	\$26,644,763.12	(\$3,155,305.29)	\$23,489,457.83	\$11,769,563.75	\$11,719,894.08
Interest Accrued	\$232,527.09	\$274,131.37	(\$41,604.28)	\$232,527.09	\$289,931.85	(\$57,404.76)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	\$76,761.98	\$211,965.99	(\$135,204.01)	\$76,761.98	\$438,583.95	(\$361,821.97)
Misc Current & Accrued Liab	\$30,139,040.38	\$27,893,790.92	\$2,245,249.46	\$30,139,040.38	\$63,957,232.81	(\$33,818,192.43)
Obligation Cap Lease - Current	\$2,689,572.89	\$2,711,211.18	(\$21,638.29)	\$2,689,572.89	\$2,788,851.75	(\$99,278.86)
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	\$106,645,982.93	\$118,540,489.81	(\$11,894,506.88)	\$106,645,982.93	\$286,144,829.53	(\$179,498,846.60)
Deferred Credits						
Customer Adv. for Construction	\$4,026,125.47	\$4,041,122.56	(\$14,997.09)	\$4,026,125.47	\$4,206,255.94	(\$180,130.47)
Acc Defd Investment Tax Credit	\$1,379,980.00	\$1,404,942.00	(\$24,962.00)	\$1,379,980.00	\$1,529,762.00	(\$149,782.00)
Other Deferred Credits	\$6,963,862.50	\$5,516,801.29	\$1,447,061.21	\$6,963,862.50	\$5,655,894.91	\$1,307,967.59

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
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As of Jun - 2020
FDW Standard Report - For Internal Use Only

	Month: <i>Jun - 2020</i>	Previous Month	Variance	Month: <i>Jun - 2020</i>	December of Previous Year	Variance
Other Regulatory Liabilities	\$223,846,270.09	\$224,565,317.79	(\$719,047.70)	\$223,846,270.09	\$241,381,620.95	(\$17,535,350.86)
Accum Defer Inc Tax - Oth Prop	\$517,532,251.70	\$515,742,946.70	\$1,789,305.00	\$517,532,251.70	\$506,796,456.70	\$10,735,795.00
Accum Defer Inc Tax - Other	\$6,968,572.99	\$6,936,452.99	\$32,120.00	\$6,968,572.99	\$7,272,128.99	(\$303,556.00)
Deferred Credits	\$760,717,062.75	\$758,207,583.33	\$2,509,479.42	\$760,717,062.75	\$766,842,119.49	(\$6,125,056.74)
Total Liabilities and Equity	\$2,901,782,448.84	\$2,916,157,261.15	(\$14,374,812.31)	\$2,901,782,448.84	\$2,851,804,941.46	\$49,977,507.38

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Jul - 2020
FDW Standard Report - For Internal Use Only

	Month: <i>Jul - 2020</i>	Previous Month	Variance	Month: <i>Jul - 2020</i>	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	\$2,886,807,379.24	\$2,872,538,371.75	\$14,269,007.49	\$2,886,807,379.24	\$2,755,558,490.42	\$131,248,888.82
Construction Work In Progress	\$76,783,353.28	\$59,862,441.97	\$16,920,911.31	\$76,783,353.28	\$45,731,782.15	\$31,051,571.13
Total Utility Plant	\$2,963,590,732.52	\$2,932,400,813.72	\$31,189,918.80	\$2,963,590,732.52	\$2,801,290,272.57	\$162,300,459.95
Accum Prov - Amort and Depr	(\$530,400,333.90)	(\$526,177,224.88)	(\$4,223,109.02)	(\$530,400,333.90)	(\$489,551,440.66)	(\$40,848,893.24)
Net Utility Plant	\$2,433,190,398.62	\$2,406,223,588.84	\$26,966,809.78	\$2,433,190,398.62	\$2,311,738,831.91	\$121,451,566.71
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	\$895,339.06	\$895,339.06	\$0.00	\$895,339.06	\$895,339.06	\$0.00
System Balancing Gas	(\$163,466.81)	(\$163,466.81)	\$0.00	(\$163,466.81)	(\$163,466.81)	\$0.00
Gas Store Undergrd_SysBal	\$731,872.25	\$731,872.25	\$0.00	\$731,872.25	\$731,872.25	\$0.00
Utility Plant	\$2,433,922,270.87	\$2,406,955,461.09	\$26,966,809.78	\$2,433,922,270.87	\$2,312,470,704.16	\$121,451,566.71
Other Property and Investments						
Non Utility Other Property	\$8,346.49	\$8,346.49	\$0.00	\$8,346.49	\$8,346.49	\$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	\$20,589,437.05	\$20,548,565.42	\$40,871.63	\$20,589,437.05	\$20,283,227.94	\$306,209.11
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	\$6,235,564.65	\$6,049,418.23	\$186,146.42	\$6,235,564.65	\$4,752,561.03	\$1,483,003.62
Other Property and Investments	\$26,833,348.19	\$26,606,330.14	\$227,018.05	\$26,833,348.19	\$25,044,135.46	\$1,789,212.73
Current and Accrued Assets						
Cash	\$837,711.77	\$940,849.94	(\$103,138.17)	\$837,711.77	\$2,099,204.84	(\$1,261,493.07)
Special Deposits	-	-	-	-	-	-
Working Funds	\$2,550.00	\$2,550.00	\$0.00	\$2,550.00	\$2,550.00	\$0.00
Temp Cash Investments	\$0.00	\$229,469.17	(\$229,469.17)	\$0.00	\$0.00	\$0.00
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Accounts Receivable	\$253,000.00	\$253,000.00	\$0.00	\$253,000.00	\$253,000.00	\$0.00
Accum Prov Uncollectible - Cr	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NR from Associated Cos	\$23,156,253.16	\$17,191,569.88	\$5,964,683.28	\$23,156,253.16	\$43,010,056.07	(\$19,853,802.91)
AR from Associated Cos	\$30,166.07	\$26,486,170.79	(\$26,456,004.72)	\$30,166.07	\$802,216.99	(\$772,050.92)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	\$1,173,359.67	\$1,171,607.15	\$1,752.52	\$1,173,359.67	\$1,163,837.48	\$9,522.19
Merchandise	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	\$31,057,150.22	\$24,934,792.65	\$6,122,357.57	\$31,057,150.22	\$48,078,559.27	(\$17,021,409.05)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	\$2,198,200.49	\$1,931,219.27	\$266,981.22	\$2,198,200.49	\$6,152,017.74	(\$3,953,817.25)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Misc Current & Accrued Assets	\$1,168,803.66	\$1,457,908.91	(\$289,105.25)	\$1,168,803.66	\$2,838,327.35	(\$1,669,523.69)
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	\$59,877,195.04	\$74,599,137.76	(\$14,721,942.72)	\$59,877,195.04	\$104,399,769.74	(\$44,522,574.70)
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	\$276,516,384.92	\$276,257,211.35	\$259,173.57	\$276,516,384.92	\$279,043,933.40	(\$2,527,548.48)
Preliminary Surveys	\$6,115,728.89	\$6,039,183.57	\$76,545.32	\$6,115,728.89	\$4,427,002.87	\$1,688,726.02
Clearing Accounts	\$15,976.06	\$11,392.39	\$4,583.67	\$15,976.06	\$0.00	\$15,976.06

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Jul - 2020
FDW Standard Report - For Internal Use Only

	Month: <i>Jul - 2020</i>	Previous Month	Variance	Month: <i>Jul - 2020</i>	December of Previous Year	Variance
Miscellaneous Deferred Debits	\$3,927,994.56	\$3,950,717.36	(\$22,722.80)	\$3,927,994.56	\$4,334,213.24	(\$406,218.68)
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	\$117,799,515.00	\$117,260,308.00	\$539,207.00	\$117,799,515.00	\$122,916,021.00	(\$5,116,506.00)
Unrecovered Purchase Gas Costs	(\$6,952,121.67)	(\$9,897,292.82)	\$2,945,171.15	(\$6,952,121.67)	(\$830,838.41)	(\$6,121,283.26)
Deferred Debits	\$397,423,477.76	\$393,621,519.85	\$3,801,957.91	\$397,423,477.76	\$409,890,332.10	(\$12,466,854.34)
Assets and Other Debits	\$2,918,056,291.86	\$2,901,782,448.84	\$16,273,843.02	\$2,918,056,291.86	\$2,851,804,941.46	\$66,251,350.40
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	\$45,127,800.00	\$45,127,800.00	\$0.00	\$45,127,800.00	\$45,127,800.00	\$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	\$107,889,827.00	\$107,889,827.00	\$0.00	\$107,889,827.00	\$52,889,827.00	\$55,000,000.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	\$951,187,903.49	\$956,045,703.95	(\$4,857,800.46)	\$951,187,903.49	\$885,402,388.17	\$65,785,515.32
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	\$1,104,205,530.49	\$1,109,063,330.95	(\$4,857,800.46)	\$1,104,205,530.49	\$983,420,015.17	\$120,785,515.32
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	\$895,515,000.00	\$895,515,000.00	\$0.00	\$895,515,000.00	\$785,515,000.00	\$110,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	\$895,515,000.00	\$895,515,000.00	\$0.00	\$895,515,000.00	\$785,515,000.00	\$110,000,000.00
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	\$25,986,821.83	\$26,158,483.88	(\$171,662.05)	\$25,986,821.83	\$27,187,702.09	(\$1,200,880.26)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	\$118,912.66	\$122,307.25	(\$3,394.59)	\$118,912.66	\$142,035.04	(\$23,122.38)
Accum Prov - Pension & Benefit	\$2,845,479.85	\$2,769,514.69	\$75,965.16	\$2,845,479.85	\$2,553,240.14	\$292,239.71
Accum Misc Operating Provision	\$1,209,863.42	\$790,766.39	\$419,097.03	\$1,209,863.42	\$0.00	\$1,209,863.42
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	\$30,161,077.76	\$29,841,072.21	\$320,005.55	\$30,161,077.76	\$29,882,977.27	\$278,100.49
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	\$40,107,549.14	\$35,127,315.48	\$4,980,233.66	\$40,107,549.14	\$46,517,293.00	(\$6,409,743.86)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	\$21,881,210.96	\$11,534,215.17	\$10,346,995.79	\$21,881,210.96	\$156,860,863.31	(\$134,979,652.35)
Customer Deposits	\$3,355,770.11	\$3,357,092.11	(\$1,322.00)	\$3,355,770.11	\$3,522,509.11	(\$166,739.00)
Taxes Accrued	\$20,257,342.66	\$23,489,457.83	(\$3,232,115.17)	\$20,257,342.66	\$11,769,563.75	\$8,487,778.91
Interest Accrued	\$242,813.09	\$232,527.09	\$10,286.00	\$242,813.09	\$289,931.85	(\$47,118.76)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	\$31,588.13	\$76,761.98	(\$45,173.85)	\$31,588.13	\$438,583.95	(\$406,995.82)
Misc Current & Accrued Liab	\$37,464,249.84	\$30,139,040.38	\$7,325,209.46	\$37,464,249.84	\$63,957,232.81	(\$26,492,982.97)
Obligation Cap Lease - Current	\$2,791,349.07	\$2,689,572.89	\$101,776.18	\$2,791,349.07	\$2,788,851.75	\$2,497.32
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	\$126,131,873.00	\$106,645,982.93	\$19,485,890.07	\$126,131,873.00	\$286,144,829.53	(\$160,012,956.53)
Deferred Credits						
Customer Adv. for Construction	\$4,002,880.89	\$4,026,125.47	(\$23,244.58)	\$4,002,880.89	\$4,206,255.94	(\$203,375.05)
Acc Defd Investment Tax Credit	\$1,357,507.00	\$1,379,980.00	(\$22,473.00)	\$1,357,507.00	\$1,529,762.00	(\$172,255.00)
Other Deferred Credits	\$6,940,335.61	\$6,963,862.50	(\$23,526.89)	\$6,940,335.61	\$5,655,894.91	\$1,284,440.70

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Jul - 2020
FDW Standard Report - For Internal Use Only

	Month: <i>Jul - 2020</i>	Previous Month	Variance	Month: <i>Jul - 2020</i>	December of Previous Year	Variance
Other Regulatory Liabilities	\$223,385,113.42	\$223,846,270.09	(\$461,156.67)	\$223,385,113.42	\$241,381,620.95	(\$17,996,507.53)
Accum Defer Inc Tax - Oth Prop	\$519,321,555.70	\$517,532,251.70	\$1,789,304.00	\$519,321,555.70	\$506,796,456.70	\$12,525,099.00
Accum Defer Inc Tax - Other	\$7,035,417.99	\$6,968,572.99	\$66,845.00	\$7,035,417.99	\$7,272,128.99	(\$236,711.00)
Deferred Credits	\$762,042,810.61	\$760,717,062.75	\$1,325,747.86	\$762,042,810.61	\$766,842,119.49	(\$4,799,308.88)
Total Liabilities and Equity	\$2,918,056,291.86	\$2,901,782,448.84	\$16,273,843.02	\$2,918,056,291.86	\$2,851,804,941.46	\$66,251,350.40

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Aug - 2020
FDW Standard Report - For Internal Use Only

	Month: <i>Aug - 2020</i>	Previous Month	Variance	Month: <i>Aug - 2020</i>	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	\$2,937,913,237.18	\$2,886,807,379.24	\$51,105,857.94	\$2,937,913,237.18	\$2,755,558,490.42	\$182,354,746.76
Construction Work In Progress	\$50,866,818.81	\$76,783,353.28	(\$25,916,534.47)	\$50,866,818.81	\$45,731,782.15	\$5,135,036.66
Total Utility Plant	\$2,988,780,055.99	\$2,963,590,732.52	\$25,189,323.47	\$2,988,780,055.99	\$2,801,290,272.57	\$187,489,783.42
Accum Prov - Amort and Depr	(\$535,906,926.82)	(\$530,400,333.90)	(\$5,506,592.92)	(\$535,906,926.82)	(\$489,551,440.66)	(\$46,355,486.16)
Net Utility Plant	\$2,452,873,129.17	\$2,433,190,398.62	\$19,682,730.55	\$2,452,873,129.17	\$2,311,738,831.91	\$141,134,297.26
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	\$895,339.06	\$895,339.06	\$0.00	\$895,339.06	\$895,339.06	\$0.00
System Balancing Gas	(\$163,466.81)	(\$163,466.81)	\$0.00	(\$163,466.81)	(\$163,466.81)	\$0.00
Gas Store Undergrd_SysBal	\$731,872.25	\$731,872.25	\$0.00	\$731,872.25	\$731,872.25	\$0.00
Utility Plant	\$2,453,605,001.42	\$2,433,922,270.87	\$19,682,730.55	\$2,453,605,001.42	\$2,312,470,704.16	\$141,134,297.26
Other Property and Investments						
Non Utility Other Property	\$8,346.49	\$8,346.49	\$0.00	\$8,346.49	\$8,346.49	\$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	\$20,628,798.91	\$20,589,437.05	\$39,361.86	\$20,628,798.91	\$20,283,227.94	\$345,570.97
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	\$6,421,711.07	\$6,235,564.65	\$186,146.42	\$6,421,711.07	\$4,752,561.03	\$1,669,150.04
Other Property and Investments	\$27,058,856.47	\$26,833,348.19	\$225,508.28	\$27,058,856.47	\$25,044,135.46	\$2,014,721.01
Current and Accrued Assets						
Cash	\$862,594.70	\$837,711.77	\$24,882.93	\$862,594.70	\$2,099,204.84	(\$1,236,610.14)
Special Deposits	-	-	-	-	-	-
Working Funds	\$2,550.00	\$2,550.00	\$0.00	\$2,550.00	\$2,550.00	\$0.00
Temp Cash Investments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Accounts Receivable	\$253,000.00	\$253,000.00	\$0.00	\$253,000.00	\$253,000.00	\$0.00
Accum Prov Uncollectible - Cr	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NR from Associated Cos	\$25,464,021.54	\$23,156,253.16	\$2,307,768.38	\$25,464,021.54	\$43,010,056.07	(\$17,546,034.53)
AR from Associated Cos	\$71,087.47	\$30,166.07	\$40,921.40	\$71,087.47	\$802,216.99	(\$731,129.52)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	\$1,187,504.56	\$1,173,359.67	\$14,144.89	\$1,187,504.56	\$1,163,837.48	\$23,667.08
Merchandise	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	\$38,230,231.06	\$31,057,150.22	\$7,173,080.84	\$38,230,231.06	\$48,078,559.27	(\$9,848,328.21)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	\$5,564,365.74	\$2,198,200.49	\$3,366,165.25	\$5,564,365.74	\$6,152,017.74	(\$587,652.00)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Misc Current & Accrued Assets	\$292,444.36	\$1,168,803.66	(\$876,359.30)	\$292,444.36	\$2,838,327.35	(\$2,545,882.99)
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	\$71,927,799.43	\$59,877,195.04	\$12,050,604.39	\$71,927,799.43	\$104,399,769.74	(\$32,471,970.31)
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	\$277,002,907.84	\$276,516,384.92	\$486,522.92	\$277,002,907.84	\$279,043,933.40	(\$2,041,025.56)
Preliminary Surveys	\$6,216,391.58	\$6,115,728.89	\$100,662.69	\$6,216,391.58	\$4,427,002.87	\$1,789,388.71
Clearing Accounts	\$17,248.46	\$15,976.06	\$1,272.40	\$17,248.46	\$0.00	\$17,248.46

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Aug - 2020
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	Month: <i>Aug - 2020</i>	Previous Month	Variance	Month: <i>Aug - 2020</i>	December of Previous Year	Variance
Miscellaneous Deferred Debits	\$3,877,277.97	\$3,927,994.56	(\$50,716.59)	\$3,877,277.97	\$4,334,213.24	(\$456,935.27)
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	\$118,479,938.00	\$117,799,515.00	\$680,423.00	\$118,479,938.00	\$122,916,021.00	(\$4,436,083.00)
Unrecovered Purchase Gas Costs	(\$2,115,829.39)	(\$6,952,121.67)	\$4,836,292.28	(\$2,115,829.39)	(\$830,838.41)	(\$1,284,990.98)
Deferred Debits	\$403,477,934.46	\$397,423,477.76	\$6,054,456.70	\$403,477,934.46	\$409,890,332.10	(\$6,412,397.64)
Assets and Other Debits	\$2,956,069,591.78	\$2,918,056,291.86	\$38,013,299.92	\$2,956,069,591.78	\$2,851,804,941.46	\$104,264,650.32
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	\$45,127,800.00	\$45,127,800.00	\$0.00	\$45,127,800.00	\$45,127,800.00	\$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	\$107,889,827.00	\$107,889,827.00	\$0.00	\$107,889,827.00	\$52,889,827.00	\$55,000,000.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	\$946,082,774.15	\$951,187,903.49	(\$5,105,129.34)	\$946,082,774.15	\$885,402,388.17	\$60,680,385.98
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	\$1,099,100,401.15	\$1,104,205,530.49	(\$5,105,129.34)	\$1,099,100,401.15	\$983,420,015.17	\$115,680,385.98
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	\$895,515,000.00	\$895,515,000.00	\$0.00	\$895,515,000.00	\$785,515,000.00	\$110,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	\$895,515,000.00	\$895,515,000.00	\$0.00	\$895,515,000.00	\$785,515,000.00	\$110,000,000.00
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	\$25,814,423.77	\$25,986,821.83	(\$172,398.06)	\$25,814,423.77	\$27,187,702.09	(\$1,373,278.32)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	\$102,976.60	\$118,912.66	(\$15,936.06)	\$102,976.60	\$142,035.04	(\$39,058.44)
Accum Prov - Pension & Benefit	\$2,767,270.17	\$2,845,479.85	(\$78,209.68)	\$2,767,270.17	\$2,553,240.14	\$214,030.03
Accum Misc Operating Provision	\$1,511,188.29	\$1,209,863.42	\$301,324.87	\$1,511,188.29	\$0.00	\$1,511,188.29
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	\$30,195,858.83	\$30,161,077.76	\$34,781.07	\$30,195,858.83	\$29,882,977.27	\$312,881.56
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	\$38,538,747.32	\$40,107,549.14	(\$1,568,801.82)	\$38,538,747.32	\$46,517,293.00	(\$7,978,545.68)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	\$58,731,848.17	\$21,881,210.96	\$36,850,637.21	\$58,731,848.17	\$156,860,863.31	(\$98,129,015.14)
Customer Deposits	\$3,342,439.11	\$3,355,770.11	(\$13,331.00)	\$3,342,439.11	\$3,522,509.11	(\$180,070.00)
Taxes Accrued	\$17,061,766.07	\$20,257,342.66	(\$3,195,576.59)	\$17,061,766.07	\$11,769,563.75	\$5,292,202.32
Interest Accrued	\$252,755.92	\$242,813.09	\$9,942.83	\$252,755.92	\$289,931.85	(\$37,175.93)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	\$33,417.11	\$31,588.13	\$1,828.98	\$33,417.11	\$438,583.95	(\$405,166.84)
Misc Current & Accrued Liab	\$46,411,616.13	\$37,464,249.84	\$8,947,366.29	\$46,411,616.13	\$63,957,232.81	(\$17,545,616.68)
Obligation Cap Lease - Current	\$2,674,810.68	\$2,791,349.07	(\$116,538.39)	\$2,674,810.68	\$2,788,851.75	(\$114,041.07)
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	\$167,047,400.51	\$126,131,873.00	\$40,915,527.51	\$167,047,400.51	\$286,144,829.53	(\$119,097,429.02)
Deferred Credits						
Customer Adv. for Construction	\$3,954,073.71	\$4,002,880.89	(\$48,807.18)	\$3,954,073.71	\$4,206,255.94	(\$252,182.23)
Acc Defd Investment Tax Credit	\$1,335,034.00	\$1,357,507.00	(\$22,473.00)	\$1,335,034.00	\$1,529,762.00	(\$194,728.00)
Other Deferred Credits	\$6,932,106.27	\$6,940,335.61	(\$8,229.34)	\$6,932,106.27	\$5,655,894.91	\$1,276,211.36

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Aug - 2020
FDW Standard Report - For Internal Use Only

	Month: <i>Aug - 2020</i>	Previous Month	Variance	Month: <i>Aug - 2020</i>	December of Previous Year	Variance
Other Regulatory Liabilities	\$223,718,889.62	\$223,385,113.42	\$333,776.20	\$223,718,889.62	\$241,381,620.95	(\$17,662,731.33)
Accum Defer Inc Tax - Oth Prop	\$521,110,865.70	\$519,321,555.70	\$1,789,310.00	\$521,110,865.70	\$506,796,456.70	\$14,314,409.00
Accum Defer Inc Tax - Other	\$7,159,961.99	\$7,035,417.99	\$124,544.00	\$7,159,961.99	\$7,272,128.99	(\$112,167.00)
Deferred Credits	\$764,210,931.29	\$762,042,810.61	\$2,168,120.68	\$764,210,931.29	\$766,842,119.49	(\$2,631,188.20)
Total Liabilities and Equity	\$2,956,069,591.78	\$2,918,056,291.86	\$38,013,299.92	\$2,956,069,591.78	\$2,851,804,941.46	\$104,264,650.32

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Sep - 2020
FDW Standard Report - For Internal Use Only

	Month: <i>Sep - 2020</i>	Previous Month	Variance	Month: <i>Sep - 2020</i>	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	\$2,961,074,476.11	\$2,937,913,237.18	\$23,161,238.93	\$2,961,074,476.11	\$2,755,558,490.42	\$205,515,985.69
Construction Work In Progress	\$55,366,326.66	\$50,866,818.81	\$4,499,507.85	\$55,366,326.66	\$45,731,782.15	\$9,634,544.51
Total Utility Plant	\$3,016,440,802.77	\$2,988,780,055.99	\$27,660,746.78	\$3,016,440,802.77	\$2,801,290,272.57	\$215,150,530.20
Accum Prov - Amort and Depr	(\$538,084,817.42)	(\$535,906,926.82)	(\$2,177,890.60)	(\$538,084,817.42)	(\$489,551,440.66)	(\$48,533,376.76)
Net Utility Plant	\$2,478,355,985.35	\$2,452,873,129.17	\$25,482,856.18	\$2,478,355,985.35	\$2,311,738,831.91	\$166,617,153.44
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	\$895,339.06	\$895,339.06	\$0.00	\$895,339.06	\$895,339.06	\$0.00
System Balancing Gas	(\$163,466.81)	(\$163,466.81)	\$0.00	(\$163,466.81)	(\$163,466.81)	\$0.00
Gas Store Undergrd_SysBal	\$731,872.25	\$731,872.25	\$0.00	\$731,872.25	\$731,872.25	\$0.00
Utility Plant	\$2,479,087,857.60	\$2,453,605,001.42	\$25,482,856.18	\$2,479,087,857.60	\$2,312,470,704.16	\$166,617,153.44
Other Property and Investments						
Non Utility Other Property	\$8,346.49	\$8,346.49	\$0.00	\$8,346.49	\$8,346.49	\$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	\$20,649,333.06	\$20,628,798.91	\$20,534.15	\$20,649,333.06	\$20,283,227.94	\$366,105.12
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	\$5,697,240.53	\$6,421,711.07	(\$724,470.54)	\$5,697,240.53	\$4,752,561.03	\$944,679.50
Other Property and Investments	\$26,354,920.08	\$27,058,856.47	(\$703,936.39)	\$26,354,920.08	\$25,044,135.46	\$1,310,784.62
Current and Accrued Assets						
Cash	\$683,842.47	\$862,594.70	(\$178,752.23)	\$683,842.47	\$2,099,204.84	(\$1,415,362.37)
Special Deposits	-	-	-	-	-	-
Working Funds	\$2,550.00	\$2,550.00	\$0.00	\$2,550.00	\$2,550.00	\$0.00
Temp Cash Investments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Accounts Receivable	\$253,000.00	\$253,000.00	\$0.00	\$253,000.00	\$253,000.00	\$0.00
Accum Prov Uncollectible - Cr	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NR from Associated Cos	\$27,577,019.61	\$25,464,021.54	\$2,112,998.07	\$27,577,019.61	\$43,010,056.07	(\$15,433,036.46)
AR from Associated Cos	\$91,798.98	\$71,087.47	\$20,711.51	\$91,798.98	\$802,216.99	(\$710,418.01)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	\$1,163,649.05	\$1,187,504.56	(\$23,855.51)	\$1,163,649.05	\$1,163,837.48	(\$188.43)
Merchandise	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	\$42,620,447.77	\$38,230,231.06	\$4,390,216.71	\$42,620,447.77	\$48,078,559.27	(\$5,458,111.50)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	\$5,121,732.30	\$5,564,365.74	(\$442,633.44)	\$5,121,732.30	\$6,152,017.74	(\$1,030,285.44)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Misc Current & Accrued Assets	\$296,672.27	\$292,444.36	\$4,227.91	\$296,672.27	\$2,838,327.35	(\$2,541,655.08)
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	\$77,810,712.45	\$71,927,799.43	\$5,882,913.02	\$77,810,712.45	\$104,399,769.74	(\$26,589,057.29)
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	\$276,527,178.60	\$277,002,907.84	(\$475,729.24)	\$276,527,178.60	\$279,043,933.40	(\$2,516,754.80)
Preliminary Surveys	\$6,497,906.48	\$6,216,391.58	\$281,514.90	\$6,497,906.48	\$4,427,002.87	\$2,070,903.61
Clearing Accounts	\$13,511.76	\$17,248.46	(\$3,736.70)	\$13,511.76	\$0.00	\$13,511.76

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Sep - 2020
FDW Standard Report - For Internal Use Only

	Month: <i>Sep - 2020</i>	Previous Month	Variance	Month: <i>Sep - 2020</i>	December of Previous Year	Variance
Miscellaneous Deferred Debits	\$3,861,451.27	\$3,877,277.97	(\$15,826.70)	\$3,861,451.27	\$4,334,213.24	(\$472,761.97)
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	\$120,095,549.00	\$118,479,938.00	\$1,615,611.00	\$120,095,549.00	\$122,916,021.00	(\$2,820,472.00)
Unrecovered Purchase Gas Costs	\$490,249.92	(\$2,115,829.39)	\$2,606,079.31	\$490,249.92	(\$830,838.41)	\$1,321,088.33
Deferred Debits	\$407,485,847.03	\$403,477,934.46	\$4,007,912.57	\$407,485,847.03	\$409,890,332.10	(\$2,404,485.07)
Assets and Other Debits	\$2,990,739,337.16	\$2,956,069,591.78	\$34,669,745.38	\$2,990,739,337.16	\$2,851,804,941.46	\$138,934,395.70
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	\$45,127,800.00	\$45,127,800.00	\$0.00	\$45,127,800.00	\$45,127,800.00	\$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	\$107,889,827.00	\$107,889,827.00	\$0.00	\$107,889,827.00	\$52,889,827.00	\$55,000,000.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	\$937,029,754.89	\$946,082,774.15	(\$9,053,019.26)	\$937,029,754.89	\$885,402,388.17	\$51,627,366.72
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	\$1,090,047,381.89	\$1,099,100,401.15	(\$9,053,019.26)	\$1,090,047,381.89	\$983,420,015.17	\$106,627,366.72
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	\$895,515,000.00	\$895,515,000.00	\$0.00	\$895,515,000.00	\$785,515,000.00	\$110,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	\$895,515,000.00	\$895,515,000.00	\$0.00	\$895,515,000.00	\$785,515,000.00	\$110,000,000.00
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	\$25,636,355.08	\$25,814,423.77	(\$178,068.69)	\$25,636,355.08	\$27,187,702.09	(\$1,551,347.01)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	\$123,574.03	\$102,976.60	\$20,597.43	\$123,574.03	\$142,035.04	(\$18,461.01)
Accum Prov - Pension & Benefit	\$2,745,876.55	\$2,767,270.17	(\$21,393.62)	\$2,745,876.55	\$2,553,240.14	\$192,636.41
Accum Misc Operating Provision	\$1,825,919.83	\$1,511,188.29	\$314,731.54	\$1,825,919.83	\$0.00	\$1,825,919.83
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	\$30,331,725.49	\$30,195,858.83	\$135,866.66	\$30,331,725.49	\$29,882,977.27	\$448,748.22
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	\$38,844,986.37	\$38,538,747.32	\$306,239.05	\$38,844,986.37	\$46,517,293.00	(\$7,672,306.63)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	\$93,966,608.93	\$58,731,848.17	\$35,234,760.76	\$93,966,608.93	\$156,860,863.31	(\$62,894,254.38)
Customer Deposits	\$3,359,566.11	\$3,342,439.11	\$17,127.00	\$3,359,566.11	\$3,522,509.11	(\$162,943.00)
Taxes Accrued	\$12,983,078.37	\$17,061,766.07	(\$4,078,687.70)	\$12,983,078.37	\$11,769,563.75	\$1,213,514.62
Interest Accrued	\$262,659.87	\$252,755.92	\$9,903.95	\$262,659.87	\$289,931.85	(\$27,271.98)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	\$38,425.36	\$33,417.11	\$5,008.25	\$38,425.36	\$438,583.95	(\$400,158.59)
Misc Current & Accrued Liab	\$57,081,927.88	\$46,411,616.13	\$10,670,311.75	\$57,081,927.88	\$63,957,232.81	(\$6,875,304.93)
Obligation Cap Lease - Current	\$2,979,776.60	\$2,674,810.68	\$304,965.92	\$2,979,776.60	\$2,788,851.75	\$190,924.85
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	\$209,517,029.49	\$167,047,400.51	\$42,469,628.98	\$209,517,029.49	\$286,144,829.53	(\$76,627,800.04)
Deferred Credits						
Customer Adv. for Construction	\$3,939,022.28	\$3,954,073.71	(\$15,051.43)	\$3,939,022.28	\$4,206,255.94	(\$267,233.66)
Acc Defd Investment Tax Credit	\$1,312,561.00	\$1,335,034.00	(\$22,473.00)	\$1,312,561.00	\$1,529,762.00	(\$217,201.00)
Other Deferred Credits	\$6,977,366.50	\$6,932,106.27	\$45,260.23	\$6,977,366.50	\$5,655,894.91	\$1,321,471.59

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Sep - 2020
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	Month: <i>Sep - 2020</i>	Previous Month	Variance	Month: <i>Sep - 2020</i>	December of Previous Year	Variance
Other Regulatory Liabilities	\$222,993,190.82	\$223,718,889.62	(\$725,698.80)	\$222,993,190.82	\$241,381,620.95	(\$18,388,430.13)
Accum Defer Inc Tax - Oth Prop	\$522,900,171.70	\$521,110,865.70	\$1,789,306.00	\$522,900,171.70	\$506,796,456.70	\$16,103,715.00
Accum Defer Inc Tax - Other	\$7,205,887.99	\$7,159,961.99	\$45,926.00	\$7,205,887.99	\$7,272,128.99	(\$66,241.00)
Deferred Credits	\$765,328,200.29	\$764,210,931.29	\$1,117,269.00	\$765,328,200.29	\$766,842,119.49	(\$1,513,919.20)
Total Liabilities and Equity	\$2,990,739,337.16	\$2,956,069,591.78	\$34,669,745.38	\$2,990,739,337.16	\$2,851,804,941.46	\$138,934,395.70

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Oct - 2020
FDW Standard Report - For Internal Use Only

	Month: <i>Oct - 2020</i>	Previous Month	Variance	Month: <i>Oct - 2020</i>	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	\$2,990,499,704.79	\$2,961,074,476.11	\$29,425,228.68	\$2,990,499,704.79	\$2,755,558,490.42	\$234,941,214.37
Construction Work In Progress	\$54,286,872.58	\$55,366,326.66	(\$1,079,454.08)	\$54,286,872.58	\$45,731,782.15	\$8,555,090.43
Total Utility Plant	\$3,044,786,577.37	\$3,016,440,802.77	\$28,345,774.60	\$3,044,786,577.37	\$2,801,290,272.57	\$243,496,304.80
Accum Prov - Amort and Depr	(\$541,812,215.76)	(\$538,084,817.42)	(\$3,727,398.34)	(\$541,812,215.76)	(\$489,551,440.66)	(\$52,260,775.10)
Net Utility Plant	\$2,502,974,361.61	\$2,478,355,985.35	\$24,618,376.26	\$2,502,974,361.61	\$2,311,738,831.91	\$191,235,529.70
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	\$895,339.06	\$895,339.06	\$0.00	\$895,339.06	\$895,339.06	\$0.00
System Balancing Gas	(\$163,466.81)	(\$163,466.81)	\$0.00	(\$163,466.81)	(\$163,466.81)	\$0.00
Gas Store Undergrd_SysBal	\$731,872.25	\$731,872.25	\$0.00	\$731,872.25	\$731,872.25	\$0.00
Utility Plant	\$2,503,706,233.86	\$2,479,087,857.60	\$24,618,376.26	\$2,503,706,233.86	\$2,312,470,704.16	\$191,235,529.70
Other Property and Investments						
Non Utility Other Property	\$8,346.49	\$8,346.49	\$0.00	\$8,346.49	\$8,346.49	\$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	\$20,676,508.64	\$20,649,333.06	\$27,175.58	\$20,676,508.64	\$20,283,227.94	\$393,280.70
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	\$5,931,262.95	\$5,697,240.53	\$234,022.42	\$5,931,262.95	\$4,752,561.03	\$1,178,701.92
Other Property and Investments	\$26,616,118.08	\$26,354,920.08	\$261,198.00	\$26,616,118.08	\$25,044,135.46	\$1,571,982.62
Current and Accrued Assets						
Cash	\$956,135.21	\$683,842.47	\$272,292.74	\$956,135.21	\$2,099,204.84	(\$1,143,069.63)
Special Deposits	-	-	-	-	-	-
Working Funds	\$2,550.00	\$2,550.00	\$0.00	\$2,550.00	\$2,550.00	\$0.00
Temp Cash Investments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Accounts Receivable	\$253,000.00	\$253,000.00	\$0.00	\$253,000.00	\$253,000.00	\$0.00
Accum Prov Uncollectible - Cr	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NR from Associated Cos	\$49,957,614.10	\$27,577,019.61	\$22,380,594.49	\$49,957,614.10	\$43,010,056.07	\$6,947,558.03
AR from Associated Cos	\$105,293.06	\$91,798.98	\$13,494.08	\$105,293.06	\$802,216.99	(\$696,923.93)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	\$1,173,850.47	\$1,163,649.05	\$10,201.42	\$1,173,850.47	\$1,163,837.48	\$10,012.99
Merchandise	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	\$45,253,908.41	\$42,620,447.77	\$2,633,460.64	\$45,253,908.41	\$48,078,559.27	(\$2,824,650.86)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	\$5,696,386.81	\$5,121,732.30	\$574,654.51	\$5,696,386.81	\$6,152,017.74	(\$455,630.93)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Misc Current & Accrued Assets	\$503,791.55	\$296,672.27	\$207,119.28	\$503,791.55	\$2,838,327.35	(\$2,334,535.80)
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	\$103,902,529.61	\$77,810,712.45	\$26,091,817.16	\$103,902,529.61	\$104,399,769.74	(\$497,240.13)
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	\$277,005,732.49	\$276,527,178.60	\$478,553.89	\$277,005,732.49	\$279,043,933.40	(\$2,038,200.91)
Preliminary Surveys	\$7,112,916.64	\$6,497,906.48	\$615,010.16	\$7,112,916.64	\$4,427,002.87	\$2,685,913.77
Clearing Accounts	(\$286,252.74)	\$13,511.76	(\$299,764.50)	(\$286,252.74)	\$0.00	(\$286,252.74)

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Oct - 2020
FDW Standard Report - For Internal Use Only

	Month: <i>Oct - 2020</i>	Previous Month	Variance	Month: <i>Oct - 2020</i>	December of Previous Year	Variance
Miscellaneous Deferred Debits	\$3,846,735.42	\$3,861,451.27	(\$14,715.85)	\$3,846,735.42	\$4,334,213.24	(\$487,477.82)
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	\$120,439,818.00	\$120,095,549.00	\$344,269.00	\$120,439,818.00	\$122,916,021.00	(\$2,476,203.00)
Unrecovered Purchase Gas Costs	\$1,007,669.05	\$490,249.92	\$517,419.13	\$1,007,669.05	(\$830,838.41)	\$1,838,507.46
Deferred Debits	\$409,126,618.86	\$407,485,847.03	\$1,640,771.83	\$409,126,618.86	\$409,890,332.10	(\$763,713.24)
Assets and Other Debits	\$3,043,351,500.41	\$2,990,739,337.16	\$52,612,163.25	\$3,043,351,500.41	\$2,851,804,941.46	\$191,546,558.95
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	\$45,127,800.00	\$45,127,800.00	\$0.00	\$45,127,800.00	\$45,127,800.00	\$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	\$107,889,827.00	\$107,889,827.00	\$0.00	\$107,889,827.00	\$52,889,827.00	\$55,000,000.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	\$937,894,682.95	\$937,029,754.89	\$864,928.06	\$937,894,682.95	\$885,402,388.17	\$52,492,294.78
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	\$1,090,912,309.95	\$1,090,047,381.89	\$864,928.06	\$1,090,912,309.95	\$983,420,015.17	\$107,492,294.78
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	\$895,515,000.00	\$895,515,000.00	\$0.00	\$895,515,000.00	\$785,515,000.00	\$110,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	\$895,515,000.00	\$895,515,000.00	\$0.00	\$895,515,000.00	\$785,515,000.00	\$110,000,000.00
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	\$25,462,309.66	\$25,636,355.08	(\$174,045.42)	\$25,462,309.66	\$27,187,702.09	(\$1,725,392.43)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	\$105,023.84	\$123,574.03	(\$18,550.19)	\$105,023.84	\$142,035.04	(\$37,011.20)
Accum Prov - Pension & Benefit	\$2,565,937.94	\$2,745,876.55	(\$179,938.61)	\$2,565,937.94	\$2,553,240.14	\$12,697.80
Accum Misc Operating Provision	\$2,177,902.16	\$1,825,919.83	\$351,982.33	\$2,177,902.16	\$0.00	\$2,177,902.16
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	\$30,311,173.60	\$30,331,725.49	(\$20,551.89)	\$30,311,173.60	\$29,882,977.27	\$428,196.33
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	\$42,040,869.93	\$38,844,986.37	\$3,195,883.56	\$42,040,869.93	\$46,517,293.00	(\$4,476,423.07)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	\$135,366,648.36	\$93,966,608.93	\$41,400,039.43	\$135,366,648.36	\$156,860,863.31	(\$21,494,214.95)
Customer Deposits	\$3,470,654.11	\$3,359,566.11	\$111,088.00	\$3,470,654.11	\$3,522,509.11	(\$51,855.00)
Taxes Accrued	\$11,363,285.87	\$12,983,078.37	(\$1,619,792.50)	\$11,363,285.87	\$11,769,563.75	(\$406,277.88)
Interest Accrued	\$272,315.89	\$262,659.87	\$9,656.02	\$272,315.89	\$289,931.85	(\$17,615.96)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	\$70,046.13	\$38,425.36	\$31,620.77	\$70,046.13	\$438,583.95	(\$368,537.82)
Misc Current & Accrued Liab	\$63,091,594.99	\$57,081,927.88	\$6,009,667.11	\$63,091,594.99	\$63,957,232.81	(\$865,637.82)
Obligation Cap Lease - Current	\$3,130,983.96	\$2,979,776.60	\$151,207.36	\$3,130,983.96	\$2,788,851.75	\$342,132.21
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	\$258,806,399.24	\$209,517,029.49	\$49,289,369.75	\$258,806,399.24	\$286,144,829.53	(\$27,338,430.29)
Deferred Credits						
Customer Adv. for Construction	\$3,854,956.74	\$3,939,022.28	(\$84,065.54)	\$3,854,956.74	\$4,206,255.94	(\$351,299.20)
Acc Defd Investment Tax Credit	\$1,290,088.00	\$1,312,561.00	(\$22,473.00)	\$1,290,088.00	\$1,529,762.00	(\$239,674.00)
Other Deferred Credits	\$6,959,111.59	\$6,977,366.50	(\$18,254.91)	\$6,959,111.59	\$5,655,894.91	\$1,303,216.68

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Oct - 2020
FDW Standard Report - For Internal Use Only

	Month: <i>Oct - 2020</i>	Previous Month	Variance	Month: <i>Oct - 2020</i>	December of Previous Year	Variance
Other Regulatory Liabilities	\$223,662,497.60	\$222,993,190.82	\$669,306.78	\$223,662,497.60	\$241,381,620.95	(\$17,719,123.35)
Accum Defer Inc Tax - Oth Prop	\$524,689,479.70	\$522,900,171.70	\$1,789,308.00	\$524,689,479.70	\$506,796,456.70	\$17,893,023.00
Accum Defer Inc Tax - Other	\$7,350,483.99	\$7,205,887.99	\$144,596.00	\$7,350,483.99	\$7,272,128.99	\$78,355.00
Deferred Credits	\$767,806,617.62	\$765,328,200.29	\$2,478,417.33	\$767,806,617.62	\$766,842,119.49	\$964,498.13
Total Liabilities and Equity	\$3,043,351,500.41	\$2,990,739,337.16	\$52,612,163.25	\$3,043,351,500.41	\$2,851,804,941.46	\$191,546,558.95

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
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As of Nov - 2020
FDW Standard Report - For Internal Use Only

	Month: <i>Nov - 2020</i>	Previous Month	Variance	Month: <i>Nov - 2020</i>	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	\$3,022,167,221.64	\$2,990,499,704.79	\$31,667,516.85	\$3,022,167,221.64	\$2,755,558,490.42	\$266,608,731.22
Construction Work In Progress	\$46,888,432.53	\$54,286,872.58	(\$7,398,440.05)	\$46,888,432.53	\$45,731,782.15	\$1,156,650.38
Total Utility Plant	\$3,069,055,654.17	\$3,044,786,577.37	\$24,269,076.80	\$3,069,055,654.17	\$2,801,290,272.57	\$267,765,381.60
Accum Prov - Amort and Depr	(\$544,680,567.51)	(\$541,812,215.76)	(\$2,868,351.75)	(\$544,680,567.51)	(\$489,551,440.66)	(\$55,129,126.85)
Net Utility Plant	\$2,524,375,086.66	\$2,502,974,361.61	\$21,400,725.05	\$2,524,375,086.66	\$2,311,738,831.91	\$212,636,254.75
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	\$895,339.06	\$895,339.06	\$0.00	\$895,339.06	\$895,339.06	\$0.00
System Balancing Gas	(\$163,466.81)	(\$163,466.81)	\$0.00	(\$163,466.81)	(\$163,466.81)	\$0.00
Gas Store Undergrd_SysBal	\$731,872.25	\$731,872.25	\$0.00	\$731,872.25	\$731,872.25	\$0.00
Utility Plant	\$2,525,106,958.91	\$2,503,706,233.86	\$21,400,725.05	\$2,525,106,958.91	\$2,312,470,704.16	\$212,636,254.75
Other Property and Investments						
Non Utility Other Property	\$8,346.49	\$8,346.49	\$0.00	\$8,346.49	\$8,346.49	\$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	\$20,715,048.10	\$20,676,508.64	\$38,539.46	\$20,715,048.10	\$20,283,227.94	\$431,820.16
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	\$5,767,982.25	\$5,931,262.95	(\$163,280.70)	\$5,767,982.25	\$4,752,561.03	\$1,015,421.22
Other Property and Investments	\$26,491,376.84	\$26,616,118.08	(\$124,741.24)	\$26,491,376.84	\$25,044,135.46	\$1,447,241.38
Current and Accrued Assets						
Cash	\$1,844,813.26	\$956,135.21	\$888,678.05	\$1,844,813.26	\$2,099,204.84	(\$254,391.58)
Special Deposits	-	-	-	-	-	-
Working Funds	\$2,550.00	\$2,550.00	\$0.00	\$2,550.00	\$2,550.00	\$0.00
Temp Cash Investments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Notes Receivable	-	-	-	-	-	-
Customer Accounts Receivable	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Accounts Receivable	\$253,000.00	\$253,000.00	\$0.00	\$253,000.00	\$253,000.00	\$0.00
Accum Prov Uncollectible - Cr	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NR from Associated Cos	\$73,263,718.58	\$49,957,614.10	\$23,306,104.48	\$73,263,718.58	\$43,010,056.07	\$30,253,662.51
AR from Associated Cos	\$179,337.60	\$105,293.06	\$74,044.54	\$179,337.60	\$802,216.99	(\$622,879.39)
Fuel Stock	-	-	-	-	-	-
Fuel Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	\$1,181,787.08	\$1,173,850.47	\$7,936.61	\$1,181,787.08	\$1,163,837.48	\$17,949.60
Merchandise	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	\$42,207,426.91	\$45,253,908.41	(\$3,046,481.50)	\$42,207,426.91	\$48,078,559.27	(\$5,871,132.36)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	\$5,462,362.51	\$5,696,386.81	(\$234,024.30)	\$5,462,362.51	\$6,152,017.74	(\$689,655.23)
Interest & Dividends Rec	-	-	-	-	-	-
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Misc Current & Accrued Assets	\$1,955,668.34	\$503,791.55	\$1,451,876.79	\$1,955,668.34	\$2,838,327.35	(\$882,659.01)
Derivative Instrument Assets	-	-	-	-	-	-
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	\$126,350,664.28	\$103,902,529.61	\$22,448,134.67	\$126,350,664.28	\$104,399,769.74	\$21,950,894.54
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	\$276,712,481.83	\$277,005,732.49	(\$293,250.66)	\$276,712,481.83	\$279,043,933.40	(\$2,331,451.57)
Preliminary Surveys	\$6,809,205.41	\$7,112,916.64	(\$303,711.23)	\$6,809,205.41	\$4,427,002.87	\$2,382,202.54
Clearing Accounts	\$57,193.85	(\$286,252.74)	\$343,446.59	\$57,193.85	\$0.00	\$57,193.85

Columbia Gas of Pennsylvania
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FDW Standard Report - For Internal Use Only

	Month: <i>Nov - 2020</i>	Previous Month	Variance	Month: <i>Nov - 2020</i>	December of Previous Year	Variance
Miscellaneous Deferred Debits	\$3,978,651.40	\$3,846,735.42	\$131,915.98	\$3,978,651.40	\$4,334,213.24	(\$355,561.84)
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	\$119,226,959.00	\$120,439,818.00	(\$1,212,859.00)	\$119,226,959.00	\$122,916,021.00	(\$3,689,062.00)
Unrecovered Purchase Gas Costs	\$1,241,436.79	\$1,007,669.05	\$233,767.74	\$1,241,436.79	(\$830,838.41)	\$2,072,275.20
Deferred Debits	\$408,025,928.28	\$409,126,618.86	(\$1,100,690.58)	\$408,025,928.28	\$409,890,332.10	(\$1,864,403.82)
Assets and Other Debits	\$3,085,974,928.31	\$3,043,351,500.41	\$42,623,427.90	\$3,085,974,928.31	\$2,851,804,941.46	\$234,169,986.85
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	\$45,127,800.00	\$45,127,800.00	\$0.00	\$45,127,800.00	\$45,127,800.00	\$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	\$107,889,827.00	\$107,889,827.00	\$0.00	\$107,889,827.00	\$52,889,827.00	\$55,000,000.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	\$949,168,494.79	\$937,894,682.95	\$11,273,811.84	\$949,168,494.79	\$885,402,388.17	\$63,766,106.62
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	\$1,102,186,121.79	\$1,090,912,309.95	\$11,273,811.84	\$1,102,186,121.79	\$983,420,015.17	\$118,766,106.62
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	\$895,515,000.00	\$895,515,000.00	\$0.00	\$895,515,000.00	\$785,515,000.00	\$110,000,000.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	\$895,515,000.00	\$895,515,000.00	\$0.00	\$895,515,000.00	\$785,515,000.00	\$110,000,000.00
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	\$25,287,514.95	\$25,462,309.66	(\$174,794.71)	\$25,287,514.95	\$27,187,702.09	(\$1,900,187.14)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	\$106,379.87	\$105,023.84	\$1,356.03	\$106,379.87	\$142,035.04	(\$35,655.17)
Accum Prov - Pension & Benefit	\$2,435,534.99	\$2,565,937.94	(\$130,402.95)	\$2,435,534.99	\$2,553,240.14	(\$117,705.15)
Accum Misc Operating Provision	\$2,490,910.81	\$2,177,902.16	\$313,008.65	\$2,490,910.81	\$0.00	\$2,490,910.81
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	\$30,320,340.62	\$30,311,173.60	\$9,167.02	\$30,320,340.62	\$29,882,977.27	\$437,363.35
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	\$38,705,351.81	\$42,040,869.93	(\$3,335,518.12)	\$38,705,351.81	\$46,517,293.00	(\$7,811,941.19)
NP to Associated Cos	-	-	-	-	-	-
AP to Associated Cos	\$162,472,025.30	\$135,366,648.36	\$27,105,376.94	\$162,472,025.30	\$156,860,863.31	\$5,611,161.99
Customer Deposits	\$3,500,935.11	\$3,470,654.11	\$30,281.00	\$3,500,935.11	\$3,522,509.11	(\$21,574.00)
Taxes Accrued	\$13,612,883.80	\$11,363,285.87	\$2,249,597.93	\$13,612,883.80	\$11,769,563.75	\$1,843,320.05
Interest Accrued	\$281,884.01	\$272,315.89	\$9,568.12	\$281,884.01	\$289,931.85	(\$8,047.84)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	\$140,867.70	\$70,046.13	\$70,821.57	\$140,867.70	\$438,583.95	(\$297,716.25)
Misc Current & Accrued Liab	\$68,165,461.16	\$63,091,594.99	\$5,073,866.17	\$68,165,461.16	\$63,957,232.81	\$4,208,228.35
Obligation Cap Lease - Current	\$3,086,178.53	\$3,130,983.96	(\$44,805.43)	\$3,086,178.53	\$2,788,851.75	\$297,326.78
Derivative Liability	-	-	-	-	-	-
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	\$289,965,587.42	\$258,806,399.24	\$31,159,188.18	\$289,965,587.42	\$286,144,829.53	\$3,820,757.89
Deferred Credits						
Customer Adv. for Construction	\$3,843,731.79	\$3,854,956.74	(\$11,224.95)	\$3,843,731.79	\$4,206,255.94	(\$362,524.15)
Acc Defd Investment Tax Credit	\$1,267,615.00	\$1,290,088.00	(\$22,473.00)	\$1,267,615.00	\$1,529,762.00	(\$262,147.00)
Other Deferred Credits	\$6,946,447.69	\$6,959,111.59	(\$12,663.90)	\$6,946,447.69	\$5,655,894.91	\$1,290,552.78

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	Month: <i>Nov - 2020</i>	Previous Month	Variance	Month: <i>Nov - 2020</i>	December of Previous Year	Variance
Other Regulatory Liabilities	\$222,396,189.31	\$223,662,497.60	(\$1,266,308.29)	\$222,396,189.31	\$241,381,620.95	(\$18,985,431.64)
Accum Defer Inc Tax - Oth Prop	\$526,478,785.70	\$524,689,479.70	\$1,789,306.00	\$526,478,785.70	\$506,796,456.70	\$19,682,329.00
Accum Defer Inc Tax - Other	\$7,055,108.99	\$7,350,483.99	(\$295,375.00)	\$7,055,108.99	\$7,272,128.99	(\$217,020.00)
Deferred Credits	\$767,987,878.48	\$767,806,617.62	\$181,260.86	\$767,987,878.48	\$766,842,119.49	\$1,145,758.99
Total Liabilities and Equity	\$3,085,974,928.31	\$3,043,351,500.41	\$42,623,427.90	\$3,085,974,928.31	\$2,851,804,941.46	\$234,169,986.85

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-003:

Please provide the bond rating history for the Company and, if applicable, its parent from the major credit rating agencies for the last five years.

Response:

Columbia Gas of Pennsylvania, Inc. (Company) is a wholly owned subsidiary of NiSource Gas Distribution, Inc. (NGD), which is a subsidiary of NiSource Inc. (Parent). Neither the Company nor NGD have bond rating histories that are separate from NiSource Inc.

GAS-ROR-003 Attachment A provides the bond rating history for NiSource Inc. from January 2016 to December 2020.

Fitch updated NiSource's bond rating from BBB- to BBB on October 31, 2016.

CREDIT RATINGS MATRIX

NiSource

<u>Moody's</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Issuer Rating	Baa2	Baa2	Baa2	Baa2	Baa2
Commercial Paper	P-2	P-2	P-2	P-2	P-2

Standard & Poor's

Corporate Credit Rating	BBB+	BBB+	BBB+	BBB+	BBB+
Commercial Paper	A-2	A-2	A-2	A-2	A-2

Fitch

Issuer Rating	BBB	BBB	BBB	BBB	BBB
Commercial Paper	F-2	F-2	F-2	F-3	F-3

Columbia Gas of Pennsylvania

<u>Moody's</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Issuer Rating	NR	NR	NR	NR	NR
Commercial Paper	NR	NR	NR	NR	NR

Standard & Poor's

Corporate Credit Rating	NR	NR	NR	NR	NR
Commercial Paper	NR	NR	NR	NR	NR

Fitch

Issuer Rating	NR	NR	NR	NR	NR
Commercial Paper	NR	NR	NR	NR	NR

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-004:

Please provide copies of all bond rating reports relating to the Company and, if applicable, its parent for the past two years.

Response:

Columbia Gas of Pennsylvania, Inc., (Company) is a wholly owned subsidiary of NiSource Gas Distribution, Inc. (NGD), which is a subsidiary of NiSource Inc. (Parent). Neither the Company nor NGD have bond rating reports that are separate from the Parent.

Attached are the following NiSource Inc. bond rating reports for the past two years:

Attachment A – Fitch (October 2019)
Attachment B – Fitch (March 2020)
Attachment C – Fitch (April 2020)
Attachment D – Fitch (May 2020)
Attachment E – Moody's (July 2019)
Attachment F – Moody's (February 2020)
Attachment G – Moody's (July 2020)
Attachment H - Moody's (October 2020)
Attachment I - S&P (February 2020)

NiSource Inc.

Rating Type	Rating	Outlook	Last Rating Action
Long-Term IDR	BBB	Stable	Review - No Action April 17, 2019
Short-Term IDR	F2	—	Review - No Action April 17, 2019
Senior Unsecured	BBB	—	Review - No Action April 17, 2019
Preferred Stock	BB+	—	Review - No Action April 17, 2019
Click here for full list of ratings			

Financial Summary

(USD Mil.)	Dec 2016	Dec 2017	Dec 2018	LTM Jun 2019
Gross Revenue	4,493	4,875	5,115	5,237
Operating EBITDAR	1,420	1,500	737	1,118
Cash Flow from Operations	805	742	529	617
Capital Intensity (Capex/Revenue) (%)	32.8	34.8	35.6	34.9
Total Adjusted Debt with Equity Credit	8,033	9,184	9,729	9,787
FFO Fixed-Charge Coverage (x)	4.0	3.0	2.2	2.8
FFO-Adjusted Leverage (x)	5.7	8.4	11.4	8.3
Total Adjusted Debt/Operating EBITDAR (x)	5.7	6.1	13.2	8.8
Source: Fitch Ratings, Fitch Solutions.				

NiSource Inc.'s ratings and Outlook are supported by stable cash flows and earnings from a geographically diverse mix of 100% regulated gas and electric utilities in seven states. However, a series of safety-related incidents in the last 13 months weigh on NiSource's credit profile. Since 2018, NiSource's credit metrics have weakened substantially, primarily due to costs associated with natural gas explosions in Massachusetts in September 2018. NiSource's ability to recover from the financial and reputational damage from the incident and subsequent events in a credit-supportive manner is critical to maintaining its rating and Outlook.

Key Rating Drivers

Aftermath of Boston-Area Explosions: Gas explosions in the service territory of NiSource subsidiary Columbia Gas of Massachusetts (CMA) in the Boston suburbs in September 2018 continue to pressure NiSource's credit profile. NiSource estimated in July 2019 that total costs associated with the incident could be \$1.67 billion–\$1.72 billion, including pipeline replacement, third-party claims and other expenses. The company has \$1.1 billion of total insurance coverage, including \$800 million casualty and \$300 million in property coverage.

Through June 30, 2019, \$670 million casualty insurance receivables have been recorded and \$535 million cash has been received. The cost estimate does not include any potential fines and penalties, which remain a concern. Fitch Ratings believes that NiSource is committed to its ratings and that unrecovered costs, if financed in a credit-supportive manner, can be managed within the current rating category.

Safety Culture in Doubt: Notwithstanding the financial impact, which Fitch believes could be mitigated, concerns over NiSource's safety culture are mounting and could linger beyond financial remedies. On Sept. 24, 2019, the National Transportation Safety Board's (NTSB) investigation determined that CMA failed to develop a plan with proper instructions

for handling regulator stations, which led to the explosions. This conclusion suggests a systematic failure that, in Fitch's view, is politically damaging and could potentially lead to more backlash and penalties from state regulators. The NTSB's determination followed CMA's voluntary report in mid-September that it discovered in July that safety measures were not followed for abandoned pipelines. On Sept. 27, 2019, CMA reported gas leaks due to failure to properly abandon a valve in the same area as the 2018 explosions. These developments occurred while NiSource is implementing a safety management system (SMS) across all states it serves, and an independent quality review board is overseeing implementation of the SMS.

Low Business Risk: NiSource's ratings and Outlook are supported by stable cash flows and earnings from a geographically diverse mix of fully regulated gas and electric utilities in seven states. Gas distribution and electric operations represented 60% and 40%, respectively, of total operating earnings at YE 2018. Fitch expects gas operations to account for a greater share of the rate base as the company invests more than twice as much capex in its gas segment as it does in its electric segment. Fitch considers this a positive trend, as NiSource's gas distribution utilities benefit from more supportive regulations with less exposure to stringent environmental mandates. Fitch considers Indiana and Ohio, NiSource's primary service territories, to be among the country's most supportive jurisdictions.

Favorable Regulation: Balanced regulation is particularly important for NiSource in light of its aggressive gas and electric infrastructure modernization programs and high leverage. Approximately 75% of total capex through 2022 will be recovered through trackers and other mechanisms and begin earning within 12 months. Most of NiSource's gas utilities have decoupling, including in Ohio, Massachusetts, Maryland and Virginia; weather normalization, in Pennsylvania, Maryland, Virginia and Kentucky; and straight fixed variable rates in Indiana. Approximately 65% of the total revenue is non-volumetric.

All of NiSource's gas utilities use infrastructure trackers on a regular basis, except in Pennsylvania. Columbia Gas of Pennsylvania has an option to file for infrastructure tracker recovery or leverage a forward-looking test year in a base rate case. Most of the utilities don't have specified authorized ROEs, except for Northern Indiana Public Service Company (NIPSCO) and CMA, which have authorized ROEs of 9.85% and 9.55%, respectively, modestly higher than the industry average of 9.5%.

NIPSCO's transmission projects benefited from constructive Federal Energy Regulatory Commission (FERC) regulation, including forward-looking rates and construction work in progress recovery. NIPSCO's ROE under FERC is 10.82%, inclusive of a 50bps adder for participating in the Midcontinent Independent System Operator transmission service and wholesale energy market.

In Indiana, the integrated resource plan (IRP) allows utilities to inform the Indiana Utility Regulatory Commission (IURC) of their long-term capital investment plans on a non-binding basis years ahead of construction. The IRP process provides transparency before utilities submit their requests for approval to begin construction, a credit positive. The Transmission, Distribution and Storage System Improvement Charge statute provides for cost recovery outside of general rate case proceedings for gas or electric safety, reliability and modernization and allows preapproval of a seven-year plan of eligible investments. Up to 80% of eligible costs can be recovered using semi-annual trackers.

Indiana legislation allows cost recovery of federally mandated requirements, including modernization or environmental capex. NIPSCO has approval from the IURC to recover environmental costs through an environmental cost tracker, which allows the utility to earn a return on the capital investment as well as related operating and maintenance expenses once operational. NIPSCO owns and operates 2.5 gigawatts of coal generation plants that were fully scrubbed at YE 2015; all comply with sulfur dioxide, nitrogen oxide and Mercury and Air Toxics Standards rules.

High Capex: NiSource's capex began to ramp up in 2012. Management estimated that 2019 total capex could be \$1.6 billion–\$1.7 billion. From 2020 to 2022, capital investment could range from \$1.6 billion to \$2.0 billion per year. The range is wider than previously planned \$1.6 billion–\$1.8 billion per year. Management estimates that the capex investments will grow rate base for the gas segment by 9%–11% per year and for the electric segment by 4%–6%, which Fitch views favorably. NiSource's robust capex program is supported by infrastructure modernization legislation in all of its service territories, mitigating regulatory lag and negative pressure on credit metrics.

Rate Case Proceedings: NiSource's utilities file rate cases frequently. NIPSCO's gas distribution rate case was a significant case approved in September 2018. The rate case outcome was constructive, in Fitch's view. A total \$107.3 million rate increase will be implemented through three steps, based on a 9.85% ROE with equity component rising to 46.88% from 45.81%. Of the total rate increase, \$85.6 million took effect on Oct 1, 2018, followed by \$29.2 million, which was implemented on Jan. 1, 2019. The final step is an \$8.4 million refund beginning Jan. 1, 2020 to flow back over 12 years the unprotected accumulated deferred income tax. The ROE and 12-year amortization are both above the industry averages, a credit positive. The new capital structure has a higher equity component than the 46.29% authorized in a 2009 rate case.

NIPSCO's electric base rate case is ongoing. The parties reached a partial settlement in April 2019 allowing for a \$47.7 million rate increase, versus the requested \$111.4 million, and a 9.90% ROE, versus the requested 10.80%. The settlement incorporated the federal tax reform and depreciation schedule. An order is expected in 4Q19. Columbia Gas of Maryland's base rate case is relatively small, requesting a \$3.7 million total annual revenue increase, or \$2.5 million net of infrastructure trackers. An order is expected by YE 2019.

Credit Metrics: Fitch believes that a fully regulated business model, primarily with gas distribution utility operations, mitigates relatively high leverage, which has been the case for NiSource due to its large capex program and legacy debt. Since 2018, NiSource's credit metrics have deteriorated materially, primarily due to the gas explosions and timing difference between the incurred costs and insurance proceeds. Management plans to issue at-the-market equity of \$200 million–\$300 million per year, and \$35 million–\$60 million equity per year from employee stock plans as well as approximately \$500 million in debt to support capex and expenses from the gas explosions incident.

The financing plan could change, depending on the timing of insurance payments. Fitch expects NiSource's FFO-adjusted leverage to stabilize in the low 5x range in the near to intermediate term. Fitch's projection includes a certain amount of penalties or fines associated with the gas explosions.

Tax Reform: NiSource issued \$600 million in equity in 2Q18 in anticipation of the negative impact from tax reform. Since then, several of NiSource's utility subsidiaries have been able to receive reasonable outcomes in their states to mitigate the effect of tax reform. The majority of benefits from federal tax reduction and return of excess accumulated deferred income taxes will flow to customers and offset requested rate increases in Indiana, Pennsylvania, Maryland and Massachusetts and in Ohio's gas infrastructure tracker, with implementation occurring from 2018 to as late as 2020.

To date, tax reform-related refunds have been settled in all states except for the passback of overcollections in Massachusetts, which is pending an order from the Massachusetts Department of Public Utilities Commission. With the equity issuance, NiSource is expected to largely neutralize the negative impact from tax reform.

Exiting Coal: NIPSCO's electric generation capacity consists of 72% coal, 26% natural gas and 2% other. In September 2018, NiSource indicated that it will accelerate retirement of its remaining five coal-fired generation stations, including four units at the R.M. Schahfer station retiring no later than 2023 and one at Michigan City station retiring by 2028. Fitch views this decision favorably. These units have 2,080 MW capacity, representing 100% of the company's coal-fired generation capacity. They will likely be replaced by renewable energy and battery storage through power purchase agreements (PPAs) or NIPSCO ownership.

In January 2019, NIPSCO secured two, 20-year PPAs with name plate capacity of 700MW. The IURC approved the PPAs in June 2019. In August 2019, IURC also approved an 100MW Build-Own-Transfer joint venture project.

Rating Derivation Relative to Peers

Rating Derivation versus Peers	
Peer Comparison	NiSource's fully regulated business model provides more predictable earnings and cash flow than, similarly rated-peers CenterPoint Energy Inc. (CNP; BBB/Stable), Southern Company Gas (GAS; BBB+/Negative) and National Fuel Gas Co. (NFG; BBB/Stable), all of which invest in unregulated operations. Similar to the fully regulated IPALCO Enterprises, Inc. (BBB-/Stable), which also operates in Indiana, NiSource's NIPSCO has coal generation. However, NiSource's operation is more diversified and gas-focused compared with IPALCO's single-state electric generation. NiSource's business model, along with geographic diversification and supportive regulations, mitigates its relatively weak credit metrics. After the gas explosions in 2018, NiSource's credit metrics were significantly affected, with FFO-adjusted leverage exceeding 11.0x in 2018. With insurance proceeds and expected balanced financing, NiSource could manage the financial effects within its current rating category. However, the reputational damage and concerns over NiSource's safety culture may linger beyond financial remedies.
Parent/Subsidiary Linkage	Generally, Fitch considers NIPSCO to be stronger than NiSource due to its lower leverage and lower operating risks as a regulated utility. However, NiSource finances all of its operating subsidiaries, including NIPSCO, at the parent level and distributes proceeds through equity and intercompany loans. As such, NIPSCO's standalone credit profile is not analytically meaningful, and NIPSCO's ratings and Outlook mirror those of NiSource.
Country Ceiling	No Country Ceiling constraint was in effect for these ratings.
Operating Environment	NiSource's utilities enjoy favorable regulatory environment supportive of their large infrastructure programs.
Other Factors	None
Source: Fitch Ratings.	

Navigator Peer Comparison

Issuer	Business profile										Financial profile		
	IDR/Outlook	Operating Environment	Management and Corporate Governance	Regulation	Market and Franchise	Asset Base and Operations	Commodity Exposure	Profitability	Financial Structure	Financial Flexibility			
CenterPoint Energy, Inc.	BBB/Sta	aa	a	bbb	bbb+	bbb	bbb	bbb	bbb	bbb			
IPALCO Enterprises, Inc.	BBB-/Sta	aa	a-	a-	bbb+	bbb	bbb+	bbb-	bbb-	bbb-			
NiSource Inc.	BBB/Sta	aa	a	bbb+	bbb+	bbb	bbb+	bbb	bbb-	bbb			
Southern Company Gas	BBB+/Neg	aa	bbb+	a-	bbb+	a-	bbb+	bbb+	bbb	bbb+			

Source: Fitch Ratings.

Importance: Higher (Red), Moderate (Blue), Lower (Light Blue)

Rating Sensitivities

Developments That May, Individually or Collectively, Lead to Positive Rating Action

- Consolidated FFO-adjusted leverage is sustained below 4.5x after the high capex period.

Developments That May, Individually or Collectively, Lead to Negative Rating Action

- A substantially larger fine or penalties than what Fitch has incorporated in its rating case;
- The company's relationship with politicians and customers deteriorates substantially, associated with safety issues, over an extended period;
- Material adverse changes in NiSource's regulatory construct that result in unexpected lag or disallowance in recovering capital spending;
- Consolidated FFO-adjusted leverage remains above 5.5x with low probability of recovery after the high capex period.

Liquidity and Debt Structure

Adequate Liquidity: NiSource maintains a \$1.85 billion revolving credit facility with a termination date of Feb. 20, 2024. The facility's purpose is to fund ongoing working capital requirements, including liquidity support for a \$1.5 billion CP program; provide for the issuance of LOC; and for general corporate purposes. Gas utilities draw the most liquidity, as they purchase gas inventory months before heating season arrives, and they reduce borrowing as the heating season ends.

At June 30, 2019, NiSource had \$911 million in CP outstanding and \$10.7 million of LOC outstanding under the revolving credit facility, leaving \$928 million available under the revolver. NiSource had \$23.7 million in cash. The revolver sets a maximum debt/capitalization ratio of 70%. As of June 30, 2019, the debt/cap ratio was 60.6%. In addition, the regulated utilities' liquidity is also supported by an accounts receivable securitization program that had an outstanding balance of \$320 million as of June 30, 2019.

NiSource refinanced its debt maturities with longer tenor and lower interest rates in 2018. Using the proceeds from common equity and preferred issuances, a \$600 million term loan and a \$350 million senior unsecured note, NiSource redeemed \$760 million of notes maturing in 2019, 2020 and 2022. In April 2019, NIPSCO repaid \$41 million of 5.85% pollution control bonds at maturity. The next major debt maturity is the \$850 million term loan at NiSource, upsized from \$600 million in April 2019, which is due April 2020 and is likely to be refinanced.

ESG Considerations

Unless otherwise disclosed in this section, the highest level of Environmental, Social and Governance (ESG) credit relevance is a score of '3' – ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity.

NiSource has an ESG relevance score of '4' for customer welfare, as the gas pipeline explosions and leaks in NiSource's service territory have raised safety concerns, heightened financial and regulatory risks, and are relevant to its ratings in conjunction with other factors.

For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

Liquidity and Debt Maturities

Liquidity Analysis		
(USD Mil.)	12/31/18	6/30/19
Total Cash and Cash Equivalents	121	32
Short-Term Investments	—	—
Less: Not Readily Available Cash and Cash Equivalents	8	9
Fitch-Defined Readily Available Cash and Cash Equivalents	113	24
Availability Under Committed Lines of Credit	1,840	1,840
Total Liquidity	1,953	1,864
LTM EBITDA After Associates and Minorities	726	1,108
LTM FCF	(1,563)	(1,503)
Source: Fitch Ratings, Fitch Solutions, NiSource Inc.		

Scheduled Debt Maturities	
(USD Mil.)	6/30/19
2019	0
2020	1,181
2021	64
2022	530
2023	600
Thereafter	6,893
Total	9,267
Note: Maturities include \$850 million term loan maturities in 2020 and existing borrowings under or backed by the company's revolver, which matures in 2024. Accounts receivable securitization balances generally mature within one year, and thus are included in the 2020 maturities. Maturities include capital leases without interest. As of June 30, 2019, a \$10.7 million capital lease is included in the 2020 maturities and a \$186.9 million lease is included in the Thereafter row. Data does not include unamortized issuance costs and discounts, which are approximately \$65.6 million as of June 30, 2019.	
Source: Fitch Ratings, Fitch Solutions, NiSource Inc.	

Key Rating Issues

The Issue	Aftermath of Boston Area Explosion
Our View	Generally, credit risks from gas explosion incidents depend on the outcome of investigations, sufficiency of insurance, recoverability of costs and an issuer's desire and/or ability to defend its rating, as well as the severity of political and community backlash from the events, in Fitch's view. On Sept. 13, 2018, CMA's service territory in the Boston suburbs experienced several gas explosions and fires, causing one death, dozens of injuries and damage to multiple homes. The incident was caused by overpressurization of low-pressure gas pipelines. Pressure in natural gas pipelines spiked to 12 times normal levels prior to the explosions. Politicians criticized CMA as being unprepared for the incident and Gov. Charlie Baker directed peer EverSource Energy to lead service-restoration efforts. After the incident, CMA accelerated replacement of 48 miles of cast-iron and bare-steel pipelines and 6,100 service lines with excess flow valves in the affected area before Nov. 19, 2018. CMA also withdrew its rate case to focus on restoring service. The rate case had been filed in April 2018, and a settlement was reached in early September 2019 that allows a \$13 million rate increase with 9.7% ROE on 53.25% equity. CMA's rate base represents about 7% of NiSource's total rate base. NiSource updated its cost estimate related to the incident in July 2019 to \$1.67 billion–\$1.72 billion, more than double its initial estimate of \$825 million. The company indicated that the cost estimate would stabilize after it agreed to pay \$80 million to compensate three municipalities for their loss in May 2019 and \$143 million to settle all class-action lawsuits in July 2019. The cost estimate exceeded the maximum insurance coverage of \$1.1 billion, including \$800 million in casualty coverage and \$300 million in property coverage. Through June 30, 2019, NiSource recorded casualty insurance receivables of \$670 million and received \$535 million in cash proceeds. The property insurance coverage is uncertain and still being discussed. In maintaining NiSource's ratings and Outlook, Fitch assumes that NiSource will finance the costs that are not recoverable in a credit-supportive manner, keeping FFO-adjusted leverage below 5.5x. NiSource announced that it plans to issue \$235 million–\$360 million in equity per year. However, insurance payment timing could alter the financing plan. Another uncertainty is the potential for fines and penalties. The NTSB's investigation determined that CMA failed to develop a plan with proper instructions for handling regulator stations, a.k.a. sensing lines, which led to the explosions. This failure was deemed "systemic deficiencies." This conclusion, in Fitch's view, will have political ramifications and could prompt state regulators to impose penalties. Fitch's base case incorporates a certain amount of fines and penalties.
Timeline:	Short to Intermediate Term
Rating Impact:	Negative

Key Assumptions

Fitch's Key Assumptions Within Our Rating Case for the Issuer

- Capex of \$7 billion for the 2019–2022 forecast period;
- A certain amount of unrecoverable costs, including fines and penalties, as result of the Boston-area gas explosions.

Financial Data

(USD Mil.)	Historical				
	Dec 2015	Dec 2016	Dec 2017	Dec 2018	LTM June 2019
Summary Income Statement					
Gross Revenue	4,652	4,493	4,875	5,115	5,237
Revenue Growth (%)	-28.1	-3.4	8.5	4.9	3.8
Operating EBITDA (Before Income from Associates)	1,326	1,404	1,486	726	1,108
Operating EBITDA Margin (%)	28.5	31.3	30.5	14.2	21.2
Operating EBITDAR	1,344	1,420	1,500	737	1,118
Operating EBITDAR Margin (%)	28.9	31.6	30.8	14.4	21.3
Operating EBIT	802	857	916	126	445
Operating EBIT Margin (%)	17.2	19.1	18.8	2.5	8.5
Gross Interest Expense	-380	-355	-359	-362	-370
Pretax Income (Including Associate Income/Loss)	340	510	443	-231	48
Summary Balance Sheet					
Readily Available Cash and Equivalents	16	26	29	113	24
Total Debt with Equity Credit	6,993	7,909	9,074	9,641	9,699
Total Adjusted Debt with Equity Credit	7,140	8,033	9,184	9,729	9,787
Net Debt	6,977	7,883	9,045	9,528	9,763
Summary Cash Flow Statement					
Operating EBITDA	1,326	1,404	1,486	726	1,108
Cash Interest Paid	-390	-338	-346	-363	-371
Cash Tax	-21	-8	-6	-3	-3.3
Dividends Received Less Dividends Paid to Minorities (Inflow/(Out)flow)	0	0	0	0	0
Other Items Before FFO	102	-8	-394	130.2	1,653
Funds Flow from Operations	1,017	1,051	741	478	770
FFO Margin (%)	21.9	23.4	15.2	9.3	76.2
Change in Working Capital	147	-246	1	51	-153
Cash Flow from Operations (Fitch-Defined)	1,163	805	742	529	617
Total Non-Operating/Nonrecurring Cash Flow	293	-1	0	0	0
Capex	-1,361	-1,475	-1,696	-1,818	-1,829
Capital Intensity (Capex/Revenue) (%)	29.3	32.8	34.8	35.6	34.9
Common Dividends	-263	-206	-229	-273	-291
FCF	-167	-877	-1,183	-1,563	-1,503
Net Acquisitions and Divestitures	5	0	0	0	0
Other Investing and Financing Cash Flow Items	3,179	-112	-257	-153	-155
Net Debt Proceeds	-3,029	986	1,113	75	880
Net Equity Proceeds	2	14	330	1,724	733
Total Change in Cash	-10	11	3	84	-45
Calculations for Forecast Publication					
Capex, Dividends, Acquisitions and Other Items Before FCF	-1,326	-1,682	-1,925	-2,092	-2,120
FCF After Acquisitions and Divestitures	-163	-877	-1,183	-1,563	-1,503
FCF Margin (After Net Acquisitions) (%)	-3.5	-19.5	-24.3	-30.6	148.8
Coverage Ratios					
FFO Interest Coverage (x)	3.6	4.1	3.1	2.3	2.9
FFO Fixed Charge Coverage (x)	3.5	4.0	3.0	2.2	2.8
Operating EBITDAR/Interest Paid + Rents (x)	3.3	4.0	4.2	2.0	1.7
Operating EBITDA/Interest Paid (x)	3.4	4.2	4.3	2.0	3.0
Leverage Ratios					
Total Adjusted Debt/Operating EBITDAR (x)	5.3	5.7	6.1	13.2	8.8
Total Adjusted Net Debt/Operating EBITDAR (x)	5.3	5.6	6.1	13.0	8.7
Total Debt with Equity Credit/Operating EBITDA (x)	5.3	5.6	6.1	13.3	8.8
FFO Adjusted Leverage (x)	5.0	5.7	8.4	11.4	8.3
FFO Adjusted Net Leverage (x)	5.0	5.7	8.3	11.2	8.3
Source: Fitch Ratings, Fitch Solutions.					



Corporates

Natural Gas & Propane / United States

Ratings Navigator



NiSource Inc.

ESG Relevance:



Corporates Ratings Navigator

US Utilities

Factor Levels	Sector Risk Profile	Operating Environment	Management and Corporate Governance	Regulation	Business Profile Market and Franchise	Asset Base and Operations	Commodity Exposure	Financial Profile Profitability	Financial Structure	Financial Flexibility	Issuer Default Rating
aaa											AAA
aa+											AA+
aa											AA
aa-											AA-
a+											A+
a											A
a-											A-
bbb+											BBB+
bbb											BBB
bbb-											BBB-
bb+											BB+
bb											BB
bb-											BB-
b+											B+
b											B
b-											B-
ccc+											CCC+
ccc											CCC
ccc-											CCC-
cc											CC
c											C
d or rd											D or RD

Operating Environment

aa+	Economic Environment	aa	Very strong combination of countries where economic value is created and where assets are located.
aa	Financial Access	aa	Very strong combination of issuer specific funding characteristics and of the strength of the relevant local financial market.
b-	Systemic Governance	aa	Systemic governance (eg rule of law , corruption; government effectiveness) of the issuer's country of incorporation consistent with 'aa'.
ccc+			

Regulation

a	Degree of Transparency and Predictability	bbb	Generally transparent and predictable regulation with limited political interference.
a-	Timeliness of Cost Recovery	a	Minimal lag to recover capital and operating costs.
bbb+	Trend in Authorized ROEs	a	Above-average authorized ROE.
bbb	Mechanisms Available to Stabilize Cash Flows	bbb	Revenues partially insulated from variability in consumption.
bbb-	Mechanisms Supportive of Creditworthiness	n.a.	

Asset Base and Operations

a-	Diversity of Assets	bbb	Good quality and/or reasonable scale diversified assets.
bbb+	Operations Reliability and Cost Competitiveness	bbb	Reliability and cost of operations at par with industry averages.
bbb	Exposure to Environmental Regulations	bbb	Limited or manageable exposure to environmental regulations.
bbb-	Capital and Technological Intensity of Capex	bbb	Moderate reinvestments requirements in established technologies.
bb+			

Profitability

a-	Free Cash Flow	bbb	Structurally neutral to negative FCF across the investment cycle.
bbb+	Volatility of Profitability	a	Higher stability and predictability of profits relative to utility peers.
bbb			
bbb-			
bb+			

Financial Flexibility

a-	Financial Discipline	bbb	Less conservative policy, but generally applied consistently.
bbb+	Liquidity	a	Very comfortable liquidity. Well-spread maturity schedule of debt. Diversified sources of funding.
bbb	FFO Fixed Charge Cover	bbb	4.5x
bbb-			
bb+			

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

Management and Corporate Governance

aa-	Management Strategy	a	Coherent strategy and good track record in implementation.
a+	Governance Structure	aa	No record of governance failing. Experienced board exercising effective check and balance to management. No ownership concentration.
a	Group Structure	aa	Transparent group structure.
a-	Financial Transparency	a	High quality and timely financial reporting.
bbb+			

Market and Franchise

a	Market Structure	a	Well-established market structure with complete transparency in price-setting mechanisms.
a-	Consumption Growth Trend	bbb	Customer and usage growth in line with industry averages.
bbb+	Customer Mix	a	Favorable customer mix.
bbb	Geographic Location	bbb	Beneficial location or reasonable locational diversity.
bbb-	Supply Demand Dynamics	bbb	Moderately favorable outlook for prices/rates.

Commodity Exposure

a	Ability to Pass Through Changes in Fuel	bbb	Limited exposure to changes in commodity costs.
a-	Underlying Supply Mix	bbb	Low variable costs and moderate flexibility of supply.
bbb+	Hedging Strategy	a	Highly captive supply and customer base.
bbb			
bbb-			

Financial Structure

bbb+	Lease Adjusted FFO Gross Leverage	bbb	5.0x
bbb	Total Adjusted Debt/Operating EBITDAR	bb	4.75x
bbb-			
bb+			
bb			

Credit-Relevant ESG Derivation

				Overall ESG	
NiSource Inc. has 1 ESG rating driver and 11 ESG potential rating drivers				key driver	0 issues 5
➔	Quality and safety of products and services; data security	driver	1 issues	4	
➔	Emissions from operations	potential driver	11 issues	3	
➔	Fuel use to generate energy and serve load			2	
➔	Impact of waste from operations			1	
➔	Plants' and networks' exposure to extreme weather	not a rating driver	2 issues	2	
➔	Product affordability and access		0 issues	1	

Showing top 6 issues

For further details on Credit-Relevant ESG scoring, see page 3.

Credit-Relevant ESG Derivation

NiSource Inc. has 1 ESG rating driver and 11 ESG potential rating drivers

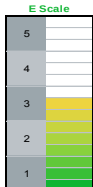
- ➔ NiSource Inc. has exposure to customer accountability risk which, in combination with other factors, impacts the rating.
- ➔ NiSource Inc. has exposure to emissions regulatory risk but this has very low impact on the rating.
- ➔ NiSource Inc. has exposure to energy productivity risk but this has very low impact on the rating.
- ➔ NiSource Inc. has exposure to waste & impact management risk but this has very low impact on the rating.
- ➔ NiSource Inc. has exposure to extreme weather events but this has very low impact on the rating.
- ➔ NiSource Inc. has exposure to access/affordability risk but this has very low impact on the rating.

Showing top 6 issues

				Overall ESG Scale	
key driver	0	issues	5		
driver	1	issues	4		
potential driver	11	issues	3		
not a rating driver	2	issues	2		
	0	issues	1		

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference
GHG Emissions & Air Quality	3	Emissions from operations	Asset Base and Operations; Commodity Exposure; Regulation; Profitability
Energy Management	3	Fuel use to generate energy and serve load	Asset Base and Operations; Commodity Exposure; Profitability
Water & Wastewater Management	2	Water used by hydro plants or by other generation plants, also effluent management	Asset Base and Operations; Regulation; Profitability
Waste & Hazardous Materials Management, Ecological Impacts	3	Impact of waste from operations	Asset Base and Operations; Regulation; Profitability
Exposure to Environmental Impacts	3	Plants' and networks' exposure to extreme weather	Asset Base and Operations; Regulation; Profitability



How to Read This Page

ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

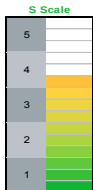
The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The left-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies the [number of] general ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector and sub-sector ratings criteria and the General Issues and the Sector-Specific Issues have been informed with SASB's Materiality Map.

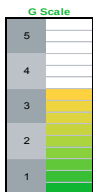
Social (S)

General Issues	S Score	Sector-Specific Issues	Reference
Human Rights, Community Relations, Access & Affordability	3	Product affordability and access	Asset Base and Operations; Regulation; Profitability; Financial Structure
Customer Welfare - Fair Messaging, Privacy & Data Security	4	Quality and safety of products and services; data security	Regulation; Profitability
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Asset Base and Operations; Profitability
Employee Wellbeing	2	Worker safety and accident prevention	Profitability; Asset Base and Operations
Exposure to Social Impacts	3	Social resistance to major projects that leads to delays and cost increases	Asset Base and Operations; Profitability



Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance

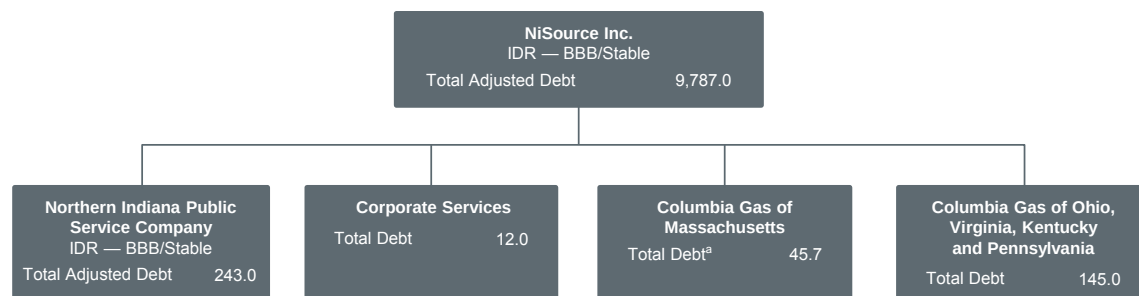


CREDIT-RELEVANT ESG SCALE	
How relevant are E, S and G issues to the overall credit rating?	
5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Simplified Group Structure Diagram

Organizational Structure — NiSource Inc.

(\$ Mil., as of June 30, 2019)



*Columbia Gas of Massachusetts also had external long-term notes of \$40 million outstanding. IDR — Issuer Default Rating.
Source: Fitch Ratings, Fitch Solutions, NiSource Inc.

Peer Financial Summary

Company	Issuer Default Rating	Financial Statement Date	Gross Revenue (\$ Mil.)	Funds Flow from Operations (\$ Mil.)	FFO Fixed Charge Coverage (x)	FFO Adjusted Leverage (x)	Total Adjusted Debt/Operating EBITDAR (x)
NiSource Inc.	BBB						
	BBB	2018	5,115	478	2.2	11.4	13.2
	BBB	2017	4,875	741	3.0	8.4	6.1
	BBB	2016	4,493	1,051	4.0	5.7	5.7
National Fuel Gas Co.	BBB						
	BBB	2018	1,593	643	5.4	2.9	3.0
	BBB	2017	1,580	637	6.2	3.2	3.1
	BBB	2016	1,452	640	5.9	2.8	2.7
CenterPoint Energy Resources Corp.	BBB+						
	BBB+	2018	7,343	570	6.0	3.6	4.7
	BBB	2017	7,093	885	5.5	4.7	4.1
	BBB	2016	4,857	890	5.8	3.8	4.2
Southern Company Gas	BBB+						
	BBB+	2018	3,909	579	3.1	7.4	5.2
	BBB+	2017	3,920	904	5.2	6.4	5.9
	BBB+	2016	3,557	633	4.3	7.4	5.8
Source: Fitch Ratings, Fitch Solutions.							

Reconciliation of Key Financial Metrics

(USD Mil., as reported)	31 Dec 2018
Income Statement Summary	
Operating EBITDA	726
+ Recurring Dividends Paid to Non-controlling Interest	0
+ Recurring Dividends Received from Associates	0
+ Additional Analyst Adjustment for Recurring I/S Minorities and Associates	0
= Operating EBITDA After Associates and Minorities (k)	726
+ Operating Lease Expense Treated as Capitalised (h)	11
= Operating EBITDAR after Associates and Minorities (j)	737
Debt & Cash Summary	
Total Debt with Equity Credit (l)	9,641
+ Lease-Equivalent Debt	88
+ Other Off-Balance-Sheet Debt	0
= Total Adjusted Debt with Equity Credit (a)	9,729
Readily Available Cash [Fitch-Defined]	113
+ Readily Available Marketable Securities [Fitch-Defined]	0
= Readily Available Cash & Equivalents (o)	113
Total Adjusted Net Debt (b)	9,616
Cash-Flow Summary	
Preferred Dividends (Paid) (f)	(12)
Interest Received	7
+ Interest (Paid) (d)	(363)
= Net Finance Charge (e)	(357)
Funds From Operations [FFO] (c)	478
+ Change in Working Capital [Fitch-Defined]	51
= Cash Flow from Operations [CFO] (n)	529
Capital Expenditures (m)	(1,818)
Multiple applied to Capitalised Leases	8.0
Gross Leverage	
Total Adjusted Debt / Op. EBITDAR* [x] (a/j)	13.2
FFO Adjusted Gross Leverage [x] (a/(c-e+h-f))	11.4
<i>Total Adjusted Debt/(FFO - Net Finance Charge + Capitalised Leases - Pref. Div. Paid)</i>	
Total Debt With Equity Credit / Op. EBITDA* [x] (l/k)	13.3
Net Leverage	
Total Adjusted Net Debt / Op. EBITDAR* [x] (b/j)	13.1
FFO Adjusted Net Leverage [x] (b/(c-e+h-f))	11.2
<i>Total Adjusted Net Debt/(FFO - Net Finance Charge + Capitalised Leases - Pref. Div. Paid)</i>	
Total Net Debt / (CFO - Capex) [x] ((l-o)/(n+m))	-7.4
Coverage	
Op. EBITDAR / (Interest Paid + Lease Expense)* [x] (j/-d+h)	2.0
Op. EBITDA / Interest Paid* [x] (k/(-d))	2.0
FFO Fixed Charge Cover [x] ((c+e+h-f)/(-d+h-f))	2.2
<i>(FFO + Net Finance Charge + Capit. Leases - Pref. Div Paid) / (Gross Int. Paid + Capit. Leases - Pref. Div. Paid)</i>	
FFO Gross Interest Coverage [x] ((c+e-f)/(-d-f))	2.3
<i>(FFO + Net Finance Charge - Pref. Div Paid) / (Gross Int. Paid - Pref. Div. Paid)</i>	
* EBITDA/R after Dividends to Associates and Minorities	
Source: Fitch Ratings, Fitch Solutions, NiSource Inc.	

Fitch Adjustment Reconciliation

(USD Mil.)	Reported Values 31 Dec 18	Sum of Fitch Adjustments	Preferred Dividends, Associates and Minorities Cash Adjustments	Fair Value and Other Debt Adjustments	Other Adjustment	Adjusted Values
Income Statement Summary						
Revenue	5,115	0				5,115
Operating EBITDAR	737	0				737
Operating EBITDAR after Associates and Minorities	737	0				737
Operating Lease Expense	11	0				11
Operating EBITDA	726	0				726
Operating EBITDA after Associates and Minorities	726	0				726
Operating EBIT	126	0				126
Debt & Cash Summary						
Total Debt With Equity Credit	9,573	69		69		9,641
Total Adjusted Debt With Equity Credit	9,661	69		69		9,729
Lease-Equivalent Debt	88	0				88
Other Off-Balance Sheet Debt	0	0				0
Readily Available Cash & Equivalents	113	0				113
Not Readily Available Cash & Equivalents	8	0				8
Cash-Flow Summary						
Preferred Dividends (Paid)	0	(12)	(12)			(12)
Interest Received	7	0				7
Interest (Paid)	(354)	(9)			(9)	(363)
Funds From Operations [FFO]	489	(12)	(12)			478
Change in Working Capital [Fitch-Defined]	51	0				51
Cash Flow from Operations [CFO]	540	(12)	(12)			529
Non-Operating/Non-Recurring Cash Flow	0	0				0
Capital (Expenditures)	(1,818)	0				(1,818)
Common Dividends (Paid)	(273)	0				(273)
Free Cash Flow [FCF]	(1,551)	(12)	(12)			(1,563)
Gross Leverage						
Total Adjusted Debt / Op. EBITDAR* [x]	13.1					13.2
FFO Adjusted Leverage [x]	11.4					11.4
Total Debt With Equity Credit / Op. EBITDA* [x]	13.2					13.3
Net Leverage						
Total Adjusted Net Debt / Op. EBITDAR* [x]	13.0					13.1
FFO Adjusted Net Leverage [x]	11.3					11.2
Total Net Debt / (CFO - Capex) [x]	-7.4					-7.4
Coverage						
Op. EBITDAR / (Interest Paid + Lease Expense)* [x]	2.0					2.0
Op. EBITDA / Interest Paid* [x]	2.0					2.0
FFO Fixed Charge Coverage [x]	2.3					2.2
FFO Interest Coverage [x]	2.4					2.3

*EBITDA/R after Dividends to Associates and Minorities
Source: Fitch Ratings, Fitch Solutions, NiSource Inc.

Related Research and Criteria

[Corporate Rating Criteria \(February 2019\)](#)

[Corporate Hybrids Treatment and Notching Criteria \(November 2018\)](#)

[Parent and Subsidiary Rating Linkage – Effective from 16 July 2018 to 27 September 2019 \(July 2018\)](#)

[Corporates Notching and Recovery Ratings Criteria \(March 2018\)](#)

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Fitch Ratings: NiSource's Asset Sale is Modestly Credit Negative

Fitch Ratings-New York-02 March 2020: Fitch Ratings believes that NiSource Inc.'s (BBB/Stable) agreement to sell the natural gas assets of Columbia Gas of Massachusetts (CMA) will modestly weaken credit metrics and reduce operating scale. Meanwhile, NiSource will retain CMA's future liabilities related to the series of natural gas distribution fires and explosions that occurred in Massachusetts' Merrimack Valley in 2018. Investigations at the Massachusetts Department of Public Utilities and the Massachusetts Attorney General's Office are ongoing. Nevertheless, the sale removes long-term, prospective risks associated with operating a utility with damaged regulatory and ratepayer relationships in Massachusetts in the wake of the Merrimack Valley disaster.

Fitch expects NiSource to use sale proceeds to reduce debt, obviating issuance of \$500 million to \$700 million of equity in 2020. However, the debt reduction will not fully neutralize earnings lost from the asset sale and dis-synergies. CMA accounted for approximately 8% of NiSource's earnings prior to the Merrimack Valley event. Fitch estimates that 2021 FFO adjusted leverage could potentially weaken 20bps to 30bps to 5.3x due to the pending transaction. Going forward, NiSource's credit quality will depend on its plan to address the change in operating scale as well as any future liabilities and penalties related to Merrimack Valley in a prudent manner.

On Feb. 26, NiSource announced that it reached an agreement to sell the natural gas assets of CMA to Eversource Energy (BBB+/Stable) for \$1.1 billion, roughly the size of CMA's rate base. The sale agreement follows the announcement of a settlement between NiSource and the U.S. government. Under the settlement, NiSource pleaded guilty to violating federal pipeline safety laws and agreed to pay a \$53 million fine, sell its Massachusetts utility business, permanently leave Massachusetts and surrender to the U.S. government any profits from the sale. The sale is expected to close in third-quarter 2020.

Costs and expenses related to Merrimack Valley totals approximately \$1.8 billion. Through YE 2019, NiSource has received \$800 million of casualty insurance proceeds and continues to seek insurance recovery for the pipeline replacement costs under the \$300 million property insurance policy.

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[Press Release] Fitch Ratings: NiSource's Asset Sale is Modestly Credit Negative

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RATING ACTION COMMENTARY

Fitch Affirms NiSource at 'BBB'; Outlook Stable

Fri 03 Apr, 2020 - 3:52 PM ET

Fitch Ratings - New York - 03 Apr 2020: Fitch Ratings has affirmed the 'BBB' Long-Term Issuer Default Ratings (IDRs) of NiSource Inc. (NI) and Northern Indiana Public Service Company (NIPSCO). The Rating Outlook is Stable. NI's credit profile is supported by its 100% regulated gas and electric utility operations in six states (excluding Massachusetts). NI's credit metrics have largely recovered from the Merrimack Valley incident. The agreement to sell the natural gas assets in Massachusetts will remove most of the regulatory uncertainties in the state. However, NI will retain residual liabilities and reduce operating scale. NIPSCO's ratings mirror those of NI, as it relies on NI solely for capital access.

KEY RATING DRIVERS

CMA Sale Removes Long-Term Risk

NI's agreement to sell the natural gas assets of Columbia Gas of Massachusetts (CMA) eliminates long-term, prospective risks associated with operating a utility with damaged regulatory relationships in Massachusetts. However, the sale will reduce operating scale, modestly weaken credit metrics and does not remove CMA's liabilities associated with the Merrimack Valley incident. In affirming NI's ratings and Outlook, Fitch assumes the remaining liabilities will be funded in a credit supportive manner.

Fitch expects NI to use the sale proceeds to reduce debt, obviating issuance of \$500 million-\$700 million of equity in 2020. The debt reduction will not fully neutralize lost earnings and dis-synergies. CMA accounted for approximately 8% of NI's earnings prior to the event. Fitch estimates 2021 FFO-adjusted leverage could potentially weaken by approximately 0.1x-0.2x due to the sale.

In 2018, a series of natural gas distribution fires and explosions occurred in CMA's service territory in Merrimack Valley, MA. On Feb. 26, NI announced it reached an agreement to sell the natural gas assets of CMA to Eversource Energy (BBB+/Stable) for \$1.1 billion, roughly the size of CMA's rate base. The agreement follows the announcement of a settlement between NI and the U.S. government. Under the settlement, NI pleaded guilty to violating federal pipeline safety laws and agreed to pay a \$53 million fine, sell its Massachusetts utility business, permanently leave Massachusetts and surrender to the U.S. government any profits from the sale. The transaction is expected to close in 3Q20.

The majority of the liabilities and lawsuits have been resolved so far, including the \$143 million class action settlement in July 2019 and the \$53 million fine imposed by the U.S. Attorney's Office in February 2020. Investigations at the Massachusetts Department of Public Utilities and the Massachusetts Attorney General's Office are ongoing.

Costs and expenses related to Merrimack Valley total approximately \$1.8 billion. Through YE 2019, NI received \$800 million of casualty insurance

proceeds and continues to seek insurance recovery for the pipeline replacement costs under the \$300 million property insurance policy.

Low Business Risk

NI's ratings and Outlook are supported by stable cash flows and earnings from a geographically diverse mix of 100% regulated gas and electric utilities in six states (pro forma the CMA sale). Gas rate base is approximately 66% the total rate base. NI's gas-distribution utilities benefit from more supportive regulation and have less exposure to stringent environmental mandates. Additionally, Fitch considers Indiana, Ohio and Pennsylvania - NI's top three service territories - to be among the most supportive jurisdictions in the U.S. Fitch believes a fully regulated business model primarily with gas-distribution utility operations mitigates relatively high leverage, which has been the case for NI due to its large capex program and legacy debt.

Supportive Regulation

Balanced regulation is important for NI in light of its aggressive gas and electric infrastructure-modernization programs and high leverage. Nearly 80% of total capex in 2020 will be recovered through trackers and other mechanisms and begin earning within 18 months. NI's gas utilities have revenue decoupling in Ohio, Massachusetts, Maryland and Virginia; weather normalization in Pennsylvania, Maryland, Virginia and Kentucky; and straight fixed-variable rates in Ohio. Gas rates in Indiana are nearly 50% fixed for residential and commercial customers. Approximately 65% of the total revenue is nonvolumetric.

All NI's gas utilities use infrastructure trackers on a regular basis, except in Pennsylvania. Columbia Gas of Pennsylvania has an option to file for infrastructure tracker recovery or leverage a forward-looking test year in a base rate case. NIPSCO Gas, CMA and Columbia Gas of Maryland have authorized ROEs of 9.85%, 9.55% and 9.60%, respectively. Other gas utilities do not have specified ROEs. NIPSCO electric's authorized ROE is 9.75%, compared with industry average of 9.5%.

NIPSCO's transmission projects benefited from constructive Federal Energy Regulatory Commission (FERC) regulation, including forward-looking rates and construction work in progress recovery. NIPSCO's ROE under FERC is 10.82%, inclusive of a 50bps adder for participating in the Midcontinent Independent System Operator (MISO) transmission service and wholesale energy market.

In Indiana, the integrated resource plan (IRP) allows utilities to inform the Indiana Utility Regulatory Commission (IURC) of their long-term capital investment plans on a nonbinding basis, years ahead of construction. The IRP process provides transparency before utilities submit their requests for approval to begin construction, a credit positive. The Transmission, Distribution and Storage System Improvement Charge (TDSIC) statute provides for cost recovery outside general rate case proceedings for gas or electric safety, reliability and modernization, and allows pre-approval of a seven-year plan of eligible investments. Up to 80% of eligible costs can be recovered using semiannual trackers.

Indiana legislation allows cost recovery of federally mandated requirements, including modernization or environmental capex. NIPSCO has approval from the IURC to recover environmental costs through an environmental cost tracker, which allows the utility to earn a return on the capital investment, as well as related operating and maintenance expenses once operational. NIPSCO owns and operates 2 gigawatts (GW) of coal generation plants that were fully scrubbed at YE 2015; all comply with sulfur dioxide, nitrogen oxide and Mercury and Air Toxics Standards rules.

High Capex

NI's capex began to ramp up in 2012. Management estimated 2020 capex is approximately \$1.8 billion-\$1.9 billion. Although the capital investment is sizeable, most of the projects are small, providing flexibility in execution. NI's robust capex program is supported by infrastructure modernization legislation in all its service territories, mitigating regulatory lag. Fitch views rate-base accretive capex favorably. However, it will pressure credit metrics.

Capital investment related to generation transition will ramp up in the next few years. Currently, 70% of NIPSCO's generation capacity is from coal-fired generation plants. NI indicated in September 2018 it will accelerate the retirement of its remaining five coal-fired generation stations (2,094MW capacity). Four units at the R.M. Schahfer station will retire no later than 2023 and one at Michigan City station will retire by 2028, upon which NI will have no coal generation. Fitch expects the capacity to be replaced by renewable energy and battery storage.

IURC approved NI's Jorden Creek purchase power agreement. Fitch expects the project to be in service at YE 2020. IURC also approved two Build-Transfer Agreement applications for the Rosewater wind project (100MW) and the Crossroads wind project (302MW). Rosewater is expected to be in service by YE 2020 and Crossroads is expected to be in service in 2021.

Credit Metrics

In 2018, NI's credit metrics deteriorated substantially, primarily due to cost and expenses associated with Merrimack Valley. FFO-adjusted leverage improved to low 5x in 2019 as NI collected most of the insurance proceeds. Fitch expects NI to continue to manage its FFO-adjusted leverage to be below the downgrade trigger of 5.5x.

Credit-Supportive Initiatives

NI's rating stability will continue to depend upon prudent balance sheet management in light of the large capex program going forward. The company demonstrated its willingness to issue equity or equity-like instruments in the past to preserve its ratings. In 2018, NI issued \$886 million equity and \$900 million hybrid securities to largely mitigate the impacts of tax reform and the robust capex program. Proceeds were used to redeem near-term debt maturities, eliminating refinancing needs through 2022. Prior to the CMA sale agreement, NI planned to issue \$500 million-\$700 million equity to shore up the balance sheet. Management indicated it will continue to issue at-the-market equity of \$200

million-\$300 million per year, and \$35 million-\$60 million equity per year from employee stock plans.

Coronavirus (COVID-19):

Fitch currently expects the impact from COVID-19 to be manageable for NI. There are not any significant operational concerns at this time, and NI has adequate liquidity. On April 1, 2020, NI refinanced its \$850 million term loan, removing a major maturity in 2020. The one-year term loan is expected to be repaid when the CMA transaction is closed. There are no other material maturities until November 2022.

COVID-19 has low impact on gas revenues, as heating season is largely over. Electric industrial customers as a percentage of the total gross margin reduced approximately 8% starting in 2020. Additionally, industrial demand charge provides some stability. Commercial usage will likely decline while partially offset by an increase in residential usage. O&M expenses are expected to decline. Some of NI's gas utilities have decoupling mechanisms, and uncollected expenses tracker. Nevertheless, Fitch applied a reduction in volume in the rating case in 2020 and 2021.

ESG - Customer Welfare

Fitch revised NI's ESG relevance score to '3' from '4' for "Customer Welfare". A relevance score of '3' indicates the ESG issue is credit neutral or have only a minimal credit impact on the entity, either due to the nature or the way in which they are being managed by the entity. A relevance score of '4' was assigned when the Merrimack Valley incident occurred. The incident heightened financial and regulatory risks and was considered relevant to NI's ratings in conjunction with other factors. Since then, NI largely resolved the issues associated with the incident, including pipeline replacement, insurance collection, and major lawsuits with victims and the U.S. government. The pending CMA sale will also remove the damaged regulatory risks associated with operating in Massachusetts. Additionally, NI also implemented a series of safety measure in all its service territories.

Parent Sub Linkage

Fitch generally considers NIPSCO to be stronger than NI due to its lower leverage and lower operating risks as a regulated utility. However, NI's operating subsidiaries, including NIPSCO, rely on NI for liquidity and capital access. As such, NIPSCO's standalone credit profile is not analytically meaningful and its rating reflects NI's consolidated credit profile.

DERIVATION SUMMARY

NI's fully regulated business model provides predictable earnings and cash flow, compared with Southern Company Gas (BBB+/Negative) and National Fuel Gas Company (BBB/Stable), both of which invest in unregulated operations. NI's business model, geographic diversification and supportive regulations mitigate its relatively weak credit metrics. Similar to IPALCO Enterprises, Inc. (BBB-/Stable) which also operates in Indiana, NI's subsidiary NIPSCO has coal generation. However, NI's operation is more diversified and gas focused compared with IPALCO's single-state electric generation. After the Merrimack Valley incident in 2018, NI's credit metrics deteriorated significantly. With insurance collection and balanced financing, Fitch expects NI's FFO-adjusted leverage to be below 5.5x, similar to that of IPALCO.

NIPSCO's gas and electric assets are superior to Indianapolis Power & Light Co.'s (IPL, BBB+/Stable) electric-only operations. Gas utilities generally have lower operating risks and enjoy favorable regulations. NIPSCO and IPL's coal-generation portfolios rely on Indiana's supportive environmental cost-recovery mechanisms. NIPSCO's standalone credit profile is strong. However, its rating is the same as NI, as it depends on NI for funding. IPL's rating is upward constrained by the ownership of IPALCO, which relies on IPL solely to service its debt obligations.

KEY ASSUMPTIONS

- \$6 billion capex for 2020-2022 forecast;
- At-the-market equity of \$200 million-\$300 million per year;
- Removes CMA beginning in 4Q20;
- Receives \$1 billion net sale proceeds in 4Q20;
- COVID-19-related reduction in customer load in 2020 and 2021.

RATING SENSITIVITIES

Developments That May, Individually or Collectively, Lead to Positive Rating Action

- NI and NIPSCO could be upgraded if consolidated FFO-adjusted leverage is sustained below 4.5x after the high capex period.

Developments That May, Individually or Collectively, Lead to Negative Rating Action

- Consolidated FFO-adjusted leverage remains above 5.5x with low probability of recovery;
- Material penalties from the remaining investigation funded by debt;
- Relationship with regulators and customers deteriorates substantially, associated with safety issues, over an extended period;
- Material adverse changes in NI's regulatory construct that result in unexpected lag or disallowance in recovering capital spending.

BEST/WORST CASE RATING SCENARIO

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RATING ACTIONS

ENTITY/DEBT	RATING		
NiSource Inc.	LT	BBB	Affirmed
	IDR		
	ST	F2	Affirmed
	IDR		



Additional information is available on www.fitchratings.com

APPLICABLE CRITERIA

[Parent and Subsidiary Rating Linkage \(pub. 27 Sep 2019\)](#)

[Corporates Notching and Recovery Ratings Criteria \(pub. 14 Oct 2019\)](#)
(including rating assumption sensitivity)

[Corporate Rating Criteria \(pub. 27 Mar 2020\)](#) (including rating assumption sensitivity)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v7.8.0 ([1](#))

ADDITIONAL DISCLOSURES

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Energy and Natural Resources Corporate Finance Utilities and Power

US Public Finance North America United States

Fitch Affirms NiSource at 'BBB'; Outlook Stable



NiSource Inc. and Northern Indiana Public Service Company

NiSource Inc.'s (NI; BBB/Stable) credit profile is supported by its 100% regulated gas and electric utility operations in six states, excluding Massachusetts. NI's credit metrics have largely recovered from the Merrimack Valley incident. The agreement to sell natural gas assets in Massachusetts will remove most of the regulatory uncertainties in the state. However, NI will retain residual liabilities and reduce operating scale. Northern Indiana Public Service Company's (NIPSCO; BBB/Stable) ratings mirror those of NI, as it relies on NI solely for capital access.

Key Rating Drivers

Sale Removes Long-Term Risk: NI's agreement to sell the natural gas assets of Columbia Gas of Massachusetts (CMA) eliminates long-term, prospective risks associated with operating a utility with damaged regulatory relationships in Massachusetts. However, the sale will reduce operating scale, modestly weaken credit metrics and does not remove CMA's liabilities associated with the Merrimack Valley incident. In affirming NI's ratings and Outlook, Fitch Ratings assumes the remaining liabilities, if any, will be funded in a credit supportive manner.

We expect NI to use the sale proceeds to reduce debt, obviating issuance of \$500 million–\$700 million of equity in 2020. The debt reduction will not fully neutralize lost earnings and dis-synergies. CMA accounted for approximately 8% of NI's earnings prior to the event. Fitch estimates 2021 FFO-adjusted leverage could potentially weaken by approximately 0.1x–0.2x due to the sale.

A series of natural gas distribution fires and explosions in 2018 occurred in CMA's service territory in Merrimack Valley, MA. NI announced on Feb. 26, 2020 it reached an agreement to sell the natural gas assets of CMA to Eversource Energy (BBB+/Stable) for \$1.1 billion, about the size of CMA's rate base.

The agreement follows the announcement of a settlement between NI and the U.S. government. Under the settlement, NI pleaded guilty to violating federal pipeline safety laws and agreed to pay a \$53 million fine, sell its Massachusetts utility business, permanently leave the state and surrender any profits from the sale to the U.S. government. The transaction is expected to close in third-quarter 2020.

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Costs and expenses related to Merrimack Valley total approximately \$1.8 billion. NI received \$800 million of casualty insurance proceeds through YE 2019 and continues to seek insurance recovery for the pipeline replacement costs under the \$300 million property insurance policy.

Low Business Risk: NI's ratings and Outlook are supported by stable cash flows and earnings from a geographically diverse mix of 100% regulated gas and electric utilities in six states, pro forma the CMA sale. The gas rate base is approximately 66% the total rate base. NI's gas-distribution utilities benefit from more supportive regulation and have less exposure to stringent environmental mandates.

Fitch considers Indiana, Ohio and Pennsylvania, NI's top three service territories, to be among the most supportive jurisdictions in the U.S. We believe a fully-regulated business model, primarily with gas-distribution utility operations, mitigates relatively high leverage, which has been the case for NI due to a large capex program and legacy debt.

Ratings

Rating Type	Rating	Outlook	Last Rating Action
Long-Term IDR	BBB	Stable	Affirmed April 3, 2020
Short-Term IDR	F2	—	Affirmed April 3, 2020
Senior Unsecured	BBB	—	Affirmed April 3, 2020
Preferred Stock	BB+	—	Affirmed April 3, 2020

NiSource Inc.

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Northern Indiana Public Service Company

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Applicable Criteria

[Corporate Rating Criteria \(Effective from March 27, 2020 to May 1, 2020\)](#)

[Corporate Hybrids Treatment and Notching Criteria \(November 2019\)](#)

[Corporates Notching and Recovery Ratings Criteria \(October 2019\)](#)

[Parent and Subsidiary Rating Linkage \(September 2019\)](#)

Related Research

[Fitch Affirms NiSource at 'BBB'; Outlook Stable \(April 2020\)](#)

[Fitch Ratings 2020 Outlook: North American Utilities Power & Gas \(Constructive Regulation Supports Recovery in Credit Metrics\) \(December 2019\)](#)

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Supportive Regulation: Balanced regulation is important for NI in light of aggressive gas and electric infrastructure modernization programs and high leverage. Nearly 80% of total capex in 2020 will be recovered through trackers and other mechanisms and begin earning within 18 months.

NI's gas utilities have revenue decoupling in Ohio, Massachusetts, Maryland and Virginia; weather normalization in Pennsylvania, Maryland, Virginia and Kentucky; and straight fixed-variable rates in Ohio. Gas rates in Indiana are nearly 50% fixed for residential and commercial customers. Approximately 65% of the total revenue is nonvolumetric.

All NI's gas utilities use infrastructure trackers on a regular basis, except in Pennsylvania. Columbia Gas of Pennsylvania has an option to file for infrastructure tracker recovery or leverage a forward-looking test year in a base rate case. NIPSCO Gas, CMA and Columbia Gas of Maryland have authorized ROEs of 9.85%, 9.55% and 9.60%, respectively. Other gas utilities do not have specified ROEs. NIPSCO's electric utility's authorized ROE is 9.75%, compared with an industry average of 9.5%.

NIPSCO's transmission projects benefited from constructive Federal Energy Regulatory Commission (FERC) regulation, including forward-looking rates and construction work in progress recovery. NIPSCO's ROE under FERC is 10.82%, inclusive of a 50bps adder for participating in the Midcontinent Independent System Operator (MISO) transmission service and wholesale energy market.

In Indiana, the integrated resource plan (IRP) allows utilities to inform the Indiana Utility Regulatory Commission (IURC) of long-term capital investment plans on a nonbinding basis, years ahead of construction. The IRP process provides transparency before utilities submit requests for approval to begin construction, a credit positive.

The Transmission, Distribution and Storage System Improvement Charge statute provides for cost recovery outside general rate case proceedings for gas or electric safety, reliability and modernization, and allows pre-approval of a seven-year plan of eligible investments. Up to 80% of eligible costs can be recovered using semiannual trackers.

Indiana legislation allows cost recovery of federally-mandated requirements, including modernization or environmental capex. NIPSCO has approval from the IURC to recover environmental costs through an environmental cost tracker, which allows the utility to earn a return on the capital investment and related operating and maintenance expenses once operational. NIPSCO owns and operates two gigawatts (GW) of coal generation plants that were fully scrubbed at YE 2015. All plants comply with sulfur dioxide, nitrogen oxide and Mercury and Air Toxics Standards rules.

High Capex: NI's capex began to ramp up in 2012. Management estimated 2020 capex is approximately \$1.8 billion–\$1.9 billion. Although the capital investment is sizeable, most of the projects are small, providing flexibility in execution. NI's robust capex program is supported by infrastructure modernization legislation in all its service territories, mitigating regulatory lag. Fitch views rate-base accretive capex favorably. However, it will pressure credit metrics.

Capital investment related to generation transition will ramp up in the next few years. Currently, 70% of NIPSCO's generation capacity is from coal-fired generation plants. NI indicated in September 2018 it will accelerate the retirement of the remaining five coal-fired generation stations with a total of 2,080MW of capacity or 72% of the remaining capacity after retirement of Bailly Unit 7 and Unit 8.

Four units at the R.M. Schahfer station will retire no later than 2023 and one at the Michigan City station will retire by 2028, upon which NI will have no coal generation. Fitch expects the capacity to be replaced by renewable energy and battery storage.

IURC approved NI's Jorden Creek purchase power agreement. Fitch expects the project to be in service at YE 2020. IURC also approved two Build-Transfer Agreement applications for the Rosewater wind project at 100MW and the Crossroads wind project at 302MW. Rosewater is expected to be in service by YE 2020 and Crossroads is expected to be in service in 2021.

Credit Metrics: NI's credit metrics deteriorated significantly in 2018, primarily due to cost and expenses associated with the Merrimack Valley incident. FFO-adjusted leverage improved to a low 5x in 2019, as NI collected most of the insurance proceeds. Fitch expects NI to continue to manage its FFO-adjusted leverage to below the downgrade trigger of 5.5x. This calculation does not include any liquidity management activities such as pre-funding debt maturities or capital investments.

Credit-Supportive Initiatives: NI's rating stability will continue to depend upon prudent balance sheet management in light of the large capex program in the future. The company demonstrated willingness to issue equity or equity-like instruments in the past to preserve ratings. NI issued \$886 million equity and \$900 million hybrid securities in 2018 to largely mitigate the effects of tax reform and the robust capex program.

Proceeds were used to redeem near-term debt maturities, eliminating refinancing needs through 2022. Prior to the CMA sale agreement, NI planned to issue \$500 million–\$700 million equity to shore up the balance sheet. Management indicated it will continue to issue at the market equity of \$200 million–\$300 million/year, and \$35 million–\$60 million equity/year from employee stock plans.

Coronavirus: Fitch currently expects coronavirus-related effects to be manageable for NI. There are not any significant operational concerns at this time, and NI has adequate liquidity. NI refinanced its \$850 million term loan on April 1, 2020, removing a major maturity in 2020. The one-year term loan is expected to be repaid when the CMA transaction is closed. There are no other material maturities until November 2022.

The coronavirus has a moderate effect on gas revenues, as heating season is largely over. Some of NI's gas utilities have decoupling mechanisms and uncollected expenses trackers. NiSource's electric operations have sizeable exposure to industrial customers, a credit negative. However, industrial margin as a percentage of the total gross margin declined approximately 8% beginning in 2020, as some customers transitioned to the Midcontinent Independent System Operator to purchase loads.

Less reliance on industrial revenue is a credit positive, in Fitch's view. Industrial demand charges provide some stability. Commercial usage will likely decline, while partially offset by an increase in residential usage. O&M expenses are expected to decline. Fitch applied a reduction in volume in the rating case in 2020 and 2021. We believe NI has flexibility to modify its large capex programs, which is not incorporated in our rating case.

ESG – Customer Welfare: Fitch revised NI's Environmental, Social and Governance (ESG) relevance score to '3' from '4' for Customer Welfare. A relevance score of '3' indicates the ESG issue is credit neutral or has only a minimal credit impact on the entity, either due to the nature or the way in which they are being managed by the entity.

A relevance score of '4' was assigned when the Merrimack Valley incident occurred. The incident heightened financial and regulatory risks and was considered relevant to NI's ratings in conjunction with other factors. Since then, NI largely resolved the issues associated with the incident, including pipeline replacement, insurance collection, and major lawsuits with victims and the U.S. government. The pending CMA sale will remove damaged regulatory risks associated with operating in Massachusetts. NI also implemented a series of safety measure in all its service territories.

Parent-Subsidiary Linkage: Fitch generally considers NIPSCO to be stronger than NI, due to its lower leverage and lower operating risks, as a regulated utility. However, NI's operating subsidiaries, including NIPSCO, rely on NI for liquidity and capital access. As such, NIPSCO's Standalone Credit Profile is not analytically meaningful and the rating reflects NI's consolidated credit profile.

Financial Summary

(\$ Mil., as of Dec. 31)	2016	2017	2018	2019
Gross Revenue	4,493	4,875	5,115	5,209
Operating EBITDAR	1,420	1,500	737	2,038
Cash Flow from Operations (Fitch Defined)	805	742	529	1,512
Capital Intensity (Capex/Revenue) (%)	32.8	34.8	35.6	34.6
Total Adjusted Debt With Equity Credit	8,033	9,184	9,729	10,291
FFO Fixed-Charge Coverage (x)	4.0	3.0	2.2	4.5
FFO-Adjusted Leverage (x)	5.7	8.4	11.4	5.2
Total Adjusted Debt/Operating EBITDAR (x)	5.7	6.1	13.2	5.0

Source: Fitch Ratings, Fitch Solutions.

Rating Derivation Relative to Peers

NI's fully-regulated business model provides predictable earnings and cash flow, compared with Southern Company Gas (BBB+/Negative) and National Fuel Gas Company (BBB/Stable), both of which invest in unregulated operations. NI's business model, geographic diversification and supportive regulations mitigate relatively weak credit metrics. Similar to IPALCO Enterprises, Inc. (BBB-/Stable), which also operates in Indiana, NI's subsidiary NIPSCO has coal generation.

However, NI's operation is more diversified and gas focused compared with IPALCO's single-state electric generation. After the Merrimack Valley incident in 2018, NI's credit metrics deteriorated significantly. Fitch expects NI's FFO-adjusted leverage to be below 5.5x, similar to that of IPALCO, with insurance collection and balanced financing.

NIPSCO's gas and electric assets are superior to Indianapolis Power & Light Co.'s (IPL; BBB+/Stable) electric-only operations. Gas utilities generally have lower operating risks and enjoy favorable regulations. NIPSCO and IPL's coal-generation portfolios rely on Indiana's supportive environmental cost-recovery mechanisms. NIPSCO's standalone credit profile is strong. However, the rating is the same as NI, as it depends on NI for funding. IPL's rating is upwardly constrained by the ownership of IPALCO, which relies on IPL solely to service debt obligations.

Navigator Peer Comparison

Issuer		Business profile										Financial profile			
	IDR/Outlook	Operating Environment	Management and Corporate Governance	Regulation	Market and Franchise	Asset Base and Operations	Commodity Exposure	Profitability	Financial Structure	Financial Flexibility					
Northern Indiana Public Service Company	BBB/Sta	aa	a	a-	bbb+	bbb	bbb+	bbb	bbb+	bbb+		bbb	bbb+		
Indianapolis Power & Light Co.	BBB+/Sta	aa	a-	a-	bbb+	bbb-	bbb+	bbb	bbb+	bbb+		bbb	bbb+		
Indiana Michigan Power Co.	BBB+/Sta	aa	a-	bbb+	bbb	bbb+	bbb+	bbb+	bbb+	bbb+		bbb+	bbb+		
Source: Fitch Ratings.					Importance	Higher	Moderate	Lower							

Issuer		Business profile										Financial profile			
Name	IDR/Outlook	Operating Environment	Management and Corporate Governance	Regulation	Market and Franchise	Asset Base and Operations	Commodity Exposure	Profitability	Financial Structure	Financial Flexibility					
Northern Indiana Public Service Company	BBB/Sta	6.0	3.0	2.0	1.0	0.0	1.0	0.0	0.0	1.0		0.0	1.0		
Indianapolis Power & Light Co.	BBB+/Sta	5.0	1.0	1.0	0.0	-2.0	0.0	-1.0	0.0	0.0		0.0	0.0		
Indiana Michigan Power Co.	BBB+/Sta	5.0	1.0	0.0	-1.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0		
Source: Fitch Ratings.															

■ Worse positioned than IDR
 ■ In line with IDR
 ■ Better positioned than IDR

Rating Sensitivities

Factors That Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade:

- NI and NIPSCO could be upgraded if consolidated FFO leverage is sustained below 4.5x after the high capex period.

Factors That Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade:

- Consolidated FFO leverage remains above 5.5x with a low probability of recovery;
- Material penalties from the remaining investigation funded by debt;
- Relationship with regulators and customers deteriorates substantially, associated with safety issues, over an extended period;
- Material adverse changes in NI's regulatory construct that result in an unexpected lag or disallowance in recovering capital spending.

Liquidity and Debt Structure

Adequate Liquidity Profile: NI has adequate liquidity and currently maintains a \$1.85 billion revolving credit facility with a termination date of Feb. 20, 2024. The purpose of the facility is to fund on-going working capital requirements, including liquidity in support of a \$1.5 billion CP program, provide for issuance of LOC and for general corporate purposes.

Gas utilities draw the most liquidity as they purchase gas inventory months before heating season approaches, and they reduce borrowing as heating season ends. NI had \$570 million in CP and \$10.7 million of stand-by LOC outstanding at YE 2019 under the revolving credit facility, leaving \$1.269 billion available under the revolver. The company had \$139 million in cash. The revolver sets a maximum debt/capitalization ratio of 70% and, as of YE 2019, was 61.7%. The regulated utilities' liquidity is supported by an accounts receivable securitization program of \$352 million outstanding.

NI has been actively refinancing debt maturities with longer tenor and lower interest rates. The company refinanced a \$850 million term loan on April 1, 2020 and extended the maturity to 2021. NI is expected to receive approximately \$1 billion of net proceeds from the CMA transaction in fall of 2020, which Fitch expects will be used to pay down debt. The next material maturity is the \$500 million 2.65% long-term notes due in November 2022.

ESG Considerations

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity.

We revised NI's ESG relevance score to '3' from '4' for Customer Welfare. A relevance score of '3' indicates the ESG issue is credit neutral or has only a minimal credit impact on the entity, either due to the nature or the way in which they are being managed by the entity.

A relevance score of '4' was assigned when the Merrimack Valley incident occurred. The incident heightened financial and regulatory risks and was considered relevant to NI's ratings in conjunction with other factors. Since then, the company largely resolved the issues associated with the incident, including pipeline replacement, insurance collection, and major lawsuits with victims and the U.S. government. The pending CMA sale will remove damaged regulatory risks associated with operating in Massachusetts. NI also implemented a series of safety measure in all its service territories.

For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

Liquidity and Debt Maturity Scenario with No Refinancing

Cash and Maturities

(\$ Mil., as of Dec. 31)	2018	2019
Total Cash and Cash Equivalents	121	148
Short-Term Investments	0	0
Less: Not Readily Available Cash and Cash Equivalents	8	9
Fitch-Defined Readily Available Cash and Cash Equivalents	113	139
Availability Under Committed Lines of Credit	1,840	1,840
Total Liquidity	1,953	1,979
LTMEBITDA After Associates and Minorities	726	1,996
LTM FCF	(1,563)	(589)

Source: Fitch Ratings, Fitch Solutions, NiSource Inc., Northern Indiana Public Service Company.

Scheduled Long-Term Debt Maturities

(\$ Mil.)	12/30/19
2020	0
2021	64
2022	530
2023	600
2024	0
Thereafter	6,545
Total	7,739

Source: Fitch Ratings, Fitch Solutions, NiSource Inc., Northern Indiana Public Service Company.

Key Assumptions

Fitch's Key Assumptions Within Our Rating Case for the Issuer Include:

- Capex of \$6 billion forecast for 2020–2022;
- At the market equity of \$200 million–\$300 million/year;
- Removes CMA beginning in fourth-quarter 2020;
- Receives \$1 billion net sale proceeds in fourth-quarter 2020;
- Fitch assumed some coronavirus-related reduction in customer load in 2020 and 2021.

Financial Data

(\$ Mil., as of Dec. 31)	2016	2017	2018	2019
Summary Income Statement	4,493	4,875	5,115	5,209
Gross Revenue	(3.4)	8.5	4.9	1.8
Revenue Growth (%)	1,404	1,486	726	1,996
Operating EBITDA (Before Income from Associates)	31.3	30.5	14.2	38.3
Operating EBITDA Margin (%)	1,420	1,500	737	2,038
Operating EBITDAR	31.6	30.8	14.4	39.1
Operating EBITDAR Margin (%)	857	916	126	1,294
Operating EBIT	19.1	18.8	2.5	24.8
Operating EBIT Margin (%)	(355)	(359)	(362)	(375)
Gross Interest Expense	510	443	(231)	507
Pretax Income (Including Associate Income/Loss)				
Summary Balance Sheet	26	29	113	139
Readily Available Cash and Equivalents	7,909	9,074	9,641	9,952
Total Debt with Equity Credit	8,033	9,184	9,729	10,291
Total Adjusted Debt with Equity Credit	7,883	9,045	9,528	9,813
Net Debt				
Summary Cash Flow Statement	1,404	1,486	726	1,996
Operating EBITDA	(338)	(346)	(363)	(346)
Cash Interest Paid	(8)	(6)	(3)	(11)
Cash Tax	0	0	0	0
Dividends Received Less Dividends Paid to Minorities (Inflow/(Out)flow)	(8)	(394)	130	(32)
Other Items Before FFO	1,051	741	478	1,551
Funds Flow from Operations	23.4	15.2	9.3	29.8
FFO Margin (%)	(246)	1	51	(40)
Change in Working Capital	805	742	529	1,512
Cash Flow from Operations (Fitch Defined)	(1)	0	0	0
Total Non-Operating/Non-Recurring Cash Flow	(1,475)	(1,696)	(1,818)	(1,802)
Capex	32.8	34.8	35.6	34.6
Capital Intensity (Capex/Revenue) (%)	(206)	(229)	(273)	(299)
Common Dividends	(877)	(1,183)	(1,563)	(589)
FCF	0	0	0	0
Net Acquisitions and Divestitures	(112)	(257)	(153)	(123)
Other Investing and Financing Cash Flow Items	986	1,113	75	494
Net Debt Proceeds	14	330	1,724	244
Net Equity Proceeds	11	3	84	27
Total Change in Cash				
Calculations for Forecast Publication	(1,682)	(1,925)	(2,092)	(2,101)
Capex, Dividends, Acquisitions and Other Items Before FCF	(877)	(1,183)	(1,563)	(589)
FCF After Acquisitions and Divestitures	(19.5)	(24.3)	(30.6)	(11.3)
FCF Margin (After Net Acquisitions) (%)	4,493	4,875	5,115	5,209

Coverage Ratios (x)	2016	2017	2018	2019
FFO-Interest Coverage	4.1	3.1	2.3	4.8
FFO Fixed-Charge Coverage	4.0	3.0	2.2	4.5
Operating EBITDAR/Interest Paid + Rents	4.0	4.2	2.0	5.2
Operating EBITDA/Interest Paid	4.2	4.3	2.0	5.8
Leverage Ratios (x)				
Total Adjusted Debt/Operating EBITDAR	5.7	6.1	13.2	5.0
Total Adjusted Net Debt/Operating EBITDAR	5.6	6.1	13.1	5.0
Total Debt with Equity Credit/Operating EBITDA	5.6	6.1	13.3	5.0
FFO-Adjusted Leverage	5.7	8.4	11.4	5.2
FFO-Adjusted Net Leverage	5.7	8.3	11.2	5.1

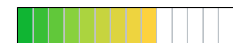
Source: Fitch Ratings, Fitch Solutions.

Ratings Navigator

FitchRatings

NiSource Inc.

ESG Relevance:



Corporates Ratings Navigator
US Utilities

Factor Levels	Sector Risk Profile	Operating Environment	Management and Corporate Governance	Regulation	Business Profile Market and Franchise	Asset Base and Operations	Commodity Exposure	Profitability	Financial Profile Financial Structure	Financial Flexibility	Issuer Default Rating
aaa											AAA
aa+											AA+
aa											AA
aa-											AA-
a+											A+
a											A
a-											A-
bbb+											BBB+
bbb											BBB
bbb-											BBB-
bb+											BB+
bb											BB
bb-											BB-
b+											B+
b											B
b-											B-
ccc+											CCC+
ccc											CCC
ccc-											CCC-
cc											CC
c											C
d or rd											D or RD

Operating Environment

aa+	Economic Environment	aa	Very strong combination of countries where economic value is created and where assets are located.
aa	Financial Access	aa	Very strong combination of issuer specific funding characteristics and of the strength of the relevant local financial market.
	Systemic Governance	aa	Systemic governance (eg rule of law, corruption; government effectiveness) of the issuer's country of incorporation consistent with 'aa'.
b-			
ccc+			

Regulation

a	Degree of Transparency and Predictability	bbb	Generally transparent and predictable regulation with limited political interference.
a-	Timeliness of Cost Recovery	a	Minimal lag to recover capital and operating costs.
bbb+	Trend in Authorized ROEs	a	Above-average authorized ROE.
bbb	Mechanisms Available to Stabilize Cash Flows	bbb	Revenues partially insulated from variability in consumption.
bbb-	Mechanisms Supportive of Creditworthiness	n.a.	

Asset Base and Operations

a-	Diversity of Assets	bbb	Good quality and/or reasonable scale diversified assets.
bbb+	Operations Reliability and Cost Competitiveness	bbb	Reliability and cost of operations at par with industry averages.
bbb	Exposure to Environmental Regulations	bbb	Limited or manageable exposure to environmental regulations.
bbb-	Capital and Technological Intensity of Capex	bbb	Moderate reinvestments requirements in established technologies.
bb+			

Profitability

a-	Free Cash Flow	bbb	Structurally neutral to negative FCF across the investment cycle.
bbb+	Volatility of Profitability	a	Higher stability and predictability of profits relative to utility peers.
bbb			
bbb-			
bb+			

Financial Flexibility

a-	Financial Discipline	bbb	Less conservative policy, but generally applied consistently.
bbb+	Liquidity	a	Very comfortable liquidity. Well-spread maturity schedule of debt. Diversified sources of funding.
bbb	FFO Fixed Charge Cover	bbb	4.5x
bbb-			
bb+			

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

Management and Corporate Governance

aa-	Management Strategy	a	Coherent strategy and good track record in implementation.
a+	Governance Structure	aa	No record of governance failing. Experienced board exercising effective check and balance to management. No ownership concentration.
a	Group Structure	aa	Transparent group structure.
a-	Financial Transparency	a	High quality and timely financial reporting.
bbb+			

Market and Franchise

a	Market Structure	a	Well-established market structure with complete transparency in price-setting mechanisms.
a-	Consumption Growth Trend	bbb	Customer and usage growth in line with industry averages.
bbb+	Customer Mix	a	Favorable customer mix.
bbb	Geographic Location	bbb	Beneficial location or reasonable locational diversity.
bbb-	Supply Demand Dynamics	bbb	Moderately favorable outlook for prices/rates.

Commodity Exposure

a	Ability to Pass Through Changes in Fuel	bbb	Limited exposure to changes in commodity costs.
a-	Underlying Supply Mix	bbb	Low variable costs and moderate flexibility of supply.
bbb+	Hedging Strategy	a	Highly captive supply and customer base.
bbb			
bbb-			

Financial Structure

a-	Lease Adjusted FFO Gross Leverage	bbb	5.0x
bbb+	Total Adjusted Debt/Operating EBITDAR	bb	4.75x
bbb			
bbb-			
bb+			

Credit-Relevant ESG Derivation

				Overall ESG	
NiSource Inc. has 12 ESG potential rating drivers				key driver	0 issues
➤	Emissions from operations	0	issues	5	
➤	Fuel use to generate energy and serve load	0	issues	4	
➤	Impact of waste from operations	12	issues	3	
➤	Plants' and networks' exposure to extreme weather	2	issues	2	
➤	Product affordability and access	0	issues	1	
➤	Quality and safety of products and services; data security	0	issues	1	

Showing top 6 issues

For further details on Credit-Relevant ESG scoring, see page 3.

Credit-Relevant ESG Derivation

NiSource Inc. has 12 ESG potential rating drivers

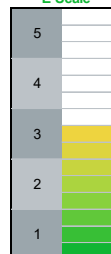
- ➔ NiSource Inc. has exposure to emissions regulatory risk but this has very low impact on the rating.
- ➔ NiSource Inc. has exposure to energy productivity risk but this has very low impact on the rating.
- ➔ NiSource Inc. has exposure to waste & impact management risk but this has very low impact on the rating.
- ➔ NiSource Inc. has exposure to extreme weather events but this has very low impact on the rating.
- ➔ NiSource Inc. has exposure to access/affordability risk but this has very low impact on the rating.
- ➔ NiSource Inc. has exposure to customer accountability risk but this has very low impact on the rating.

Showing top 6 issues

Overall ESG Scale				
key driver	0	issues	5	
driver	0	issues	4	
potential driver	12	issues	3	
not a rating driver	2	issues	2	
	0	issues	1	

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference
GHG Emissions & Air Quality	3	Emissions from operations	Asset Base and Operations; Commodity Exposure; Regulation; Profitability
Energy Management	3	Fuel use to generate energy and serve load	Asset Base and Operations; Commodity Exposure; Profitability
Water & Wastewater Management	2	Water used by hydro plants or by other generation plants, also effluent management	Asset Base and Operations; Regulation; Profitability
Waste & Hazardous Materials Management; Ecological Impacts	3	Impact of waste from operations	Asset Base and Operations; Regulation; Profitability
Exposure to Environmental Impacts	3	Plants' and networks' exposure to extreme weather	Asset Base and Operations; Regulation; Profitability

E Scale**How to Read This Page**

ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

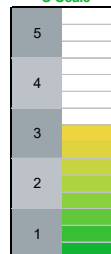
The **Environmental (E), Social (S) and Governance (G)** tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The **Credit-Relevant ESG Derivation** table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies the some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

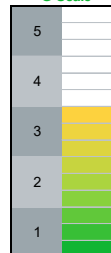
Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI) and the Sustainability Accounting Standards Board (SASB).

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference
Human Rights, Community Relations, Access & Affordability	3	Product affordability and access	Asset Base and Operations; Regulation; Profitability; Financial Structure
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Quality and safety of products and services; data security	Regulation; Profitability
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Asset Base and Operations; Profitability
Employee Wellbeing	2	Worker safety and accident prevention	Profitability; Asset Base and Operations
Exposure to Social Impacts	3	Social resistance to major projects that leads to delays and cost increases	Asset Base and Operations; Profitability

S Scale**Governance (G)**

General Issues	G Score	Sector-Specific Issues	Reference
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance

G Scale**CREDIT-RELEVANT ESG SCALE****How relevant are E, S and G issues to the overall credit rating?**

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
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FitchRatings **Northern Indiana Public Service Company**

ESG Relevance:



Corporates Ratings Navigator
US Utilities

Factor Levels	Business Profile							Financial Profile			Issuer Default Rating
	Sector Risk Profile	Operating Environment	Management and Corporate Governance	Regulation	Market and Franchise	Asset Base and Operations	Commodity Exposure	Profitability	Financial Structure	Financial Flexibility	
aaa											AAA
aa+											AA+
aa											AA
aa-											AA-
a+											A+
a											A
a-											A-
bbb+											BBB+
bbb											BBB
bbb-											BBB-
bb+											BB+
bb											BB
bb-											BB-
b+											B+
b											B
b-											B-
ccc+											CCC+
ccc											CCC
ccc-											CCC-
cc											CC
c											C
d or rd											D or RD

Operating Environment

aa+	Economic Environment	aa	Very strong combination of countries where economic value is created and where assets are located.
aa	Financial Access	aa	Very strong combination of issuer specific funding characteristics and of the strength of the relevant local financial market.
	Systemic Governance	aa	Systemic governance (eg rule of law, corruption; government effectiveness) of the issuer's country of incorporation consistent with 'aa'.
b-			
ccc+			

Regulation

a+	Degree of Transparency and Predictability	a	Track record of transparent and predictable regulation.
a	Timeliness of Cost Recovery	a	Minimal lag to recover capital and operating costs.
a-	Trend in Authorized ROEs	bbb	Average authorized ROE.
bbb+	Mechanisms Available to Stabilize Cash Flows	bbb	Revenues partially insulated from variability in consumption.
bbb	Mechanisms Supportive of Creditworthiness	bbb	Effective regulatory ring-fencing or minimum creditworthiness requirements.

Asset Base and Operations

a-	Diversity of Assets	bbb	Good quality and/or reasonable scale diversified assets.
bbb+	Operations Reliability and Cost Competitiveness	bbb	Reliability and cost of operations at par with industry averages.
bbb	Exposure to Environmental Regulations	bbb	Limited or manageable exposure to environmental regulations.
bbb-	Capital and Technological Intensity of Capex	bbb	Moderate reinvestments requirements in established technologies.
bb+			

Profitability

a-	Free Cash Flow	bbb	Structurally neutral to negative FCF across the investment cycle.
bbb+	Volatility of Profitability	bbb	Stability and predictability of profits in line with utility peers.
bbb			
bbb-			
bb+			

Financial Flexibility

a	Financial Discipline	bbb	Less conservative policy, but generally applied consistently.
a-	Liquidity	a	Very comfortable liquidity. Well-spread maturity schedule of debt. Diversified sources of funding.
bbb+	FFO Fixed Charge Cover	a	5.0x
bbb			
bbb-			

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

Management and Corporate Governance

aa-	Management Strategy	a	Coherent strategy and good track record in implementation.
a+	Governance Structure	bbb	Good CG track record but effectiveness/independence of board less obvious. No evidence of abuse of power even with ownership concentration.
a	Group Structure	aa	Transparent group structure.
a-	Financial Transparency	a	High quality and timely financial reporting.
bbb+			

Market and Franchise

a	Market Structure	a	Well-established market structure with complete transparency in price-setting mechanisms.
a-	Consumption Growth Trend	bbb	Customer and usage growth in line with industry averages.
bbb+	Customer Mix	bbb	Less diversified customer base.
bbb	Geographic Location	bbb	Beneficial location or reasonable locational diversity.
bbb-	Supply Demand Dynamics	bbb	Moderately favorable outlook for prices/rates.

Commodity Exposure

a	Ability to Pass Through Changes in Fuel	bbb	Limited exposure to changes in commodity costs.
a-	Underlying Supply Mix	bbb	Low variable costs and moderate flexibility of supply.
bbb+	Hedging Strategy	a	Highly captive supply and customer base.
bbb			
bbb-			

Financial Structure

a-	Lease Adjusted FFO Gross Leverage	bbb	5.0x
bbb+	Total Adjusted Debt/Operating EBITDAR	bb	4.75x
bbb			
bbb-			
bb+			

Credit-Relevant ESG Derivation

				Overall ESG	
Northern Indiana Public Service Company has 12 ESG potential rating drivers				key driver	0 issues
➡	Emissions from operations			5	
➡	Fuel use to generate energy and serve load			4	
➡	Impact of waste from operations			3	
➡	Plants' and networks' exposure to extreme weather			2	
➡	Product affordability and access			2	
➡	Quality and safety of products and services; data security			1	
Showing top 6 issues				not a rating driver	0 issues

For further details on Credit-Relevant ESG scoring, see page 3.

Credit-Relevant ESG Derivation

Northern Indiana Public Service Company has 12 ESG potential rating drivers

- Northern Indiana Public Service Company has exposure to emissions regulatory risk but this has very low impact on the rating.
- Northern Indiana Public Service Company has exposure to energy productivity risk but this has very low impact on the rating.
- Northern Indiana Public Service Company has exposure to waste & impact management risk but this has very low impact on the rating.
- Northern Indiana Public Service Company has exposure to extreme weather events but this has very low impact on the rating.
- Northern Indiana Public Service Company has exposure to access/affordability risk but this has very low impact on the rating.
- Northern Indiana Public Service Company has exposure to customer accountability risk but this has very low impact on the rating.

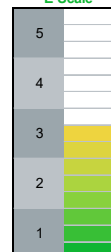
Showing top 6 issues

Overall ESG Scale				
key driver	0	issues	5	
driver	0	issues	4	
potential driver	12	issues	3	
not a rating driver	2	issues	2	
	0	issues	1	

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference
GHG Emissions & Air Quality	3	Emissions from operations	Asset Base and Operations; Commodity Exposure; Regulation; Profitability
Energy Management	3	Fuel use to generate energy and serve load	Asset Base and Operations; Commodity Exposure; Profitability
Water & Wastewater Management	2	Water used by hydro plants or by other generation plants, also effluent management	Asset Base and Operations; Regulation; Profitability
Waste & Hazardous Materials Management; Ecological Impacts	3	Impact of waste from operations	Asset Base and Operations; Regulation; Profitability
Exposure to Environmental Impacts	3	Plants' and networks' exposure to extreme weather	Asset Base and Operations; Regulation; Profitability

E Scale



How to Read This Page

ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The **Environmental (E), Social (S) and Governance (G)** tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

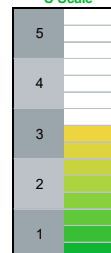
The **Credit-Relevant ESG Derivation** table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies the some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI) and the Sustainability Accounting Standards Board(SASB).

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference
Human Rights, Community Relations, Access & Affordability	3	Product affordability and access	Asset Base and Operations; Regulation; Profitability; Financial Structure
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Quality and safety of products and services; data security	Regulation; Profitability
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Asset Base and Operations; Profitability
Employee Wellbeing	2	Worker safety and accident prevention	Profitability; Asset Base and Operations
Exposure to Social Impacts	3	Social resistance to major projects that leads to delays and cost increases	Asset Base and Operations; Profitability

S Scale



Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance

G Scale



CREDIT-RELEVANT ESG SCALE

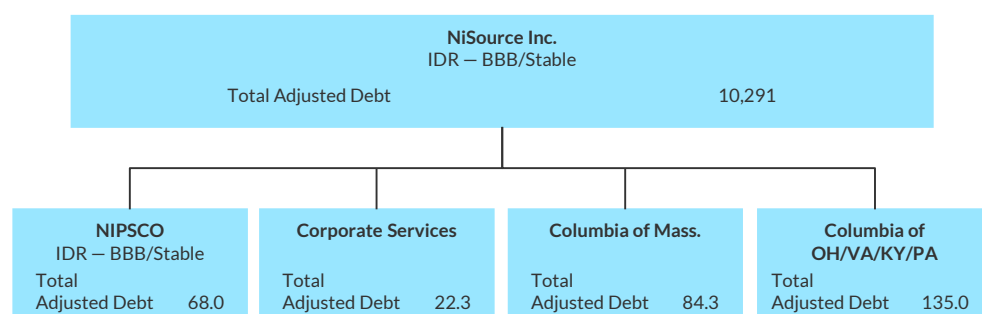
How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
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1	Irrelevant to the entity rating and irrelevant to the sector.

Simplified Group Structure Diagram

Organizational and Debt Structure — NiSource Inc. and NIPSCO

(\$ Mil., as of Dec. 31, 2019)



IDR – Issuer Default Rating. NIPSCO – Northern Indiana Public Service Company.

Source: Fitch Ratings, Fitch Solutions, NiSource Inc., Northern Indiana Public Service Company.

Peer Financial Summary

Company	IDR	Financial Statement Date	Gross Revenue (\$ Mil.)	Funds Flow From Operations (\$ Mil.)	FFO Fixed-Charge Coverage (x)	FFO Adjusted Leverage (x)	Total Adjusted Debt/Operating EBITDAR (x)
NiSource Inc.	BBB						
	BBB	2019	5,209	1,551	4.5	5.2	5.0
	BBB	2018	5,115	478	2.2	11.4	13.2
	BBB	2017	4,875	741	3.0	8.4	6.1
IPALCO Enterprises, Inc.	BBB-						
	BBB-	2018	1,451	390	4.3	5.4	5.8
	BB+	2017	1,350	289	3.4	6.5	6.0
	BB+	2016	1,347	303	3.6	6.2	5.5
Southern Company Gas	BBB+						
	BBB+	2018	3,909	579	3.1	7.4	5.2
	BBB+	2017	3,920	904	5.2	6.4	5.9
	BBB+	2016	3,557	633	4.3	7.4	5.8

IDR – Issuer Default Rating.

Source: Fitch Ratings, Fitch Solutions.

Reconciliation of Key Financial Metrics

(\$ Mil., as Reported)	12/30/19
Income Statement Summary	
Operating EBITDA	1,996
+ Recurring Dividends Paid to Noncontrolling Interests	0
+ Recurring Dividends Received from Associates	0
+ Additional Analyst Adjustment for Recurring I/S Minorities and Associates	0
= Operating EBITDA After Associates and Minorities (k)	1,996
+ Operating Lease Expense Treated as Capitalized (h)	42
= Operating EBITDAR After Associates and Minorities (j)	2,038
Debt and Cash Summary	
Total Debt with Equity Credit (l)	9,952
+ Lease-Equivalent Debt	339
+ Other Off-Balance-Sheet Debt (p)	0
= Total Adjusted Debt with Equity Credit (a)	10,291
Readily Available Cash [Fitch-Defined]	139
+ Readily Available Marketable Securities [Fitch-Defined]	0
= Readily Available Cash and Equivalents (o)	139
Total Adjusted Net Debt (b)	10,152
Cash-Flow Summary	
Preferred Dividends (Paid) (f)	(56)
Interest Received	8
+ Interest (Paid) (d)	(346)
= Net Finance Charge (e)	(338)
FFO (c)	1,551
+ Change in Working Capital [Fitch-Defined]	(40)
= CFFO (n)	1,512
Capex (m)	(1,802)
Multiple Applied to Capitalized Leases	8.0
Gross Leverage (x)	
Total Adjusted Debt/Operated EBITDAR ^a (a/j)	5.0
FFO-Adjusted Gross Leverage (a/(c-e+h-f))	5.2
Total Adjusted Debt/(FFO - Net Finance Charge + Capitalized Leases - Preferred Dividends Paid)	
Total Debt with Equity Credit/Operating EBITDA ^a (l/k)	5.0
Net Leverage (x)	
Total Adjusted Net Debt/Operating EBITDAR ^a (b/j)	5.0
FFO-Adjusted Net Leverage (b/(c-e+h-f))	5.1
Total Adjusted Net Debt/(FFO - Net Finance Charge + Capitalized Leases - Preferred Dividends Paid)	
Total Net Debt/(CFFO - Capex) ((l-o)/(n+m))	(33.8)
Coverage (x)	
Operating EBITDAR/(Interest Paid + Lease Expense) ^a (j/-d+h)	5.2
Operating EBITDA/Interest Paid ^a (k/(-d))	5.8
FFO Fixed-Charge Cover ((c+e+h-f)/(-d+h-f))	4.5
(FFO + Net Finance Charge + Capitalized Leases - Preferred Dividends Paid)/(Gross Interest Paid + Capitalized Leases - Preferred Dividends Paid)	
FFO Gross Interest Coverage ((c+e-f)/(-d-f))	4.8
(FFO + Net Finance Charge - Preferred Dividends Paid)/(Gross Interest Paid - Preferred Dividends Paid)	

^aEBITDA/R after dividends to associates and minorities. CFFO - Cash flow from operations.
Source: Fitch Ratings, Fitch Solutions, NiSource Inc., Northern Indiana Public Service Company.

Fitch Adjustment Reconciliation

(\$ Mil., as of Dec. 31, 2019)	Reported Values	Sum of Fitch Adjustments	Preferred Dividends, Associates and Minorities Cash Adjustments	Fair Value and Other Debt Adjustments	CORP – Lease Treatment	Other Adjustment	Adjusted Values
Income Statement Summary							
Revenue	5,209	0	0	0	0	0	5,209
Operating EBITDAR	2,038	0	0	0	0	0	2,038
Operating EBITDAR After Associates and Minorities	2,038	0	0	0	0	0	2,038
Operating Lease Expense	16	27	0	0	27	0	42
Operating EBITDA	2,023	(27)	0	0	(27)	0	1,996
Operating EBITDA After Associates and Minorities	2,023	(27)	0	0	(27)	0	1,996
Operating EBIT	1,305	(11)	0	0	(11)	0	1,294
Debt and Cash Summary							
Total Debt with Equity Credit	10,083	(131)	0	71	0	(202)	9,952
Total Adjusted Debt with Equity Credit	10,208	83	0	71	214	(202)	10,291
Lease-Equivalent Debt	125	214	0	0	214	0	339
Other Off-Balance-Sheet Debt	0	0	0	0	0	0	0
Readily Available Cash and Equivalents	139	0	0	0	0	0	139
Not Readily Available Cash and Equivalents	9	0	0	0	0	0	9
Cash-Flow Summary							
Preferred Dividends (Paid)	0	(56)	(56)	0	0	0	(56)
Interest Received	8	0	0	0	0	0	8
Interest (Paid)	(350)	4	0	0	11	(8)	(346)
FFO	1,623	(72)	(56)	0	(16)	0	1,551
Change in Working Capital [Fitch-Defined]	(40)	0					(40)
CFFO	1,583	(72)	(56)	0	(16)	0	1,512
Non-Operating/Nonrecurring Cash Flow	0	0	0	0	0	0	0
Capex	(1,802)	0	0	0	0	0	(1,802)
Common Dividends (Paid)	(299)	0	0	0	0	0	(299)
FCF	(518)	(72)	(56)	0	(16)	0	(589)
Gross Leverage (x)							
Total Adjusted Debt/Operating EBITDAR ^a	5.0	0	0	0	0	0	5.0
FFO-Adjusted Leverage	5.2	0	0	0	0	0	5.2
FFO Leverage	5.1	0	0	0	0	0	5.1
Total Debt With Equity Credit/Operating EBITDA ^a	5.0	0	0	0	0	0	5.0
CFFO-Capex/Total Debt with Equity Credit (%)	(2.2)	0	0	0	0	0	(2.9)
Net Leverage (x)							
Total Adjusted Net Debt/Operating EBITDAR ^a	4.9	0	0	0	0	0	5.0
FFO-Adjusted Net Leverage	5.1	0	0	0	0	0	5.1
FFO Net Leverage	5.1	0	0	0	0	0	5.0
Total Net Debt/(CFFO – Capex)	(45.4)	0	0	0	0	0	(33.8)
CFFO-Capex/Total Net Debt with Equity Credit (%)	(2.2)	0	0	0	0	0	(3.0)
Coverage (x)							
Operating EBITDAR/(Interest Paid + Lease Expense) ^a	5.6	0	0	0	0	0	5.2
Operating EBITDA/Interest Paid ^a	5.8	0	0	0	0	0	5.8
FFO Fixed-Charge Coverage	5.4	0	0	0	0	0	4.5
FFO-Interest Coverage	5.6	0	0	0	0	0	4.8

^aEBITDAR after dividends to associates and minorities. CFFO – Cash flow from operations.
Source: Fitch Ratings, Fitch Solutions, NiSource Inc., Northern Indiana Public Service Company.

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MOODY'S

INVESTORS SERVICE

CREDIT OPINION

11 July 2019

Update

 Rate this Research

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NiSource Inc.

Update to credit analysis

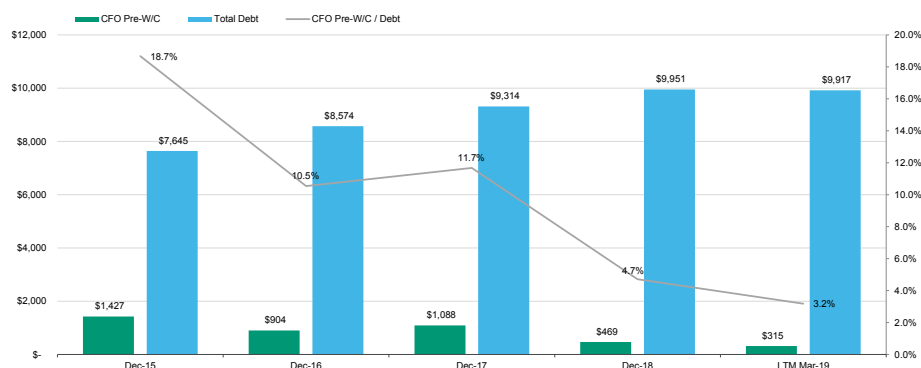
Summary

NiSource Inc.'s (NiSource) credit profile reflects the supportiveness and diversity of its multiple regulatory jurisdictions that allow the company to generate stable and predictable operating cash flows, the inherently low business risk of its fully regulated operations, as well as its broad geographic footprint and scale. Together, these help to mitigate a weak financial profile as the company manages elevated debt levels while executing on a sizeable capital investment program. Despite recent events that have caused a significant dip in the company's credit metrics, we expect NiSource to generate cash flow from operations before working capital changes (CFO Pre-WC) to debt in the low teens in the near term, partly due to the issuance in 2017 and 2018 of approximately \$1.7 billion of equity.

On 13 September 2018, a series of explosions in NiSource subsidiary Bay State Gas Company's (aka Columbia Gas of Massachusetts, Baa2 stable) service territory caused widespread fires and resulted in one fatality, 25 hospitalizations, and damaged over 60 homes north of Boston, Massachusetts. NiSource's year-end 2018 and twelve months ended Q1 2019 (LTM) financial ratios were particularly weak as a result of approximately \$1.4 billion in expenses associated with the explosions. The company expects most of the expenses incurred to be recovered via insurance payments. We do not anticipate additional significant Bay State Gas event related expenses for the remainder of 2019 or going forward.

Exhibit 1

Historical CFO Pre-WC, Total Debt and CFO Pre-WC to Debt (\$ MM)



Source: Moody's Financial Metrics

Credit Strengths

- » Operations in jurisdictions with attractive cost recovery mechanisms

- » Fully regulated utility assets with fundamentally low business risk
- » Common equity and hybrid securities issued in 2018 should help improve credit metrics

Credit Challenges

- » Persistently high debt balance
- » Already weak financial ratios temporarily worsened by Massachusetts gas incident in 2018
- » Elevated capital investment spending

Rating Outlook

NiSource's stable outlook reflects Moody's view that the decline in the company's financial profile following its 2015 corporate separation will be reversed and that the significant financial loss in 2018 associated with the Bay State Gas explosions is nonrecurring and should be largely covered by insurance payments. Moody's expects the company to achieve a debt to capitalization ratio of approximately 55% as well as cash flow pre-working capital to debt of 13-14% in 2019 and going forward. The stable outlook also reflects our view that NiSource's regulated utility capital expenditure plans will be financed in a credit supportive manner.

Factors that Could Lead to an Upgrade

- » Improvement in the utility regulatory environments
- » A material and sustained increase in the company's credit metrics with cash flow to debt in the high teens and debt to capitalization below 50%
- » A significant reduction in parent company leverage

Factors that Could Lead to a Downgrade

- » If the anticipated improvement in financial profile does not materialize over the near term; with cash flow to debt returning to the 13-14% range and debt to capitalization reaching 55% or below in 2019 and being sustained going forward
- » The company fails to issue sufficient common equity and/or hybrid securities to finance its annual negative free cash flow
- » A decline in the credit supportiveness of its regulatory environments
- » An adverse change in the company's business mix such that its risk profile declines
- » Cash flow pre-working capital to debt at 12% or below and/or debt to capitalization remains above 55%.

Key Indicators

Exhibit 2

NiSource Inc. [1]

	Dec-15	Dec-16	Dec-17	Dec-18	LTM Mar-19
CFO Pre-W/C + Interest / Interest	4.4x	3.4x	3.9x	2.3x	1.8x
CFO Pre-W/C / Debt	18.7%	10.5%	11.7%	4.7%	3.2%
CFO Pre-W/C – Dividends / Debt	15.2%	8.1%	9.2%	1.9%	0.3%
Debt / Capitalization	55.4%	56.7%	62.7%	60.2%	59.8%

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

Source: Moody's Financial Metrics

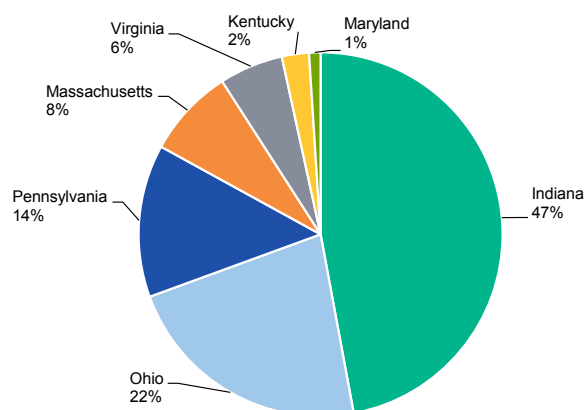
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Profile

NiSource Inc. (Baa2 Issuer Rating) is a utility holding company with a portfolio of regulated utility subsidiaries totaling about \$12.5 billion in rate base. NiSource owns one of the largest LDC systems in the US, with operations in Ohio, Indiana, Pennsylvania, Virginia, Massachusetts, Kentucky, and Maryland with about 3.5 million customers, as well as a mid-sized vertically integrated electric utility in Indiana. The LDCs account for about 60% of the company's consolidated operating earnings, with the balance coming from its electric utility. NiSource is a fully regulated gas and electric utility business. Two of NiSource's utility subsidiaries are rated: Bay State Gas Company (Bay State Gas, doing business as Columbia Gas of Massachusetts, Baa2 stable) and Northern Indiana Public Service Company (NIPSCO, Baa1 stable).

Exhibit 3

State Rate Base Exposure



Source: Company's reports

Detailed Credit Considerations

PERSISTENTLY HIGH DEBT BALANCE, ELEVATED INVESTMENT SPENDING AND COLUMBIA GAS PIPELINE EXPLOSION COSTS WEIGH ON FINANCIAL PROFILE

NiSource's credit profile is constrained by its relatively weak financial profile, primarily relating to its elevated debt levels, which appear unlikely to change for the foreseeable future and will continue to weigh on its debt coverage metrics.

NiSource produced low financial ratios in 2016 and 2017, with CFO pre-WC to debt ratios of around 11% in both years being below the downgrade threshold we have set for the company of 12%. We had expected an improvement in CFO pre-WC/debt to the low teens beginning in 2018 but the company's CFO pre-WC to debt ratio for the fiscal year ended 31 December 2018 was 4.7%, primarily due to expenses associated with the Bay State Gas pipeline explosions. We estimate that NiSource would have achieved a CFO pre-WC/debt ratio above our 12% downgrade threshold in 2018 without the expenses associated with the Bay State Gas incident.

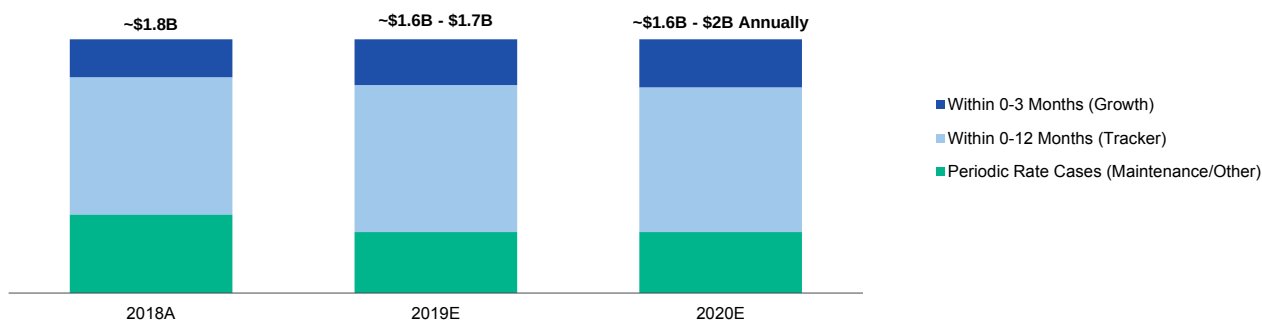
NiSource's extensive ongoing capital investment projects under way at each of its utilities also weigh on its financial profile. Across the company, investments are expected to total \$1.6-\$2.0 billion per year through 2022. In 2018, the company made progress in addressing its leveraged balance sheet by issuing about \$600 million of common equity via a block issuance, \$239 million of equity via an at-the-market (ATM) issuance program and \$900 million of preferred equity. In 2019 and 2020, NiSource plans to issue \$200-\$300 million in equity annually through an ATM program, \$35-\$60 million through the company's Employee Stock Purchase and other programs and up to \$500 million annually in incremental long-term debt. We project a CFO pre-WC/debt ratio in the low to mid-teens by the end of 2019. A balanced financing approach should allow NiSource to achieve and sustain a CFO pre-WC to debt ratio in the low to mid-teens in the near term.

STABILITY OF CASH FLOWS UNDERPINNED BY SUPPORTIVE REGULATORY CONSTRUCT

The state regulators overseeing NiSource's utilities are generally credit supportive. Each LDC benefits from decoupling mechanisms and/or weather normalization adjustments which reduce earnings volatility. In addition, NiSource has access to a variety of tracker mechanisms across its different jurisdictions that provide for timely recovery of its sizeable infrastructure investment program, with

about 75% of its investments beginning recovery within 12 months or less. Similarly, NiSource's electric segment benefits from a broad array of tracker mechanisms providing for timely recovery of operating expenses as well as environmental investments.

Exhibit 4

Capital investments with estimated recovery periods

Source: Company reports

The company's investments across all of its jurisdictions continue to drive a busy regulatory calendar. In addition to receiving orders on multiple tracker filings, NiSource reached credit supportive outcomes in all of its recent regulatory filings, settling four general rate cases in Indiana, Maryland, Pennsylvania and Virginia in 2018 and the first half of 2019 that together represented a total revenue increase of over \$200 million.

Importantly, the company also secured the extension of its Columbia Gas of Ohio's Infrastructure Replacement Program (IRP), supporting investment and recovery of accelerated main replacement capital projects from 2018-2022. Columbia Gas of Ohio also received approval in November 2018 for a \$74.5 million annual revenue increase as part of a Capital Expenditure Program (CEP), which establishes an annual rider to recover certain capital investments and related deferred expenses not recovered through the IRP tracker. In February 2019, Columbia Gas of Ohio filed the annual CEP rider update, which is expected to conclude in August with new rates effective in September.

In late 2017, NIPSCO Gas filed its first general rate case in over a decade, requesting a revenue increase of \$138 million with a 10.7% ROE and 46.88% equity layer. In September 2018, the Indiana Utility Regulatory Commission (IURC) authorized a \$107 million revenue increase with a 9.85% ROE and 46.88% equity layer. NIPSCO Gas is in the process of a compliance filing that is expected to be concluded in the second half of 2019. If approved, the utility will receive recovery of the federally mandated pipeline safety compliance plan which includes approximately \$230 million of capital for the 2019-2023 period. In February 2019, NIPSCO Electric filed seeking IURC approval for the utility's first wind projects to provide renewable energy capacity - three projects totaling ~800 MW. Two of the wind filings have been approved and a final order on the third is expected by the third quarter of 2019. Construction of all three wind projects is expected to be completed by the end of 2020.

In April 2019, Bay State Gas received approval for \$64 million of capital investments to be made in 2019 as part of its Gas System Enhancement Plan (GSEP), a priority pipe replacement program.

NiSource currently two rate cases pending in Indiana (NIPSCO Electric) and Maryland (Columbia Gas of Maryland) both expected to be concluded by the end of 2019.

REGULATED UTILITY ASSETS EXHIBIT FUNDAMENTALLY LOW BUSINESS RISK

NiSource's seven LDCs represent about 60% of its business, while its fully regulated vertically integrated electric utility segment makes up the difference.

In spite of incidents such as the Bay State Gas explosions, we view LDCs as having lower business risk than their vertically integrated electric utility counterparts because LDC's have no exposure to the risks associated with owning power-generation assets. NiSource has identified, and is undertaking new steps to improve system safety and reliability and to protect against the over-pressurization that

caused the Bay State Gas incident. In addition, the size and broad geographic footprint of NiSource's LDC operations offer regulatory diversity and provide a natural hedge against material exposure to a single jurisdiction.

NiSource's electric segment entails more business risk than the LDC's. In addition to its exposure to the risks associated with owning generation assets, unlike its LDC counterparts, its operations are concentrated in a single, highly industrialized market territory. About 54% of the company's retail electric sales volumes is derived from industrial customers, leaving it particularly sensitive to economic cycles. The electric segment's rate structure does not have the decoupling mechanisms as many of NiSource's LDCs have, further exacerbating potential volatility from the company's electric segment.

Still, Indiana's regulatory environment is favorable from a credit standpoint and provides the company's electric segment with an attractive suite of cost recovery mechanisms that cover most of its operating and capital expenses. Additionally, the company is on schedule to complete the environmental retrofits of its generation fleet on time and on budget. Furthermore, in its latest Integrated Resource Plan, released in 2018, the company announced its plan to retire nearly 80% of its coal capacity by 2023, and the remaining coal-fired units by 2028, reducing its exposure to more stringent environmental regulations that could have required costly investments, a credit positive. The company plans to replace its retired coal capacity post 2020 with lower-cost renewable energy sources such as wind, solar and battery technology. As mentioned above, NIPSCO Electric has already received approval for two wind projects, with approval pending on a third.

Liquidity Analysis

NiSource's liquidity is adequate and is supported by a \$1.85 billion revolving credit facility maturing in 2024. The revolver backs a \$1.5 billion commercial paper program and provides funds for ongoing working capital needs. Terms of the facility allow for reliable access to funds by not requiring the company to represent and warrant to any material adverse change at each borrowing. The sole financial covenant is a maximum debt-to-capitalization ratio of 70%. As of 31 March 2019, the ratio was 61.5%.

NiSource also maintains three separate accounts receivables securitization programs totaling \$500 million at its operating companies (\$500 million outstanding as of 31 March 2019). The programs are renewed annually. As of 31 March 2019, NiSource had about \$860 million of available capacity under its revolver, after giving effect to \$980 million of commercial paper outstanding and \$10 million of LCs, as well as about \$151 million of cash on hand. NiSource does not have a material debt maturity until 2022 (\$500 million).

For LTM 31 March 2019, NiSource generated \$571 million in operating cash flow, invested \$1.8 billion in capital expenditures, and made \$288 million in dividend distributions to common shareholders, resulting in a negative free cash flow position of \$1.6 billion. NiSource funded the cash shortfall through about \$850 million of common stock and \$900 million of preferred stock. Over the next 12-18 months, we expect NiSource to remain free cash flow negative as it executes on its sizeable capital expenditure plan and recovers from the Bay State Gas incident. We anticipate that cash shortfalls will be covered through a balanced mix of equity and equity like instruments as well as through insurance payments.

Rating Methodology and Scorecard Factors

Exhibit 5

Rating Factors

NiSource Inc.

Regulated Electric and Gas Utilities Industry Grid [1][2]			Current LTM 3/31/2019		Moody's 12-18 Month Forward View As of Date Published [3]	
Factor 1 : Regulatory Framework (25%)	Measure	Score			Measure	Score
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A			A	A
b) Consistency and Predictability of Regulation	A	A			A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)						
a) Timeliness of Recovery of Operating and Capital Costs	A	A			A	A
b) Sufficiency of Rates and Returns	A	A			A	A
Factor 3 : Diversification (10%)						
a) Market Position	A	A			A	A
b) Generation and Fuel Diversity	Ba	Ba			Ba	Ba
Factor 4 : Financial Strength (40%)						
a) CFO pre-WC + Interest / Interest (3 Year Avg)	3.2x	Baa			4x - 4.5x	Baa
b) CFO pre-WC / Debt (3 Year Avg)	9.1%	Ba			11% - 15%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	6.4%	Ba			9% - 12%	Baa
d) Debt / Capitalization (3 Year Avg)	59.2%	Ba			57% - 60%	Baa
Rating:						
Scorecard Indicated Outcome Before Notching Adjustment						
HoldCo Structural Subordination Notching	0	0			0	0
a) Scorecard Indicated Outcome						
b) Actual Rating Assigned						

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

[2] As of 3/31/2019(L)

[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.

Source: Moody's Financial Metrics

Appendix

Exhibit 6

Cash Flow and Credit Metrics [1]

CF Metrics	Dec-15	Dec-16	Dec-17	Dec-18	LTM Mar-19
As Adjusted					
FFO	1,345	1,137	1,195	463	440
+/- Other	82	(233)	(108)	6	(124)
CFO Pre-WC	1,427	904	1,088	469	315
+/- ΔWC	65	(59)	(57)	104	255
CFO	1,492	845	1,031	573	571
- Div	263	206	229	277	288
- Capex	1,396	1,517	1,733	1,858	1,838
FCF	(167)	(877)	(930)	(1,563)	(1,556)
(CFO Pre-W/C) / Debt	18.7%	10.5%	11.7%	4.7%	3.2%
(CFO Pre-W/C - Dividends) / Debt	15.2%	8.1%	9.2%	1.9%	0.3%
FFO / Debt	17.6%	13.3%	12.8%	4.6%	4.4%
RCF / Debt	14.1%	10.9%	10.4%	1.9%	1.5%
Revenue	4,652	4,493	4,875	5,115	5,234
Maintenance	1,426	1,454	1,602	2,353	2,503
Interest Expense	420	382	379	372	381
Net Income	254	328	203	441	547
Total Assets	17,683	18,900	20,160	22,000	21,890
Total Liabilities	13,885	14,870	15,911	16,758	16,619
Total Equity	3,798	4,030	4,249	5,242	5,271

[1] All figures and ratios are calculated using Moody's estimates and standard adjustments. Periods are Financial Year-End unless indicated. LTM = Last Twelve Months.
Source: Moody's Financial Metrics

Exhibit 7

Peer Comparison Table [1]

	NiSource Inc.			Fortis Inc.			PPL Corporation			Duquesne Light Holdings, Inc.			Puget Energy, Inc.		
	Baa2 Stable			Baa3 Stable			Baa2 Stable			Baa3 Stable			Baa3 Stable		
(in US millions)	FYE Dec-17	FYE Dec-18	LTM Mar-19	FYE Dec-17	FYE Dec-18	LTM Mar-19	FYE Dec-17	FYE Dec-18	LTM Mar-19	FYE Dec-17	FYE Dec-18	LTM Mar-19	FYE Dec-17	FYE Dec-18	LTM Mar-19
Revenue	4,875	5,115	5,234	6,401	6,476	6,578	7,447	7,785	7,738	953	983	987	3,460	3,346	3,423
CFO Pre-W/C	1,088	469	315	2,175	2,063	2,030	2,949	2,921	2,876	327	269	261	908	845	786
Total Debt	9,314	9,951	9,917	18,396	18,857	19,132	22,264	22,991	23,505	2,596	2,643	2,721	6,205	6,534	6,601
CFO Pre-W/C / Debt	11.7%	4.7%	3.2%	12.2%	10.4%	10.4%	13.2%	12.7%	12.2%	12.6%	10.2%	9.6%	14.6%	12.9%	11.9%
CFO Pre-W/C - Dividends / Debt	9.2%	1.9%	0.3%	9.8%	8.1%	8.1%	8.4%	7.8%	7.3%	8.6%	8.4%	8.3%	12.6%	11.8%	10.7%
Debt / Capitalization	62.7%	60.2%	59.8%	55.8%	55.9%	55.7%	62.5%	61.2%	60.5%	62.8%	61.6%	61.7%	59.2%	59.6%	59.2%

[1] All figures & ratios calculated using Moody's estimates & standard adjustments. FYE = Financial Year-End. LTM = Last Twelve Months. RUR* = Ratings under Review, where UPG = for upgrade and DNG = for downgrade.
Source: Moody's Financial Metrics

Ratings

Exhibit 8

Category	Moody's Rating
NISOURCE INC.	
Outlook	Stable
Issuer Rating	Baa2
Senior Unsecured	Baa2
Pref. Stock	Ba1
Commercial Paper	P-2
NISOURCE FINANCE CORPORATION	
Outlook	Stable
Issuer Rating	Baa2
Sr Unsec Bank Credit Facility	Baa2
Bkd Senior Unsecured	Baa2
NORTHERN INDIANA PUBLIC SERVICE COMPANY	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured	Baa1
NISOURCE CAPITAL MARKETS, INC.	
Outlook	Stable
Bkd Senior Unsecured	Baa2
BAY STATE GAS COMPANY	
Outlook	Stable
Senior Unsecured	Baa2

Source: Moody's Investors Service

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RATINGS

NiSource Inc.

Outlook	Stable
Issuer Rating	Baa2
Pref. Shelf	(P)Baa1
Commercial Paper	P-2

Source: Moody's Investors Service

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NiSource Inc.

Sale of Bay State Gas removes Massachusetts regulatory risk overhang

On 26 February 2020, NiSource Inc. (NiSource, Baa2 stable) announced an agreement to sell its Massachusetts gas distribution company, Bay State Gas Company (aka Columbia Gas of Massachusetts, CMA Baa2 stable), to Eversource Energy (Baa1 stable) for \$1.1 billion or approximately 1x rate base. The announcement followed an agreement by NiSource to plead guilty to a federal criminal charge that it had violated federal pipeline safety laws related to the September 2018 gas explosions in its Massachusetts service territory (the Greater Lawrence incident). As part of the plea agreement, NiSource agreed to sell CMA and permanently exit its operations in Massachusetts and to pay a \$53 million fine.

We view NiSource's impending exit from Massachusetts as positive to the company's credit profile because it removes future risk associated with the company's operations and regulatory relationships in the state. It also allows NiSource to focus more fully on its other jurisdictions and on executing its substantial capital expenditure plan. We do not expect the CMA sale to have a material impact on NiSource's credit metrics.

Prior to the Greater Lawrence incident, CMA contributed approximately 8% of NiSource's operating cash flow. Proceeds from the sale of CMA will eliminate the need for approximately \$500-\$700 million of equity issuance previously planned for 2020. We expect NiSource to use the remaining sale proceeds to reduce debt, and estimate that the elimination of CMA's contribution to consolidated cash flow and associated dis-synergies will have a slightly negative to neutral impact on debt service coverage metrics. Over the next two years, we expect NiSource to produce a ratio of CFO pre-WC to debt above 13%.

NiSource estimates costs and expenses associated with the Greater Lawrence incident at approximately \$1.8 billion, about \$800 million of which has been recovered through casualty insurance. The company is in the process of seeking additional recoveries via property insurance (up to \$258 million) and could incur additional costs related to third party claims, fines and other ongoing investigations. However, we think the majority of associated costs have already been incurred.

NiSource's credit metrics deteriorated significantly in 2018 as a result of the Greater Lawrence incident and we expect 2019 to show a recovery, including a CFO pre-WC to debt ratio above 13%. The company's credit profile benefits from the size and broad geographic footprint of its operations which offer regulatory diversity and provide a natural hedge against material exposure to a single jurisdiction. We expect the company to focus on safety and operational excellence in all its jurisdictions to prevent any future financial, social and regulatory repercussions similar to what it experienced in Massachusetts. NiSource's

significant ongoing capital expenditure program, primarily related to improvements in its natural gas infrastructure and planned replacement of its fossil fueled electric generation fleet with renewables, and associated financing plans, will be important to its credit profile going forward.

Headquartered in Merrillville, Indiana, NiSource is a utility holding company with a portfolio of regulated utility subsidiaries. NiSource owns one of the largest local gas distribution (LDC) systems in the US, as well as a vertically integrated electric utility in Indiana.

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CREDIT OPINION

29 July 2020

Update

✓ Rate this Research

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NiSource Inc.

Update to credit analysis

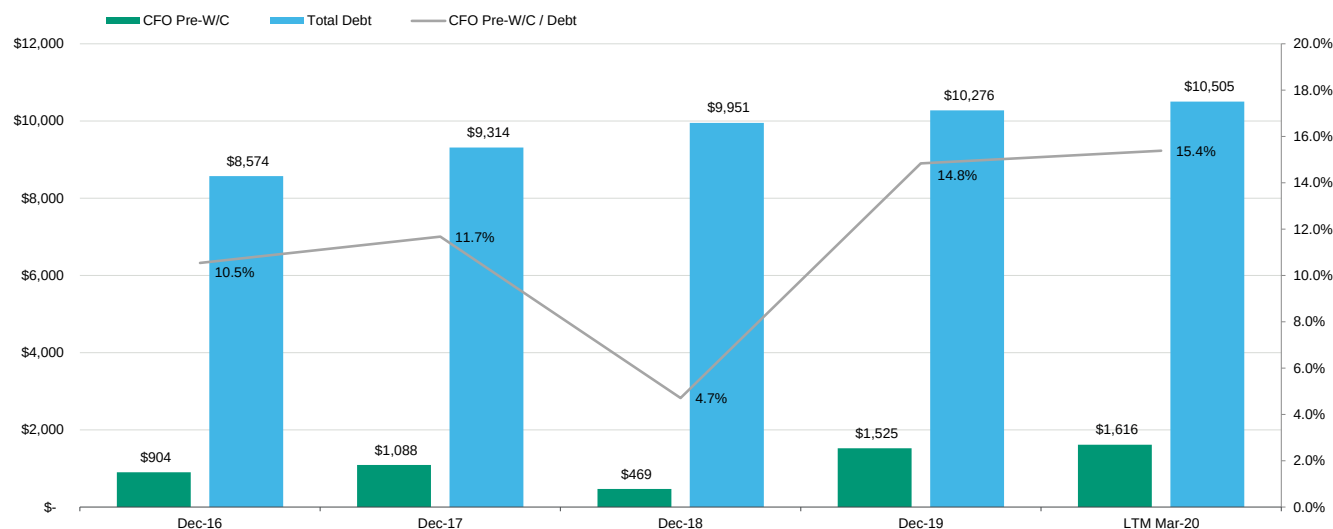
Summary

NiSource Inc.'s (NiSource) credit profile reflects the diversity and supportiveness of its multiple regulatory jurisdictions that provide predictable operating cash flows. These fully regulated operating utility subsidiaries have low business risk, given their critical infrastructure asset base. Together, these utilities help mitigate a historically weak financial profile driven by the company's high leverage and challenged most recently by the negative cash impacts of tax reform and the 2018 Bay State Gas pipeline explosions (the Greater Lawrence incident).

NiSource's credit profile benefitted from the issuance of about \$1.6 billion of equity (including Moody's equity treatment of preferred stock) in 2017 and 2018 together with improved operating cash flow in 2019. The company's cash flow from operations before working capital changes (CFO pre-WC) to debt ratio was 14.8% in 2019, the highest achieved since its separation from Columbia Pipeline Group, Inc. (A3 negative) in 2015 and well within our expected range for the credit. We note that 2019 operating cash flow was helped by insurance recoveries associated with the Greater Lawrence incident. We expect NiSource ratios of cash flow to debt to be around 13% for the next two years, impacted by some negative effects of the economic recession caused by the coronavirus pandemic and dis-synergies associated with the sale of Bay State Gas Company (Baa2 stable).

The rapid spread of the coronavirus outbreak, severe global economic shock, low oil prices, and asset price volatility are creating a severe and extensive credit shock across many sectors, regions and markets. The combined credit effects of these developments are unprecedented. We regard the coronavirus outbreak as a social risk under our ESG framework, given the substantial implications for public health and safety. We think NiSource will be relatively resilient to recessionary pressures related to the coronavirus because of its fully rate regulated operation. However, we expect the effects of the pandemic to result in financial metrics that are temporarily weaker than expected but not reflective of the company's long-term financial or credit profile. We continue to monitor customer usage declines, utility bill payment delinquency, and the regulatory response to counter any negative impacts on earnings and cash flow particularly at subsidiary Northern Indiana Public Service Company's (NIPSCO) electric utility, where about 60% of total margin is generated from commercial and industrial customers.

Exhibit 1

Historical CFO Pre-WC, Total Debt and CFO Pre-WC to Debt (\$ MM)

Source: Moody's Financial Metrics

Credit Strengths

- » Operations in jurisdictions with attractive cost recovery mechanisms
- » Fully regulated utility assets with fundamentally low business risk
- » Issuance of common equity and hybrid securities have helped to improve credit metrics

Credit Challenges

- » Persistently high debt balance
- » Elevated capital expenditures

Rating Outlook

NiSource's stable outlook reflects Moody's view that the company will maintain a CFO pre-WC to debt ratio in the 13-14% range over the next two years. The stable outlook also reflects our view that NiSource's regulated utility capital expenditure plans will be financed with a balanced mix of both debt and equity and that its regulatory jurisdictions will remain supportive.

Factors that Could Lead to an Upgrade

- » Improvement in the utility regulatory environments
- » A material and sustained increase in the company's credit metrics with cash flow to debt at or above 17% and debt to capitalization below 50%
- » A significant reduction in parent company leverage

Factors that Could Lead to a Downgrade

- » A decline in the credit supportiveness of its regulatory environments

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- » An adverse change in the company's business mix that increases business risk
- » Cash flow pre-working capital to debt sustained below 13%

Key Indicators

NiSource Inc. [1]

	Dec-16	Dec-17	Dec-18	Dec-19	LTM Mar-20
CFO Pre-W/C + Interest / Interest	3.4x	3.9x	2.3x	4.7x	4.9x
CFO Pre-W/C / Debt	10.5%	11.7%	4.7%	14.8%	15.4%
CFO Pre-W/C – Dividends / Debt	8.1%	9.2%	1.9%	11.7%	12.2%
Debt / Capitalization	56.7%	62.7%	60.2%	59.6%	61.1%

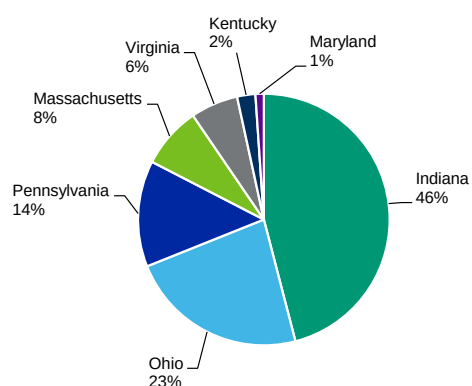
[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Source: Moody's Financial Metrics

Profile

NiSource Inc. is a utility holding company with a portfolio of fully regulated utility subsidiaries totaling about \$14 billion in rate base. NiSource owns one of the largest LDC systems in the US, with operations in Ohio, Indiana, Pennsylvania, Virginia, Massachusetts, Kentucky, and Maryland providing service to about 4 million customers, as well as a mid-sized vertically integrated electric utility in Indiana. The LDCs account for about 60% of the company's consolidated operating earnings, with the balance coming from the electric utility. Two of NiSource's utility subsidiaries are rated: Bay State Gas Company (Bay State Gas, doing business as Columbia Gas of Massachusetts, Baa2 stable) which is currently pending sale, and Northern Indiana Public Service Company (NIPSCO, Baa1 stable).

Exhibit 3

State Rate Base Exposure



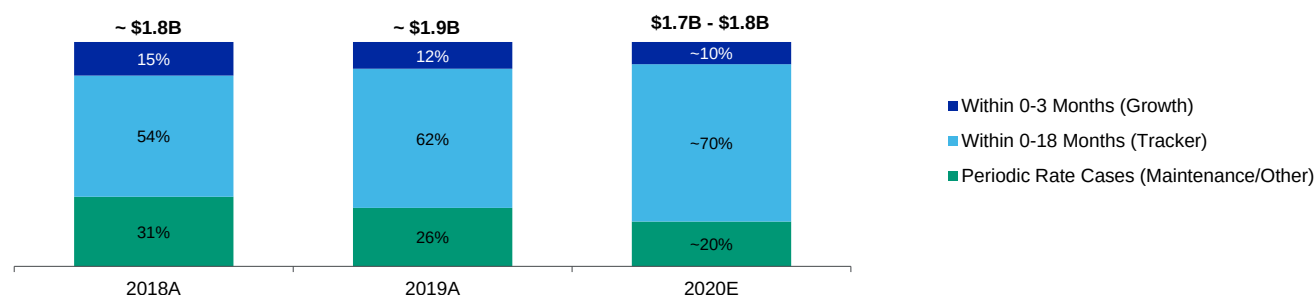
Source: Company's reports

Detailed Credit Considerations

PREDICTABILITY OF CASH FLOWS UNDERPINNED BY SUPPORTIVE REGULATORY CONSTRUCT

The state regulators overseeing NiSource's utilities are generally credit supportive. With the exception of NIPSCO Gas, all of NiSource's LDCs benefits from decoupling mechanisms and/or weather normalization adjustments which reduce earnings volatility. In addition, NiSource has access to a variety of tracker mechanisms across its different jurisdictions that provide for timely recovery of its sizeable infrastructure investment program, with about 75% of its investments beginning recovery within 12 months or less. Similarly, NiSource's electric segment benefits from a broad array of tracker mechanisms providing for timely recovery of operating expenses as well as environmental investments.

Exhibit 4

Capital investments with estimated recovery periods

Source: Company presentation

The company's investments across all of its jurisdictions continue to drive an active regulatory calendar. In addition to receiving orders on multiple infrastructure replacement and other tracker filings, NiSource reached credit supportive outcomes in its recent regulatory filings, settling five general rate cases in Indiana, Maryland, Pennsylvania and Virginia in 2018 and 2019 that together represented a total revenue increase of about \$190 million.

In December 2019, NIPSCO Electric received IURC approval for a \$42.7 million rate increase based on a 9.75% ROE, 47.86% equity capitalization and \$4.1 billion rate base. New rates were implemented in two steps effective January 2020 and March 2020 respectively. As part of the rate case order, NIPSCO Electric also received three credit supportive approvals. First, the IURC approved a change in industrial customer rate structure to mitigate the risk of a significant curtailment in usage by industrial customers, which represent over 50% of the utility's total energy sales. Second, the utility received approval for the full recovery of its coal generation investments by 2030. Finally, with respect to tax reform, the IURC approved the return to customers of the protected excess accumulated deferred income tax (ADIT) balance of about \$203 million over a period of approximately 26 years based on the average rate assumption method. The unprotected ADIT balance of about \$137 million will be amortized annually by \$12.2 million until the utility's next rate case when the remainder will be included in the revenue requirement and fully amortized by the end of 2030.

NIPSCO Electric has IURC approval for three wind projects consisting of one PPA and two joint ventures with EDP Renewables North America LLC (unrated) and totaling about 800 MW. Two of the projects are under construction and expected to be in service by the end of 2020 with the third expected online by the end of 2021.

In April 2020, Columbia Gas of Pennsylvania filed a general rate case requesting a revenue increase of \$100.4 million based on an ROE of 10.95% and equity capitalization of 54.19%. The rate case is expected to be concluded in the first quarter of 2021. The utility was previously approved a rate increase in 2018 of \$26 million in a black box settlement. NiSource also has a rate case pending in Maryland (Columbia Gas of Maryland), expected to be concluded by the end of 2020, for a \$6.5 million revenue increase based on a 10.95% ROE and 52.63% equity capitalization.

PERSISTENTLY HIGH DEBT BALANCE AND ELEVATED INVESTMENT SPENDING WEIGH ON FINANCIAL PROFILE

NiSource's credit profile is constrained by its relatively weak financial profile, primarily because of its highly levered capital structure, which we expect will continue to weigh on its debt coverage metrics as the company executes its elevated capital investment plan. Debt to capitalization averaged about 60% for the last three years and we expect the ratio to remain close to 60% over the next three years. Assuming that NiSource's subsidiaries are capitalized at their authorized capital structures, with a 50% debt to capitalization ratio assumed for states with black box settlements, we estimate approximately 30% of consolidated debt at the holding company level.

The company's issuance of about \$600 million of common equity via a block issuance, \$239 million of equity via an at-the-market (ATM) issuance program and \$900 million of preferred equity in 2018 helped to slow down the growth in debt and improve its credit profile. NiSource's 2019 CFO pre-WC to debt ratio of 14.8% benefitted from insurance recoveries associated with the Greater

Lawrence incident. We estimate that without the insurance benefit, the ratio of CFO pre-WC to debt would have been slightly above 13%, an improvement from a historical level around 11% prior to the Greater Lawrence incident in 2018.

NiSource's extensive ongoing capital investment projects under way at each of its utilities also weigh on its financial profile. The company's five year capital expenditure plan totals almost \$12 billion, peaking in 2023 when NIPSCO Electric plans to retire four units (1,625 MW in total capacity) of the R.M. Schahfer coal plant and add new renewable generation. The company plans to finance its investments with a mix of debt, equity and hybrid securities, including about \$200-\$300 million of at-the-market (ATM) equity annually through 2024. A balanced financing approach should allow NiSource to sustain a CFO pre-WC to debt ratio in the low to mid-teens in the near term

SALE OF BAY STATE GAS REMOVES MASSACHUSETTS REGULATORY OVERHANG RISK

On 26 February 2020, NiSource Inc. (NiSource, Baa2 stable) announced an agreement to sell Bay State Gas Company to Eversource Energy (Baa1 stable) for \$1.1 billion or approximately 1x rate base. The announcement followed an agreement by NiSource to plead guilty to a federal criminal charge that it had violated federal pipeline safety laws related to the September 2018 Greater Lawrence incident. As part of the plea agreement, NiSource agreed to sell CMA and permanently exit its operations in Massachusetts and to pay a \$53 million fine.

We view NiSource's impending exit from Massachusetts as positive to the company's credit profile because it removes future risk associated with the company's operations and regulatory relationships in the state. It also allows NiSource to focus more fully on its other jurisdictions and on executing its substantial capital expenditure plan. Proceeds from the sale of CMA will eliminate the need for approximately \$500-\$700 million of equity issuance previously planned for 2020 and we estimate that the elimination of CMA's contribution to consolidated cash flow (about 8% prior to the Greater Lawrence incident) and associated dis-synergies will have a slightly negative impact on credit metrics.

NiSource estimates costs and expenses associated with the Greater Lawrence incident at approximately \$1.8 billion, about \$800 million of which has been recovered through casualty insurance. The company is in the process of seeking additional recoveries via property insurance (up to \$258 million) and could incur additional costs related to third party claims, fines and other ongoing investigations. However, we think the majority of associated costs have already been incurred.

REGULATED UTILITY ASSETS EXHIBIT FUNDAMENTALLY LOW BUSINESS RISK

NiSource's seven LDCs represent about 60% of its business, while its fully regulated vertically integrated electric utility segment makes up the difference.

In spite of events such as the Greater Lawrence incident, we view LDCs as having lower business risk than their vertically integrated electric utility counterparts because LDC's are not exposed to the operational, environmental and other risks associated with power-generation assets. NiSource has identified, and taken steps to improve system safety and reliability and to protect against the over-pressurization that caused the Greater Lawrence incident. The size and broad geographic footprint of NiSource's LDC operations offer regulatory diversity and provide a natural hedge against material exposure to a single jurisdiction.

NiSource's electric segment entails more business risk than the LDC's. In addition to its exposure to the risks associated with generation assets, its operations are concentrated in a single, highly industrialized market territory. About 54% of the company's retail electric sales volumes is derived from industrial customers, leaving it particularly sensitive to economic cycles. The electric segment's rate structure does not have the decoupling mechanisms that many of NiSource's LDCs have, further exacerbating potential volatility from the company's electric segment. We expect NiSource's electric segment to be the most negatively impacted financially by the coronavirus pandemic particularly because of its high percentage (albeit lower margin) of industrial customers.

Indiana's regulatory environment is favorable from a credit standpoint and provides the company's electric segment with an attractive suite of cost recovery mechanisms that cover most of its operating and capital expenses. NIPSCO Electric plans to retire nearly 80% of its coal capacity by 2023, and the remaining coal-fired units by 2028, reducing its exposure to more stringent environmental regulations that could require costly investments, a credit positive. The company plans to replace its retired coal capacity post 2020 with lower-cost renewable energy sources such as wind, solar and battery technology.

ESG considerations

Environmental considerations incorporated into our credit analysis for NiSource are primarily related to the company's exposure to carbon regulations. NiSource's LDCs have a much lower carbon transition risk than the electric utility, which owns generation and has moderate carbon transition risk. NiSource's plan to retire all of NIPSCO Electric's coal power plants by 2028 and replace the lost generation with renewable energy will substantially reduce the utility's carbon transition risk.

Social risks are primarily related to demographic trends, safety, customer and regulatory relations. The Greater Lawrence incident in 2018 highlighted the social risks inherent in NiSource's businesses and intensified management's attention to safety. The company's safety efforts have focused on integrating safety, risk management and investment planning, enhancing emergency preparedness and incorporating independent oversight.

Corporate governance considerations, including financial policy and risk management, are key to managing the company's environmental and social risk. As the company executes its substantial capital plan with a goal to reduce its carbon footprint and enhance system safety and integrity, a conservative financial policy will be important to maintaining NiSource's credit quality.

Liquidity Analysis

NiSource's liquidity is adequate and is supported by a \$1.85 billion revolving credit facility maturing in 2024. At 31 March 2020, NiSource had \$500 million of outstanding borrowings under this facility; at 31 December 2019, there were no outstanding borrowings under the facility. The revolver backs a \$1.5 billion commercial paper program and provides funds for ongoing working capital needs. Terms of the facility allow for reliable access to funds by not requiring the company to represent and warrant to any material adverse change at each borrowing. The sole financial covenant is a maximum debt-to-capitalization ratio of 70%. As of 31 March 2020, the ratio was 63.2%.

NiSource also maintains three separate accounts receivables securitization programs totaling \$540 million at its operating companies (\$459.4 million outstanding as of 31 March 2020). The programs are renewed annually. As of 31 March 2020, NiSource had about \$203.8 million of cash on hand as well as \$1.1 billion of available capacity under its revolver, after giving effect to \$500 million of borrowings outstanding, \$237 million of commercial paper outstanding and \$10.2 million of LCs. NiSource does not have a material debt maturity until 2022 (\$500 million).

For the twelve months ended 31 March 2020, NiSource generated \$1.5 billion in operating cash flow, invested \$1.9 billion in capital expenditures, and paid \$359 million in dividend distributions to common shareholders, resulting in a negative free cash flow position of \$706 million. NiSource funded the cash shortfall with long-term debt and \$245 million of common stock issuances. Over the next 12-18 months, we expect NiSource to remain free cash flow negative as it executes on its sizeable capital expenditure plan. We anticipate that cash shortfalls will be covered through a balanced mix of debt, equity and equity like instruments.

Rating Methodology and Scorecard Factors

Rating Factors

NiSource Inc.

Regulated Electric and Gas Utilities Industry Grid [1][2]	Current LTM 3/31/2020		Moody's 12-18 Month Forward View As of Date Published [3]	
	Measure	Score	Measure	Score
Factor 1 : Regulatory Framework (25%)				
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	A	A	A	A
b) Sufficiency of Rates and Returns	A	A	A	A
Factor 3 : Diversification (10%)				
a) Market Position	A	A	A	A
b) Generation and Fuel Diversity	Ba	Ba	Ba	Ba
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	3.6x	Baa	4x - 4.5x	Baa
b) CFO pre-WC / Debt (3 Year Avg)	10.2%	Ba	12% - 14%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	7.3%	Ba	9% - 11%	Baa
d) Debt / Capitalization (3 Year Avg)	60.9%	Ba	58% - 63%	Ba
Rating:				
Scorecard-Indicated Outcome Before Notching Adjustment		Baa1		Baa1
HoldCo Structural Subordination Notching	0	0	0	0
a) Scorecard-Indicated Outcome		Baa1		Baa1
b) Actual Rating Assigned		Baa2		Baa2

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

[2] As of 3/31/2020(L)

[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.

Source: Moody's Financial Metrics

Appendix

Exhibit 6

Cash Flow and Credit Metrics [1]

CF Metrics	Dec-16	Dec-17	Dec-18	Dec-19	LTM Mar-20
As Adjusted					
FFO	1,137	1,195	463	1,646	1,723
+/- Other	(233)	(108)	6	(121)	(107)
CFO Pre-WC	904	1,088	469	1,525	1,616
+/- ΔWC	(59)	(57)	104	46	(74)
CFO	845	1,031	573	1,571	1,542
- Div	206	229	277	327	332
- Capex	1,517	1,733	1,858	1,828	1,927
FCF	(877)	(930)	(1,563)	(584)	(717)
(CFO Pre-W/C) / Debt	10.5%	11.7%	4.7%	14.8%	15.4%
(CFO Pre-W/C - Dividends) / Debt	8.1%	9.2%	1.9%	11.7%	12.2%
FFO / Debt	13.3%	12.8%	4.6%	16.0%	16.4%
RCF / Debt	10.9%	10.4%	1.9%	12.8%	13.2%
Revenue	4,493	4,875	5,115	5,209	4,945
Cost of Good Sold	1,359	1,496	1,742	1,526	1,308
Interest Expense	382	379	372	413	410
Net Income	328	203	441	945	856
Total Assets	18,900	20,160	22,000	22,660	22,593
Total Liabilities	14,870	15,911	16,758	17,184	17,362
Total Equity	4,030	4,249	5,242	5,476	5,231

[1] All figures and ratios are calculated using Moody's estimates and standard adjustments. Periods are Financial Year-End unless indicated. LTM = Last Twelve Months.
Source: Moody's Financial Metrics

Exhibit 7

Peer Comparison Table [1]

	NiSource Inc.			Black Hills Corporation			PPL Corporation			CenterPoint Energy, Inc.		
	Baa2 Stable			Baa2 Stable			Baa2 Stable			Baa2 Negative		
(in US millions)	FYE Dec-18	FYE Dec-19	LTM Mar-20	FYE Dec-18	FYE Dec-19	LTM Mar-20	FYE Dec-18	FYE Dec-19	LTM Mar-20	FYE Dec-18	FYE Dec-19	LTM Mar-20
Revenue	5,115	5,209	4,945	1,754	1,735	1,674	7,785	7,769	7,744	10,589	12,301	12,239
CFO Pre-W/C	469	1,525	1,616	488	531	524	3,000	2,998	3,116	2,041	2,144	2,265
Total Debt	9,951	10,276	10,505	3,238	3,587	3,553	22,871	23,632	24,124	10,174	16,461	16,605
CFO Pre-W/C / Debt	4.7%	14.8%	15.4%	15.1%	14.8%	14.8%	13.1%	12.7%	12.9%	20.1%	13.0%	13.6%
CFO Pre-W/C - Dividends / Debt	1.9%	11.7%	12.2%	11.8%	11.3%	11.2%	8.1%	7.6%	7.8%	15.2%	8.9%	9.6%
Debt / Capitalization	60.2%	59.6%	61.1%	55.7%	56.2%	54.4%	60.9%	59.2%	59.1%	48.5%	58.9%	63.0%

[1] All figures & ratios calculated using Moody's estimates & standard adjustments. FYE = Financial Year-End. LTM = Last Twelve Months. RUR* = Ratings under Review, where UPG = for upgrade and DNG = for downgrade.
Source: Moody's Financial Metrics

Ratings

Exhibit 8

Category	Moody's Rating
NISOURCE INC.	
Outlook	Stable
Issuer Rating	Baa2
Sr Unsec Bank Credit Facility	Baa2
Senior Unsecured	Baa2
Pref. Stock	Ba1
Commercial Paper	P-2
NISOURCE FINANCE CORPORATION	
Outlook	Stable
Issuer Rating	Baa2
Bkd Senior Unsecured	Baa2
NORTHERN INDIANA PUBLIC SERVICE COMPANY	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured	Baa1
NISOURCE CAPITAL MARKETS, INC.	
Outlook	Stable
Bkd Senior Unsecured	Baa2
BAY STATE GAS COMPANY	
Outlook	Stable
Senior Unsecured	Baa2

Source: Moody's Investors Service

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Announcement of Periodic Review: Moody's announces completion of a periodic review of ratings of NiSource Inc.

07 Oct 2020

New York, October 07, 2020 -- Moody's Investors Service ("Moody's") has completed a periodic review of the ratings of NiSource Inc. and other ratings that are associated with the same analytical unit. The review was conducted through a portfolio review in which Moody's reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), recent developments, and a comparison of the financial and operating profile to similarly rated peers. The review did not involve a rating committee. Since 1 January 2019, Moody's practice has been to issue a press release following each periodic review to announce its completion.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Credit ratings and outlook/review status cannot be changed in a portfolio review and hence are not impacted by this announcement. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

Key rating considerations are summarized below.

NiSource Inc.'s (NiSource) Baa2 rating reflects the credit supportiveness and diversity of its regulatory jurisdictions that allow for predictable operating cash flows. The rating also considers the inherently low business risk of its fully regulated operations, as well as its broad geographic footprint and scale. Together, these factors help to mitigate a weak financial profile as the company manages high debt levels and a sizeable capital investment program. We expect the company to produce a cash flow from operations pre-working capital to debt ratio in the 13-14% range over the next 12 to 18 months.

This document summarizes Moody's view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodology used for this review was Regulated Electric and Gas Utilities published in June 2017. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

This announcement applies only to EU rated and EU endorsed ratings. Non EU rated and non EU endorsed ratings may be referenced above to the extent necessary, if they are part of the same analytical unit.

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Research Update:

NiSource Inc. Outlook Revised To Stable From Negative On Asset Sale; Ratings Affirmed

February 28, 2020

Rating Action Overview

- NiSource Inc. announced that it has entered into a definitive agreement to sell Columbia Gas of Massachusetts's to Eversource Energy for \$1.1 billion.
- We expect NiSource to use the proceeds to pay down debt.
- We are revising our outlook on NiSource and its subsidiaries to stable from negative.
- At the same time, we are affirming our ratings on NiSource and its subsidiaries including our 'BBB+' issuer credit rating (ICR) and senior unsecured issue rating on the company.
- The stable outlook reflects our high degree of certainty that the Bay State Gas sale will close in 2020 and that the company will use the sale proceeds to reduce debt, improving its credit measures. The asset sale will allow NiSource to exit the Massachusetts' market, which increased regulatory risk for the company, and instead focus on its other well performing utilities.

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Rating Action Rationale

The outlook revision reflects the announced sale of the Columbia Gas of Massachusetts assets.

We believe the company will likely complete this sale during 2020, using the sale proceeds to reduce debt and improve its financial measures. The asset sale will also allow the company to exit from a regulatory jurisdiction that we viewed as difficult for the company to manage effectively, decreasing the company's business risk.

We are affirming NiSource's ratings including its 'BBB+' issuer credit rating. The affirmation reflects our assessment of NiSource's lower-risk regulated and vertically integrated electric and gas distribution operations, its large customer base, geographic and regulatory diversity, and effective management of regulatory risk in its jurisdictions outside of Massachusetts. We expect that the company will continue to effectively manage regulatory risk across all of its jurisdictions (excluding Massachusetts) and improve cash flow through future rate-case filings and continued use of regulatory riders for distribution, transmission, and environmental costs. We also expect

Research Update: NiSource Inc. Outlook Revised To Stable From Negative On Asset Sale; Ratings Affirmed

the company will replace most of its coal-fired generation by 2023, significantly reducing its environmental risks.

We expect FFO to debt of 14%-15%, consistent with the lower-end of the range for its financial risk profile category. Our base case assumptions include: proceeds from the sale used to reduce leverage; modest customer growth; annual capital spending averaging about \$1.8 billion through 2023; continued use of rider mechanisms and rate cases. While we expect the company's financial measures will remain at the lower end of the range for its financial risk profile category, we also expect they will gradually improve, including FFO to debt of about 13% to 14%-15% over the next three years. We assess the comparable rating analysis modifier as negative to account for the company's relatively weak financial measures for the its financial risk profile category.

Outlook

The stable outlook reflects what we view as a high degree of certainty that the company will close the Columbia Gas of Massachusetts sales transaction and expedite the resolution of all related outstanding legal issues without a further weakening of NiSource's financial measures. This sale will allow NiSource to exit the Massachusetts's gas distribution market, which we viewed as increasing regulatory risk to consolidated NiSource. We anticipate the company will use the sales proceeds to reduce leverage, strengthening its financial measures. The outlook also incorporates our view that NiSource will continue to effectively manage regulatory risk in its remaining regulatory jurisdictions and will continue to execute on its carbon-reduction plan of closing down its coal-fired generation in Indiana.

Downside scenario

We could lower NiSource's credit rating if its ability to manage regulatory risk weakens. Alternatively, we could lower the rating if FFO to debt weakens to consistently below 13%.

Upside scenario

We could raise the ratings if FFO to debt consistently improves to above 16% and the company is able to effectively manage regulatory risks throughout its service territories.

Company Description

NiSource Inc., an energy holding company, operates as a regulated natural gas and electric utility company in the U.S. The company operates in two segments, Gas Distribution Operations and Electric Operations. It provides natural gas service and transportation for residential, commercial, and industrial customers; generates, transmits, and distributes electricity; and wholesale and transmission transaction services. It serves approximately 3.2 million natural gas customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland, and Indiana; and 470,000 electricity customers in the northern part of Indiana.

Liquidity

We assess NiSource's liquidity as adequate because we believe its liquidity sources are likely to cover uses by more than 1.1x over the next 12 months and meet cash outflows even with a 10% decline in EBITDA. The assessment also reflects the company's generally prudent risk management, sound relationships with banks, and a generally satisfactory standing in credit markets.

Principal liquidity sources include:

- Cash balance of \$29 million
- An estimated \$1.8 billion of credit facility availability
- Cash FFO estimated to be about \$1.3 billion
- Proceeds from asset sales of \$1.1 billion

Principal liquidity sources include:

- Long term and short term debt maturities of about \$1.8 billion
- Capital spending of about \$1.8 billion
- Dividends of about \$315 million

Issue Ratings - Subordination Risk Analysis

- We rate NiSource's unsecured debt 'BBB+', the same as our long-term issuer credit rating on the company, because the vast proportion of its debt is at the holding company.
- We rate the company's commercial paper program 'A-2', which is consistent with the issuer credit rating.
- We rate NiSource's preferred stock two notches below our issuer credit rating on the company, one notch for deferability and one notch for subordination.

Issue Ratings - Recovery Analysis

Issuer Credit Rating: BBB+/Stable/A-2

Business risk: Excellent

- Country risk: Very low
- Industry risk: Very low
- Competitive position: Strong

Financial risk: Significant

- Cash flow/leverage: Significant

Anchor: a-

Modifiers

- Diversification/portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Financial policy: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Management and governance: Satisfactory (no impact)
- Comparable rating analysis: Negative (-1 notch)

Stand-alone credit profile: bbb+

Group credit profile: bbb+

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, July 1, 2019
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria | Corporates | Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012

Research Update: NiSource Inc. Outlook Revised To Stable From Negative On Asset Sale; Ratings Affirmed

- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Ratings List

Ratings Affirmed; CreditWatch/Outlook Action

	To	From
NiSource Inc.		
Issuer Credit Rating	BBB+/Stable/A-2	BBB+/Negative/A-2
Senior Unsecured	BBB+	
Preferred Stock	BBB-	
Commercial Paper	A-2	
Bay State Gas Co.		
Northern Indiana Public Service Company LLC		
Issuer Credit Rating	BBB+/Stable/--	BBB+/Negative/--
Senior Unsecured	BBB+	

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

Research Update: NiSource Inc. Outlook Revised To Stable From Negative On Asset Sale; Ratings Affirmed

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Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-005:

Please provide a work paper showing the derivation of the Company's current AFUDC rate.

Response:

Attached as Attachment A is the NiSource Inc. notification to Columbia Gas of Pennsylvania, Inc. on the applicable Allowance for Funds Used During Construction (AFUDC) for 2020. The CPA rate is 3.90%.

Attached as Attachment B is the worksheet showing the computation of the current AFUDC rate of 3.90%. Employee names have been redacted.

Number: CL 2020-45
Date: 12/18/2020

2020 Allowance for Funds Used During Construction (AFUDC) Borrowed and Equity Rates

Listed below are the updated AFUDC rates to be used for 2020 shown alongside the rates last published in Controller's Letter 2020-17 (issued May 2020). Interim rates are published to capture significant rate trends prior to year-end.

Please note that due to a FERC order issued in June 2020, some of our reporting units below will be adopting the waiver that allows companies to modify their AFUDC rate by using historical short-term debt rate, in order to mitigate the impact of short-term debt issued during COVID-19 pandemic. The rate calculated using the FERC waiver is applicable from March 1, 2020 to February 28, 2021.

See tab 'AFUDC' for schedules showing the computation of the 2020 AFUDC rates. If you have any questions regarding the AFUDC calculations, please contact

TABLE A Using 12 Months Ended April 30, 2020				TABLE B Using 12 Months Ended October 31, 2020 - without waiver			
	Borrowed	Equity	Total	Borrowed	Equity	Total	Chg from April
CPA	2.32%	0.88%	3.20%	1.76%	2.14%	3.90%	0.70% (A)
PeopleSoft 9.1	Account	Cost Ele	Activity Code				
Borrowed	43200000	4503	11003				
Equity	41910000	4504					

(A) Decrease in ST Debt and S/W ratio resulted in an increase in equity rates.

Notes on certain key components of the AFUDC Rate calculation:

ST Debt Interest Rate: Generally, an increase in the ST Debt Interest Rate will increase the AFUDC-Borrowed Rate and have no impact on the AFUDC-Equity Rate. Operating company rates are based on the consolidated rate. The ST Debt Interest Rate is based on Money Pool Borrowings.

Ratio of Average ST Debt to Average CWIP (S/W Ratio): An increase in the S/W Ratio will decrease both the AFUDC-Borrowed Rate and AFUDC-Equity Rate, as the AFUDC formula assumes that ST borrowings are used first for construction before costs of LT debt and equity are factored in. Average ST Debt is based on Money Pool Borrowings. In the event average ST borrowings exceed the average CWIP balance for the period, the AFUDC-Equity Rate will be zero, and the AFUDC-Borrowed Rate will equal the ST borrowing rate.

Cost of Equity Rate: An increase in the Cost of Equity Rate will increase the AFUDC-Equity Rate and have no impact on the AFUDC-Borrowed Rate. The Cost of Equity Rate is based on regulatory filings and is a weighted average rate at the NiSource Consolidated level.

AFUDC Rates	
	CPA037
AFUDC Debt	1.76%
AFUDC Equity	2.14%
Total AFUDC	3.90%

$\text{AFUDC Debt} = s(S/W) + d(D/(D+P+C)) * (1-S/W)$ $\text{AFUDC Equity} = (1-S/W) * [(p(P/(D+P+C))) + c(C/(D+P+C))]$	
	CPA037
D - LTD	785,515,000
d - LTD Interest Rate (see Note C)	4.99%
P - Preferred Stock (see Note D)	-
p - Preferred Stock Cost Rate (see Note D)	0.00%
C - Common Equity	977,883,389
c - Common Equity Cost Rate (see Note A)	9.09%
s - ST Debt Interest Rate	1.42%
S - Average ST Debt	33,098,404
W - Average CW P	57,431,140
STD/AVCW P	57.63%

CWIP - Ending Balance	
	CPA037
100129000	
2019 Oct	63,021,695
2019 Nov	70,424,066
2019 Dec	47,289,790
2020 Jan	54,479,403
2020 Feb	47,448,070
2020 Mar	47,080,246
2020 Apr	55,952,535
2020 May	58,782,285
2020 Jun	61,137,661
2020 Jul	78,058,244
2020 Aug	52,340,059
2020 Sep	56,809,151
2020 Oct	55,722,650
Average CWIP Ending Balance	57,580,450

CWIP - Average Monthly Balance	
	CPA037
2019 Nov	66,722,881
2019 Dec	58,856,928
2020 Jan	50,884,597
2020 Feb	50,963,736
2020 Mar	47,264,158
2020 Apr	51,516,391
2020 May	57,367,410
2020 Jun	59,959,973
2020 Jul	69,597,952
2020 Aug	65,199,151
2020 Sep	54,574,605
2020 Oct	56,265,900
TTM Average CWIP Balance	57,431,140

Interest Expense - Money Pool	
	CPA037
700102000	
2019 Nov	200,047
2019 Dec	213,559
2020 Jan	222,594
2020 Feb	137,498
2020 Mar	121,820
2020 Apr	-
2020 May	-
2020 Jun	-
2020 Jul	70
2020 Aug	1,698
2020 Sep	5,250
2020 Oct	10,120
TTM MP Interest Expense	912,656

Average Daily Balance of Short-term Borrowings (Money Pool)	
	CPA037
300203234	
2019 Nov	110,876,723
2019 Dec	130,074,889
2020 Jan	127,825,986
2020 Feb	95,548,616
2020 Mar	76,167,899
2020 Apr	-
2020 May	-
2020 Jun	-
2020 Jul	625,271
2020 Aug	15,098,202
2020 Sep	50,499,172
2020 Oct	81,828,658
TTM Avg. ST Borrowings	57,378,785

Short-term Borrowings Used for AFUDC Calculation		
		CPA037
2019	Nov	66,722,881
2019	Dec	58,856,928
2020	Jan	50,884,597
2020	Feb	50,963,736
2020	Mar	47,264,158
2020	Apr	-
2020	May	-
2020	Jun	-
2020	Jul	625,271
2020	Aug	15,098,202
2020	Sep	50,499,172
2020	Oct	56,265,900
TTM Avg. ST Borrowings for AFUDC		33,098,404

Interest Expense on ST Borrowings for AFUDC		
		CPA037
2019	Nov	120,384
2019	Dec	96,632
2020	Jan	88,610
2020	Feb	73,339
2020	Mar	75,592
2020	Apr	-
2020	May	-
2020	Jun	-
2020	Jul	70
2020	Aug	1,698
2020	Sep	5,250
2020	Oct	6,958
TTM MP Interest Expense for AFUDC		468,533

Long-term Debt / Preferred Stock / Common Equity		
2019	Dec	CPA037
201299000	Long Term Debt (incl. Finance Leases)	805,239,793
300199000	Current Portion of Long Term Debt	985,619
300201233	Short-term Debt /C (see Note J)	-
300129000	Less: Capital Leases in Current LTD	985,619
201230225	Less: Unamortized Premium	-
201235226	Less: Unamortized Discount	-
201240000	Less: Interest Rate Swaps	-
201249000	Less: Capital Leases in LTD	19,724,793
Long-term Debt		785,515,000
200299900	Preferred Stock	-
200999000	Total Stock Equity	977,883,389
200699000	Less: AOCI	-
200299900	Less: Preferred Stock	-
Total Common Equity		977,883,389

Note A - The Common Equity Cost Rates and Preferred Equity Cost Rates (where applicable) for all companies, as well as the AFUDC rates for CMD and N PSCO Gas, were obtained from [REDACTED], Lead Regulatory Analyst.

Note B - The consolidated weighted average cost of equity is calculated by using only the companies whose cost of equity (or [REDACTED]) is used.

Note C - LTD Interest Rate obtained from Debt Cost Report worksheet obtained from Treasury as of 12/31/19 (NiSource's policy is to use prior year-end debt balances to calculate LTD Interest Rate).

Note D - Per Regulatory, while NiSource had preferred equity as of 12/31/19, most state commissions have not yet approved a preferred equity cost rate.

Note E - Amounts obtained from [REDACTED] Money Pool Spreadsheet (see tab E).

Note F - N PSCO Electric/Gas split for ST Borrowings is based on the CWP Allocation (see note G).

Note G - N PSCO Electric/Gas split for CWP was obtained from [REDACTED], Electric Accounting. Per Jenny, the Electric/Gas split in tab 'G' is based on FERC financials, whereas NIPSCO consolidated information above is from HFM (GAAP view). Certain months saw small (\$1M to \$3M) FERC-GAAP differences due to Cloud Computing treatment. For purposes of the AFUDC calculation, we used FERC balances including Cloud Computing balances, see tab 'G.' Common CWIP is allocated between Electric and Gas based on Ratio H.

Note H - NIPSCO Electric/Gas split for LTD and Common Equity (aka Ratio H) obtained by [REDACTED] Electric Accounting.

Note I - An AFUDC Rate for NIPSCO Consolidated is not calculated. NIPSCO Electric rates are calculated individually, and N PSCO Gas rates are prescribed by the IURC.

Note J - Peoplesoft account 2330000 - Notes Payable Affiliated is mapped to this intercompany short-term debt account in Hyperion. As these balances represent a current portion of long-term debt and not short-term borrowings, account must be included herein. As this account is marked as intercompany, these balances are eliminated in consolidation so there is no misclassification between short-term borrowings and current portion of long-term debt on the consolidated balance sheet. For FERC purposes, the balances are appropriately recorded in a 233 Notes Payable account.

Note K - Amounts from [REDACTED] Shared Services Center. We manually adjust COH CWP for IDR Refundable Spend, which is manually tracked by Fixed Asset Accounting. The manual adjustments for COH CWP began in April 2017. These items will remain in CWIP as cancelled for 7 years according to our DR agreement with the state of Ohio.

Note M - FERC guidance permits entities to capitalize certain implementation costs associated with cloud computing arrangements whereas under GAAP books these cloud costs are presented as prepaid asset. Due to this difference between GAAP and FERC reporting, management decided to include Cloud implementation balances along with GAAP CWP balance for each of the jurisdictions, when calculating Average CWIP for AFUDC rates. This change was made in during issuance of November 2020 CL. Inclusion of cloud balances resulted in a slight increase of 0.10% and under to AFUDC rates for each

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-006:

Please supply copies of all presentations by the Company's and, if applicable, its parent's management to securities analysts during the past 2 years. This would include presentations of financial projections.

Response:

Columbia Gas of Pennsylvania, Inc. (Company) is a wholly owned subsidiary of NiSource Gas Distribution, Inc. (NGD), which is a subsidiary of NiSource Inc. (Parent). Neither the Company nor NGD have made presentations to securities analysts separate from the Parent.

Presentations made by the Parent from the past 2 years are included in Attachments A – K.

Supplemental Slides Fourth Quarter 2018 Earnings

February 20, 2019



MiSource



Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of federal securities laws. Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. Examples of forward-looking statements in this presentation include statements and expectations regarding NiSource's or any of its subsidiaries' business, performance, growth, commitments, investment opportunities, and planned, identified, infrastructure or utility investments. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially. Factors that could cause actual results to differ materially from the projections, forecasts, estimates, plans, expectations and strategy discussed in this presentation include, among other things, NiSource's debt obligations; any changes in NiSource's credit rating; NiSource's ability to execute its growth strategy; changes in general economic, capital and commodity market conditions; pension funding obligations; economic regulation and the impact of regulatory rate reviews; NiSource's ability to obtain expected financial or regulatory outcomes; NiSource's ability to adapt to, and manage costs related to, advances in technology; any changes in our assumptions regarding the financial implications of the Greater Lawrence Incident; potential incidents and other operating risks associated with our business; our ability to obtain sufficient insurance coverage; the outcome of legal and regulatory proceedings, investigations, inquiries, claims and litigation; any damage to NiSource's reputation, including in connection with the Greater Lawrence Incident; compliance with environmental laws and the costs of associated liabilities; fluctuations in demand from residential and commercial customers; economic conditions of certain industries; the success of NIPSCO's electric generation strategy; the price of energy commodities and related transportation costs; the reliability of customers and suppliers to fulfill their payment and contractual obligations; potential impairments of goodwill or definite-lived intangible assets; changes in taxation and accounting principles; the impact of an aging infrastructure; the impact of climate change; potential cyber-attacks; construction risks and natural gas costs and supply risks; extreme weather conditions; the attraction and retention of a qualified work force; the ability of NiSource's subsidiaries to generate cash; tax liabilities associated with the separation of Columbia Pipeline Group, Inc.; NiSource's ability to manage new initiatives and organizational changes; the performance of third-party suppliers and service providers; and other matters set forth in Item 1A, "Risk Factors" section of NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2018 and in other filings with the Securities and Exchange Commission. A credit rating is not a recommendation to buy, sell or hold securities, and may be subject to revision or withdrawal at any time by the asset rating organization. In addition, dividends are subject to board approval. NiSource expressly disclaims any duty to update, supplement or amend any of its forward-looking statements contained in this presentation, whether as a result of new information, subsequent events or otherwise, except as required by applicable law.

Regulation G Disclosure Statement

This presentation includes financial results and guidance for NiSource with respect to net operating earnings available to common shareholders, which is a non-GAAP financial measure as defined by the SEC's Regulation G. The company includes this measure because management believes it permits investors to view the company's performance using the same tools that management uses and to better evaluate the company's ongoing business performance. With respect to such guidance, it should be noted that there will likely be a difference between this measure and its GAAP equivalent due to various factors, including, but not limited to, fluctuations in weather, the impact of asset sales and impairments, and other items included in GAAP results. NiSource is not able to estimate the impact of such factors on GAAP earnings and, as such, is not providing earnings guidance on a GAAP basis.

Key Takeaways – Year-End 2018

- **Continued focus on gas service restoration in Greater Lawrence, Mass.**
 - Service restored to substantially all customers by mid-December
 - Phase 2 of restoration well underway
- **Extensive efforts to enhance gas system safety, across seven-state footprint**
- **Delivered on a number of key objectives in 2018:**
 - Non-GAAP net operating earnings per share (NOEPS)* of \$1.30 versus \$1.21 in 2017
 - Accelerating implementation of a safety management system (SMS) across the NiSource footprint
 - Repositioning our Indiana electric business, with submission of a long-term plan to transition our generating fleet away from coal to lower-cost renewable energy resources by 2028
 - Executed on \$1.8 billion capital investments, including Greater Lawrence pipeline replacement
 - Adding approximately 27,000 net new gas customers, driven by increased conversions to natural gas from other fuels and a healthy housing market
 - Successfully implementing federal tax reform, with all customers now enjoying savings made possible by lower corporate income tax rates
 - Opened state-of-the-art training centers in Massachusetts and Virginia, enhancing training for gas operations employees and first responders
 - Capital Expenditure Program (CEP) rider approved in Ohio, with new rates in effect
 - Gas rate case settlements approved in Indiana, Maryland and Pennsylvania; new cases filed in Indiana (electric) and Virginia (gas)

2019 NOEPS Guidance Initiated at \$1.27 to \$1.33 Per Share*; CapEx Guidance: \$1.6B to \$1.7B

* Net Operating Earnings Per Share (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's February 20, 2019, Earnings Release

Year-End 2018 Financial Highlights

Non-GAAP*	2018	2017	Change
Net Operating Earnings Available to Common Shareholders (\$M)	\$463.3	\$397.5	\$65.8
Net Operating Earnings Per Share	\$1.30	\$1.21	\$0.09

GAAP	2018	2017	Change
Net Income (Loss) Available to Common Shareholders(\$M)	(\$65.6)	\$128.5	(\$194.1)
Earnings (Loss) Per Share	(\$0.18)	\$0.39	(\$0.57)

2018 GAAP Results Reflect Greater Lawrence Incident

*Net Operating Earnings (non-GAAP). For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's February 20, 2019, Earnings Release and the supplemental segment and financial information accompanying this presentation available on the investor section of www.nisource.com.

Fourth Quarter 2018 Financial Highlights - Consolidated (Non-GAAP)*

(In millions, except per share amounts)	Three Months Ended Dec 31			Twelve Months Ended Dec 31		
	2018	2017	Change	2018	2017	Change
Operating Revenues	\$ 1,453.1	\$ 1,361.4		\$ 5,084.0	\$ 4,904.8	
Cost of Sales (excluding depreciation and amortization)	499.7	456.0		1,759.4	1,518.7	
Net Revenue (Non-GAAP)	\$ 953.4	\$ 905.4		\$ 3,324.6	\$ 3,386.1	
Operation and Maintenance	425.2	418.5		1,519.4	1,578.6	
Depreciation and Amortization	161.8	141.8		599.6	570.3	
Loss on impairment	—	5.5		—	5.5	
Other Taxes	71.7	67.5		274.4	257.2	
Total Operating Expenses	\$ 658.7	\$ 633.3		\$ 2,393.4	\$ 2,411.6	
Operating Earnings (Non-GAAP)	\$ 294.7	\$ 272.1		\$ 931.2	\$ 974.5	
Interest Expense, Net	(88.1)	(92.4)		(353.3)	(353.2)	
Other, Net	(13.5)	(13.2)		18.0	(13.4)	
Total Other Deductions	\$ (101.6)	\$ (105.6)		\$ (335.3)	\$ (366.6)	
Operating Earnings Before Income Tax	\$ 193.1	\$ 166.5		\$ 595.9	\$ 607.9	
Income Taxes	43.1	56.2		117.6	210.4	
Net Operating Earnings (Non-GAAP)	\$ 150.0	\$ 110.3	\$ 39.7	\$ 478.3	\$ 397.5	\$ 80.8
Preferred Dividends	(8.1)	—		(15.0)	—	
Net Operating Earnings Available to Common Shareholders (Non-GAAP)	\$ 141.9	\$ 110.3	\$ 31.6	\$ 463.3	\$ 397.5	\$ 65.8
Basic Average Shares Outstanding	369.4	337.5		356.5	329.4	
Basic Net Operating Earnings Per Share (Non-GAAP)	0.38	0.33	0.05	1.30	1.21	0.09

NOEPS Results In Line with Annual Guidance Range

* Net Operating Earnings Per Share (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's February 20, 2019, Earnings Release

Fourth Quarter 2018 Financial Highlights - Gas Distribution (Non-GAAP)*

(In millions)	Three Months Ended Dec 31			Twelve Months Ended Dec 31		
	2018	2017	Change	2018	2017	Change
Operating Revenues	\$ 1,056.0	\$ 946.4		\$ 3,409.3	\$ 3,127.4	
Cost of Sales (excluding depreciation and amortization)	382.3	343.0		1,257.4	1,005.0	
Net Revenue (Non-GAAP)	\$ 673.7	\$ 603.4		\$ 2,151.9	\$ 2,122.4	
Operation and Maintenance	317.8	297.3		1,081.0	1,074.8	
Depreciation and Amortization	86.0	69.8		301.0	269.3	
Loss on impairment	—	2.8		—	2.8	
Other Taxes	57.5	49.5		204.6	184.1	
Total Operating Expenses	\$ 461.3	\$ 419.4		\$ 1,586.6	\$ 1,531.0	
Operating Earnings (Non-GAAP)	\$ 212.4	\$ 184.0	\$ 28.4	\$ 565.3	\$ 591.4	\$ (26.1)
2018 Net Revenue includes a revenue impact as a result of lower income tax rate from Tax Cuts and Jobs Act (offset in Consolidated Income Taxes)						
			\$ 10.3		\$ 109.7	
Operating Earnings - Excluding Tax Reform Impact (Non-GAAP)			\$ 38.7		\$ 83.6	

Results Driven by Infrastructure Investments and Customer Growth

* Operating Earnings (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see NiSource's February 20, 2019, Earnings Release and the supplemental segment and financial information accompanying this presentation available on the investor section of www.nisource.com.

Fourth Quarter 2018 Financial Highlights - Electric (Non-GAAP)*

(In millions)	Three Months Ended Dec 31			Twelve Months Ended Dec 31		
	2018	2017	Change	2018	2017	Change
Operating Revenues	\$ 400.5	\$ 418.7		\$ 1,687.9	\$ 1,791.4	
Cost of Sales (excluding depreciation and amortization)	117.5	113.0		502.1	513.9	
Net Revenue (Non-GAAP)	\$ 283.0	\$ 305.7		\$ 1,185.8	\$ 1,277.5	
Operation and Maintenance	122.1	143.4		496.7	558.7	
Depreciation and Amortization	66.6	65.8		262.9	277.8	
Loss on impairment	—	1.9		—	1.9	
Other Taxes	11.3	15.1		57.1	59.9	
Total Operating Expenses	\$ 200	\$ 226.2		\$ 816.7	\$ 898.3	
Operating Earnings (Non-GAAP)	\$ 83.0	\$ 79.5	\$ 3.5	\$ 369.1	\$ 379.2	\$ (10.1)
2018 Net Revenue includes a revenue impact as a result of lower income tax rate from Tax Cuts and Jobs Act (offset in Consolidated Income Taxes)						
			\$ 10.2		\$ 49.1	
Operating Earnings - Excluding Tax Reform Impact (Non-GAAP)			\$ 13.7		\$ 39.0	

Results Driven by Infrastructure Investments and Cost Management

* Operating Earnings (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see NiSource's February 20, 2019, Earnings Release and the supplemental segment and financial information accompanying this presentation available on the investor section of www.nisource.com.

NiSource Debt and Credit Profile

- **Current debt level: ~\$9.1B as of December 31, 2018**
 - ~\$7.0B of long-term debt
 - Weighted average maturity ~19 years
 - Weighted average interest rate of 4.6%
- **Solid liquidity position**
 - ~\$1.0B in net available liquidity as of December 31, 2018*
 - ~\$2.2B of committed facilities in place as of December 31, 2018
 - ~\$1.9B revolving credit facility
 - ~\$0.4B accounts receivable securitization facilities **
- **Interest rate hedging position**
 - ~\$500M of anticipated debt issuances hedged as of December 31, 2018
- **Committed to investment-grade credit ratings**
 - S&P BBB+ | Moody's Baa2 | Fitch BBB

Solid Financial Foundation to Support Long-Term Infrastructure Investment Opportunities

* Consisting of cash and available capacity under credit facilities

** Capacity on accounts receivable securitization facilities changes with seasonality

Financing Plan Update

NiSource Financing Plan		
(\$ in Millions)	2018 Actual	2019/2020* Estimated
Equity		
Common Equity Block Issuance	\$606	None Planned
ATM (At-The-Market)	\$239	\$200 - \$300 (Annually)
ESPP/401K/Other	\$41	\$35 - \$60 (Annually)
Long-Term Debt		
Incremental Long-Term Debt	(\$410)	\$0 - \$500 (Annually)
Other Financing		
Non-Convertible Subordinated Debt or Preferred Equity	\$900	TBD

Financing Targets Adj. FFO**/Total Debt of ~14% - 15% in 2019/2020

* Current financing plan may change based on the timing of cash proceeds of insurance recoveries related to the Greater Lawrence Incident

**Adjusted Funds from Operations (FFO); represents Net Income adjusted for depreciation and amortization, loss on early extinguishment of debt and deferred taxes.

Gas Distribution Operations

- Significant progress on regulatory initiatives inclusive of the impacts of federal tax reform across states
- Continuing to execute infrastructure modernization that enhances system safety, reliability and environmental performance

Key Milestones:

Highlight	Key Components	Status
NIPSCO PHMSA Compliance Plan	• Seeks recovery of federally mandated pipeline safety compliance plan • Filing includes \$230M of capital covering 2019-2023	• Filed Dec. 31, 2018 • Order expected 2H2019
Columbia Gas of Virginia Base Rate Case	• Supports continued focus on pipeline safety and replacement of aging infrastructure • Requests \$22.2M total annual revenue increase; \$14.2M, net of infrastructure trackers	• Filed Aug. 28, 2018 • Rates in effect Feb. 1, 2019; subject to refund • Order expected in 2H2019
Columbia Gas of Maryland Base Rate Case	• Supports continued focus on pipeline safety and replacement of aging infrastructure • Settlement includes \$3.8M annual revenue increase; \$2.2M, net of infrastructure trackers	• Filed Apr. 13, 2018 • Settlement filed Jul. 31, 2018 • Settlement approved Nov. 21, 2018 • Rates in effect Nov. 2018
Columbia Gas of Pennsylvania Base Rate Case	• Supports continued focus on pipeline safety and replacement of aging infrastructure • Settlement includes \$26.0M annual revenue increase	• Filed Mar. 16, 2018 • Settlement filed Aug. 31, 2018 • Settlement approved Dec. 6, 2018 • Rates in effect Dec. 2018
Columbia Gas of Ohio Capital Expenditure Program (CEP) Rider	• Establishes annual rider to recover certain capital investments and related deferred expenses not recovered through the IRP tracker • Settlement includes \$74.5M annual revenue increase	• Filed Dec. 1, 2017 • Settlement filed Oct. 25, 2018 • Settlement approved Nov. 28, 2018 • Rider in effect Nov. 29, 2018
NIPSCO Gas Base Rate Case	• Supports continued focus on pipeline safety and replacement of aging infrastructure • First base rate increase request in more than 25 years • Settlement includes ultimate \$107.3M annual revenue increase	• Filed Sept. 27, 2017 • Settlement filed Apr. 20, 2018 • Settlement approved Sept. 19, 2018 • Rates effective Oct. 1, 2018

~\$20B in Identified Long-Term Infrastructure Investment Opportunities

Electric Operations

- Continued execution of seven-year ~\$1.2B electric system modernization program
- Construction continues on environmental upgrades for Michigan City, R.M. Schahfer generating stations

Key Milestones:

Highlight	Key Components	Status
Wind CPCN Filings	• Seeks approval for 20-year PPAs to purchase 100% of the output from the Jordan Creek (400MW*) and Roaming Bison (300MW*) • Seeks approval for BTA for Rosewater (100MW*), a joint venture between NIPSCO and EDP Renewables • All three projects expected to be constructed by the end of 2020	• Filed Feb. 1, 2019 • Order expected in 2Q2019
Electric System Modernization Program	• Focused on electric transmission and distribution investments designed to improve system reliability and safety • TDSIC 5 semi-annual tracker update covering ~\$58.8M in investments from June 2018 - November 2018	• Filed Jan. 29, 2019 • Order expected 2Q2019
Base Rate Case	• Seeks changes to the company's depreciation schedules related to the early retirements of coal-fired generation plants called for in the IRP • Proposes changes to tariffs to provide service flexibility for industrial customers to remain competitive in the global marketplace • Requests \$21.4M annual revenue increase	• Filed Oct. 31, 2018 • Rates in effect Sept. 2019 • Order expected in 3Q2019
Integrated Resource Plan (IRP)	• Outlines NIPSCO's plans for meeting customers' long-term electricity needs • 2018 IRP included plans to retire nearly 80 percent of NIPSCO's coal-fired generation fleet by 2023 and the remaining coal-fired units by 2028 • Replacement options point toward lower-cost renewable energy resources such as wind, solar and battery storage technology • Second all source RFP planned for later in 2019	• Submitted Oct. 31, 2018
Environmental Upgrades	• Address requirements under Effluent Limitation Guidelines (ELG) and Coal Combustion Residuals (CCR) rules • Costs to be recovered through Federally Mandated Cost Adjustment (FMCA) mechanism • Settlement covers CCR-related investments of ~\$193M; ELG-related investments moved to later proceeding	• Filed Nov. 1, 2016 • CCR settlement filed Jun. 9, 2017 • CCR settlement approved Dec. 13, 2017 • Construction underway, expected completion 1Q2019

~\$10B in Identified Long-Term Infrastructure Investment Opportunities

* Represents installed capacity of generation facilities.

Greater Lawrence Event - Update

Event Related Costs and Expenses

- **Pipeline Replacement and Restoration (Total Current Estimate = \$220M - \$230M)** – replacement of the gas distribution system with modern state-of-the-art plastic mains and service lines, and modern safety features such as pressure regulation and excess flow valves at each premise.
- **Third-Party Claims (Total Current Estimate = \$757M - \$790M)** - including emergency response, personal injury, property/infrastructure damage claims ('House Ready' Restoration), temporary housing, claims-related legal fees, etc.
- **Other Expenses (Total Current Estimate = \$330M - \$345M)** - these costs include charitable contributions as well as additional employee, legal, consulting, employee/contractor housing and other incident related expenses

Insurance Policies have a Combined Limit of \$1.1B (Casualty = \$800M, Property = \$300M)*

- **Insurance recoveries recorded during 2018 = \$135M** – expected to significantly increase as claims are filed with insurers

Note: For additional details and notes see Schedule 2 of NiSource's February 20, 2019, Earnings Release

Dedicated NiSource Team to Execute Restoration

*Subject to policy exclusions

Appendix: Fourth Quarter 2018 Earnings

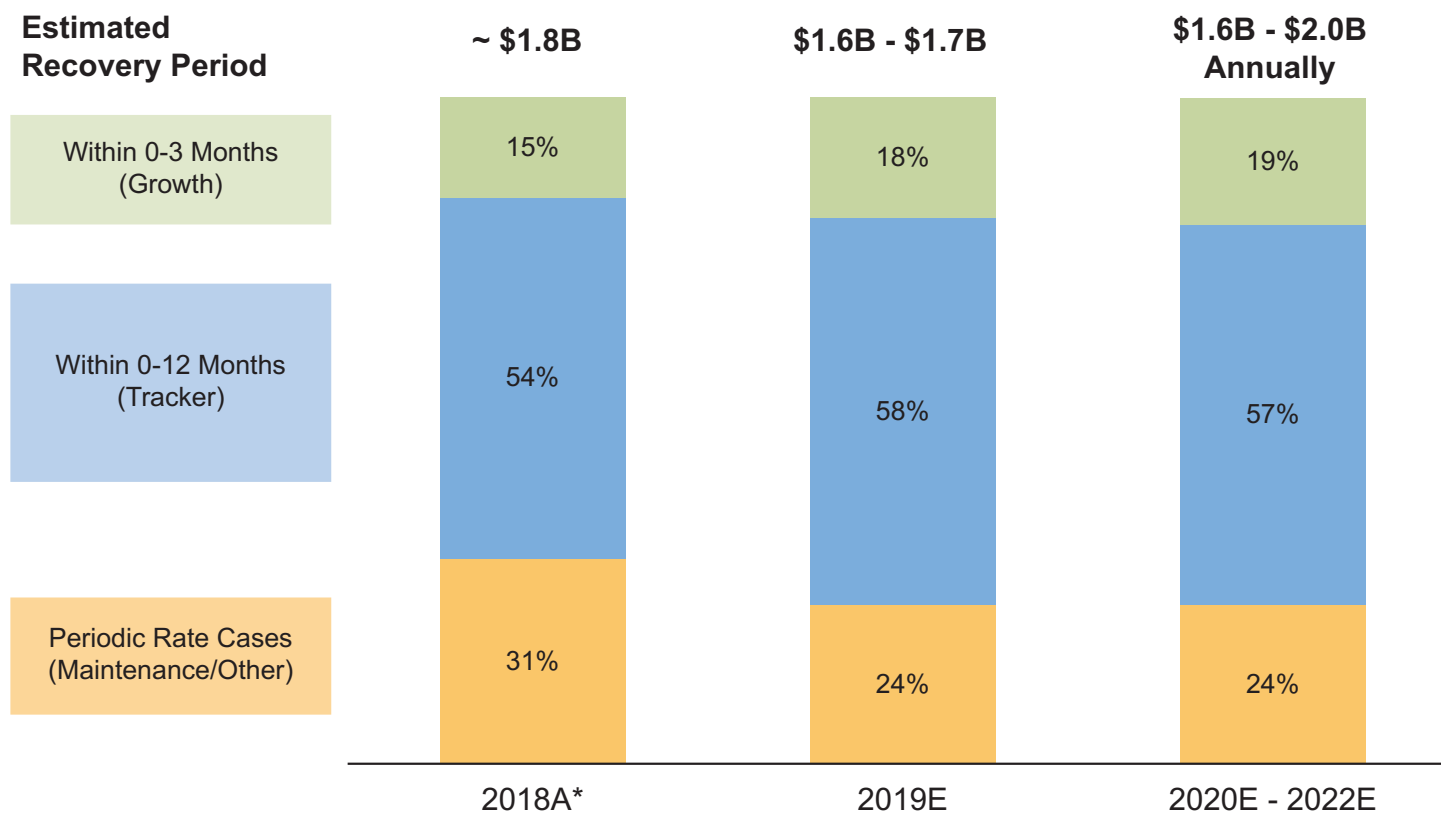


MiSource



Capital Expenditures

Investments Deliver Customer Value, Enhance System Safety and Reliability



~75% of Capital Investments Begin Earning in Less Than 12 Months

* Greater Lawrence distribution system capital included in maintenance for 2018

Liquidity and Debt Detail as of Fourth Quarter 2018 (\$M)

Current Liquidity	Actual 12/31/2018	Maturity
Revolving Credit Facility	\$1,850	Nov. 28, 2021
Accounts Receivable Programs*	399	
Less:		
Drawn on Credit Facility	—	
Commercial Paper	978	
Accounts Receivable Programs Utilized	399	
L/C's Outstanding Under Credit Facility	10	
Add:		
Cash & Equivalents	113	
Net Available Liquidity	\$975	

Debt Detail	Balance	Wtd. Avg. Rate**	Wtd. Avg. Maturity
Long-Term Debt	\$7,030	4.57%	19 years
Commercial Paper	978	2.96%	61 days
A/R Program Borrowings	399	2.79%	1 month
Term Loan	600	3.07%	4.5 months
Capital Leases, Def Cost & Other	126	N/A	N/A
Total Debt	\$9,133		

* Represents the lesser of seasonal limit or maximum borrowings supportable by underlying receivables
 ** Represents coupon or current incremental borrowing rate; does not factor in fees and/or amortization of deferred charges
 N/A = Not Applicable

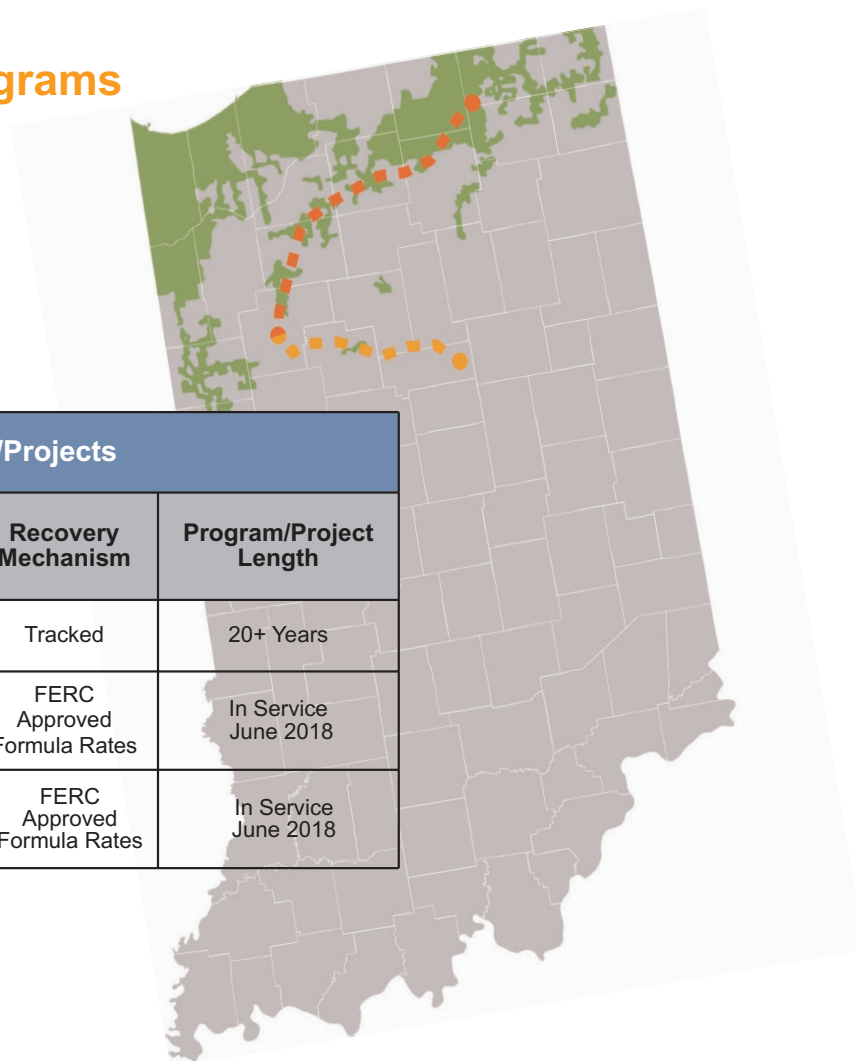
Gas Distribution Operations Infrastructure Programs

Company	Base Case Authorized ROE	Year-End 2018 Rate Base	Total Identified Investments	Modernization Program Investments	Estimated Annual Modernization Program	Recovery Mechanism
Columbia Gas of OH	Not Specified	\$2.8B	~\$5.6B	~\$3.0B	\$230M - \$270M	Tracked
Columbia Gas of PA	Not Specified	\$1.7B	~\$4.3B	~\$3.2B	\$240M - \$290M	Rate Case (Forward Test Year)
NIPSCO Gas	9.85%	\$1.5B	~\$4.9B	~\$3.7B	\$130M - \$190M	Tracked
Columbia Gas of MA	9.55%	\$991M	~\$2.1B	~\$1.0B	\$64M - \$120M	Tracked
Columbia Gas of VA	Not Specified	\$711M	~\$1.8B	~\$500M	\$35M - \$60M	Tracked
Columbia Gas of KY	Not Specified	\$302M	~\$1.1B	~\$850M	\$30M - \$40M	Tracked
Columbia Gas of MD	9.70%	\$127M	~\$210M	~\$130M	\$16M - \$20M	Tracked

Robust Long-Term Investment Programs Deliver Value on \$8.1B Rate Base*

* As of Dec. 31, 2018

Electric Operations Investment Programs



Infrastructure Investment Programs/Projects				
Program/Project	Identified Investments	Estimated Annual Investment	Recovery Mechanism	Program/Project Length
Infrastructure Modernization	~\$4.9B	~\$185M - \$215M	Tracked	20+ Years
Transmission Project I (Reynolds-Topeka)	~\$350M - \$400M	Complete	FERC Approved Formula Rates	In Service June 2018
Transmission Project II – Partnership (Greentown-Reynolds)	~\$350M - \$400M (NI: ~\$175M-\$200M)	Complete	FERC Approved Formula Rates	In Service June 2018

High-Value Investments with \$4.4B Rate Base*

* As of Dec. 31, 2018

Regulatory Update

2018 Rate Case and Program/Project Activity		
Company/Filing	Summary	Timeline
Pending Approval		
NIPSCO Gas - PHMSA Compliance Plan 2	Recovery of Federally Mandated Pipeline Safety Compliance Plan Includes ~\$230M of capital through 2023	Filed: 12/31/2018 Order Expected: 2H2019
NIPSCO Electric - Base Rate Case	Requested Increase: \$21.4M, net of trackers	Filed: 10/31/2018 Order Expected: 3Q2019
Columbia Gas of Virginia - Base Rate Case	Requested Increase: \$14.2M, net of trackers	Filed: 8/28/2018 Order Expected: 2H2019
Complete		
Columbia Gas of Maryland - Base Rate Case	Requested Increase: \$4.6M, net of trackers Settled Increase: \$2.2M, net of trackers	Filed: 4/13/2018 Settlement Filed: 7/31/2018 Settlement Approved: 11/21/2018
Columbia Gas of Pennsylvania - Base Rate Case	Requested Increase: \$46.9M Settled Increase: \$26.0M	Filed: 3/16/2018 Settlement Filed: 8/31/2018 Settlement Approved: 12/6/2018
Columbia Gas of Ohio - Capital Expenditure Program (CEP) Rider	Settled Increase: \$74.5M	Filed: 12/1/2017 Settlement Filed: 10/25/2018 Settlement Approved: 11/28/2018
Columbia Gas of Ohio - Infrastructure Replacement Program	5-Year Plan Extension Filing	Filed: 2/27/2017 Settlement Filed: 8/18/2017 Settlement Approved: 1/31/2018
NIPSCO Gas - PHMSA Compliance Plan 1	Recovery of Federally Mandated Pipeline Safety Compliance Plan Includes \$92M of capital through 2021	Filed: 11/8/2017 Settlement Filed: 4/20/2018 Settlement Approved: 9/19/2018
NIPSCO Gas - Base Rate Case	Requested Increase: \$138.1M, net of trackers Settled Increase: \$107.3M, net of trackers	Filed: 9/27/2017 Settlement Filed: 4/20/2018 Settlement Approved: 9/19/2018
Withdrawn		
Columbia Gas of Massachusetts - Base Rate Case	Requested Increase: \$24.1M, net of trackers	Filed: 4/13/2018 Withdrawn: 9/19/2018

Continued Regulatory Execution Drives Growth and Customer Value

Infrastructure Investment Details

Company	Recovery Mechanism	Incremental Infrastructure Investments		Recovery	
		Investment Period	Investment Amount (\$M)	Filing Date	Effective Date
Columbia Gas of Ohio	Infrastructure Replacement Program (IRP)	FY 2017	\$207.0	Feb 2018	May 2018
		FY 2018	TBD	Expected - Feb 2019	Expected - May 2019
Columbia Gas of Pennsylvania	Distribution System Improvement Charge (DSIC)	Mar 2018 - May 2018	\$31.8	Jun 2018	Jul 2018
		Jun 2018 - Aug 2018	\$55.4	Sept 2018	Oct 2018
Columbia Gas of Virginia	Steps to Advance Virginia's Energy Plan (SAVE)	FY 2018	\$33.3	Aug 2017	Jan 2018
		FY 2019	\$36.0	Aug 2018	Jan 2019
Columbia Gas of Massachusetts	Gas System Enhancement Plan (GSEP)	FY 2018	\$80.0	Oct 2017	May 2018
		FY 2019	\$64.0	Oct 2018	Expected - May 2019
Columbia Gas of Kentucky	Accelerated Main Replacement Program (AMRP)	FY 2018	\$24.0	Oct 2017	Jan 2018
		FY 2019	\$30.1	Oct 2018	Jan 2019
Columbia Gas of Maryland	Strategic Infrastructure Development and Enhancement (STRIDE)	FY 2018	\$20.8	Nov 2017	Jan 2018
		FY 2019	\$19.7	Nov 2018	Jan 2019
NIPSCO – Gas	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 8: Jul 2017 – Dec 2017	\$54.0	Feb 2018	Sept 2018
		TDSIC 9: Jan 2018 – Jun 2018	\$54.4	Aug 2018	Jan 2019
NIPSCO – Electric	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 4: Dec 2017 – May 2018	\$72.2	Jul 2018	Dec 2018
		TDSIC 5: Jun 2018 – Nov 2018	\$58.8	Jan 2019	Expected - Jun 2019

Supplemental Slides First Quarter 2019 Earnings

May 1, 2019



Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of federal securities laws. Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. Examples of forward-looking statements in this presentation include statements and expectations regarding NiSource's or any of its subsidiaries' business, performance, growth, commitments, investment opportunities, and planned, identified, infrastructure or utility investments. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially. Factors that could cause actual results to differ materially from the projections, forecasts, estimates, plans, expectations and strategy discussed in this presentation include, among other things, NiSource's debt obligations; any changes in NiSource's credit rating; NiSource's ability to execute its growth strategy; changes in general economic, capital and commodity market conditions; pension funding obligations; economic regulation and the impact of regulatory rate reviews; NiSource's ability to obtain expected financial or regulatory outcomes; NiSource's ability to adapt to, and manage costs related to, advances in technology; any changes in our assumptions regarding the financial implications of the Greater Lawrence Incident; potential incidents and other operating risks associated with our business; our ability to obtain sufficient insurance coverage; the outcome of legal and regulatory proceedings, investigations, inquiries, claims and litigation; any damage to NiSource's reputation, including in connection with the Greater Lawrence Incident; compliance with environmental laws and the costs of associated liabilities; fluctuations in demand from residential and commercial customers; economic conditions of certain industries; the success of NIPSCO's electric generation strategy; the price of energy commodities and related transportation costs; the reliability of customers and suppliers to fulfill their payment and contractual obligations; potential impairments of goodwill or definite-lived intangible assets; changes in taxation and accounting principles; the impact of an aging infrastructure; the impact of climate change; potential cyber-attacks; construction risks and natural gas costs and supply risks; extreme weather conditions; the attraction and retention of a qualified work force; the ability of NiSource's subsidiaries to generate cash; tax liabilities associated with the separation of Columbia Pipeline Group, Inc.; NiSource's ability to manage new initiatives and organizational changes; the performance of third-party suppliers and service providers; and other matters set forth in Item 1A, "Risk Factors" section of NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2018 and in other filings with the Securities and Exchange Commission. A credit rating is not a recommendation to buy, sell or hold securities, and may be subject to revision or withdrawal at any time by the asset rating organization. In addition, dividends are subject to board approval. NiSource expressly disclaims any duty to update, supplement or amend any of its forward-looking statements contained in this presentation, whether as a result of new information, subsequent events or otherwise, except as required by applicable law.

Regulation G Disclosure Statement

This presentation includes financial results and guidance for NiSource with respect to net operating earnings available to common shareholders, which is a non-GAAP financial measure as defined by the SEC's Regulation G. The company includes this measure because management believes it permits investors to view the company's performance using the same tools that management uses and to better evaluate the company's ongoing business performance. With respect to such guidance, it should be noted that there will likely be a difference between this measure and its GAAP equivalent due to various factors, including, but not limited to, fluctuations in weather, the impact of asset sales and impairments, and other items included in GAAP results. NiSource is not able to estimate the impact of such factors on GAAP earnings and, as such, is not providing earnings guidance on a GAAP basis.

Key Takeaways – First Quarter 2019

- **Results in line with guidance range**
 - Net operating earnings per share (NOEPS*) of \$0.82 versus \$0.77 in 2018
 - NOEPS, dividend expected to grow 5 to 7 percent annually from 2019 through 2022
- **Gas system safety enhancements advance; continued execution on regulatory initiatives**
 - Accelerated SMS implementation moving forward
 - Independent Quality Review Board appointed, chaired by former DOT Secretary
 - Unanimous settlement filed in Virginia gas base rate case
 - IRP tracker update approved, CEP tracker update pending in Ohio
 - 2019 GSEP order received in Massachusetts
- **Electric base rate case partial settlement filed; Generation strategy moves forward**
 - Rate case agreement with key parties addresses revenue requirement, depreciation schedules related to early retirement of coal plants
 - Wind farm filings pending before IURC
- **Restoration, customer support efforts continue in Merrimack Valley**
 - Dedicated team in place to support customer needs, including claims processing, equipment repair support and property restoration
 - Heating equipment replacement work underway

2019 NOEPS Guidance: \$1.27 to \$1.33 Per Share*; CapEx Guidance: \$1.6B to \$1.7B

* Net Operating Earnings Per Share (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's May 1, 2019, Earnings Release

First Quarter 2019 Financial Highlights

Non-GAAP*	2019	2018	Change
Net Operating Earnings Available to Common Shareholders (\$M)	\$307.7	\$259.7	\$48.0
Net Operating Earnings Per Share	\$0.82	\$0.77	\$0.05

GAAP	2019	2018	Change
Net Income Available to Common Shareholders (\$M)	\$205.1	\$276.1	(\$71.0)
Earnings Per Share	\$0.55	\$0.82	(\$0.27)

Non-GAAP Results in Line with Annual Guidance Range

*Net Operating Earnings (non-GAAP). For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's May 1, 2019, Earnings Release and the supplemental segment and financial information accompanying this presentation available on the investor section of www.nisource.com.

NiSource Debt and Credit Profile

- **Current debt level: ~\$9.2B as of March 31, 2019**
 - ~\$7.0B of long-term debt
 - Weighted average maturity ~18 years
 - Weighted average interest rate of 4.6%
- **Solid liquidity position**
 - ~\$1.0B in net available liquidity as of March 31, 2019*
 - ~\$2.4B of committed facilities in place as of March 31, 2019
 - ~\$1.9B revolving credit facility
 - ~\$0.5B accounts receivable securitization facilities **
- **Interest rate hedging position**
 - ~\$500M of anticipated debt issuances hedged as of March 31, 2019
- **Committed to investment-grade credit ratings**
 - S&P BBB+ | Moody's Baa2 | Fitch BBB

Solid Financial Foundation to Support Long-Term Infrastructure Investment Opportunities

* Consisting of cash and available capacity under credit facilities

** Capacity on accounts receivable securitization facilities changes with seasonality

Financing Plan Update

NiSource Current Financing Plan		
(\$ in Millions)	2018 Actual	2019/2020* Estimated
Equity		
Common Equity Block Issuance	\$606	None Planned
ATM (At-The-Market)	\$239	\$200 - \$300 (Annually)
ESPP/401K/Other	\$41	\$35 - \$60 (Annually)
Long-Term Debt		
Incremental Long-Term Debt	(\$410)	\$0 - \$500 (Annually)
Other Financing		
Non-Convertible Subordinated Debt or Preferred Equity	\$900	TBD

Financing Targets Adj. FFO**/Total Debt of ~14% - 15% in 2019/2020

* Current financing plan may change based on business developments including the timing of cash proceeds of insurance recoveries related to the Greater Lawrence Incident

**Adjusted Funds from Operations (FFO); represents Net Income adjusted for depreciation and amortization, loss on early extinguishment of debt and deferred taxes.

Gas Distribution Operations

- Regulatory initiatives advancing in several states
- Continuing to execute infrastructure modernization that enhances system safety, reliability and environmental performance

Key Milestones:

<u>Highlight</u>	<u>Key Components</u>	<u>Status</u>
Columbia Gas of Ohio IRP Annual Rider Update	• Supports continued infrastructure replacement investments • Filing includes \$199.6M of capital investments made in 2018	• Filed Feb. 28, 2019 • Order received April 24, 2019 • New rates effective May 1, 2019
Columbia Gas of Ohio Capital Expenditure Program (CEP) Annual Rider Update	• Recovery of certain capital investments and related deferred expenses not recovered through the IRP tracker • Filing includes \$122.1M of capital investments made in 2018	• Filed Feb. 28, 2019 • Order expected Aug. 2019 • New rates effective Sept 2019
NIPSCO PHMSA Compliance Plan	• Seeks recovery of federally mandated pipeline safety compliance plan • Filing includes \$230M of capital covering 2019-2023	• Filed Dec. 31, 2018 • Order expected 2H2019
Columbia Gas of Massachusetts Gas System Enhancement Plan (GSEP)	• Priority pipe replacement program • Filing includes \$64M of capital investments to be made during 2019	• Filed Oct. 31, 2018 • Order received: April 30, 2019 • New rates effective May 2019
Columbia Gas of Virginia Base Rate Case	• Supports continued focus on pipeline safety and replacement of aging infrastructure • Unanimous settlement includes \$9.5M annual revenue increase; \$1.3M, net of infrastructure trackers	• Filed Aug. 28, 2018 • Rates in effect Feb. 1, 2019; subject to refund • Settlement filed: April 19, 2019 • Order expected in 2H2019

~\$20B in Identified Long-Term Infrastructure Investment Opportunities

Electric Operations

- Continued execution of seven-year ~\$1.2B electric system modernization program
- Partial settlement filed in base rate case; Wind project applications pending before IURC

Key Milestones:

Highlight	Key Components	Status
Wind CPCN Filings	• Seeks approval for 20-year PPAs to purchase 100% of the output from the Jordan Creek (400MW*) and Roaming Bison (300MW*) • Seeks approval for BTA for Rosewater (100MW*), a joint venture between NIPSCO and EDP Renewables • All three projects expected to be constructed by the end of 2020	• Filed Feb. 1, 2019 • Order expected in 3Q2019
Electric System Modernization Program	• Focused on electric transmission and distribution investments designed to improve system reliability and safety • TDSIC 5 semi-annual tracker update covering \$58.8M in investments from June 2018 - November 2018	• Filed Jan. 29, 2019 • Order expected 2Q2019
Base Rate Case	• Seeks changes to the company's depreciation schedules related to the early retirements of coal-fired generation plants called for in the IRP • Proposes changes to tariffs to provide service flexibility for industrial customers to remain competitive in the global marketplace • Partial settlement that addresses revenue requirement, federal tax reform and depreciation schedules and allows for 9.9% ROE	• Filed Oct. 31, 2018 • Partial settlement filed: April 26, 2019 • Order expected in 2H2019
Integrated Resource Plan (IRP)	• Outlines NIPSCO's plans for meeting customers' long-term electricity needs • 2018 IRP included plans to retire nearly 80 percent of NIPSCO's coal-fired generation fleet by 2023 and the remaining coal-fired units by 2028 • Replacement options point toward lower-cost renewable energy resources such as wind, solar and battery storage technology • Second round of RFPs planned for later in 2019	• Submitted Oct. 31, 2018
Environmental Upgrades	• Address requirements under Effluent Limitation Guidelines (ELG) and Coal Combustion Residuals (CCR) rules • Costs to be recovered through Federally Mandated Cost Adjustment (FMCA) mechanism • Settlement covers CCR-related investments of ~\$193M; ELG-related investments moved to later proceeding	• Filed Nov. 1, 2016 • CCR settlement filed Jun. 9, 2017 • CCR settlement approved Dec. 13, 2017 • Construction substantially complete 1Q2019

~\$10B in Identified Long-Term Infrastructure Investment Opportunities

* Represents installed capacity of generation facilities.

Safety Management System (SMS)

What is a Safety Management System (SMS)?

- An advanced, comprehensive approach to safety that enhances operational risk management
- Aligned with a framework developed for pipeline operators by the American Petroleum Institute
- Focused on proactive (vs. reactive) risk identification/mitigation, stakeholder communication, effective operation of key processes, promoting a learning environment and continuous improvement
- Enhanced rigor around planning, prioritizing and executing work and supports risk-informed investment decisions
- Accelerated implementation underway across all seven states

Independent Quality Review Board (QRB) established to provide oversight and governance over the SMS implementation

- Former U.S. Secretary of Transportation Ray LaHood serves as chair
- Four other members with diverse backgrounds in pipeline, aviation and nuclear energy industries
- QRB meeting regularly with NiSource SMS teams to evaluate the rigor and quality of workstream activities
- Reporting feedback to NiSource leadership

Accelerated timing of comprehensive operational risk assessments:

- Conducting initial assessment across all asset families; Include low-probability, high-consequence risks
- Driving assessment at enterprise level, coordinating with state operating companies
- Assessing safety culture
- Integrating a Probabilistic Risk Assessment to identify/mitigate high consequence risks
- Expanding safety/risk assessments to customer-owned facilities

SMS is Transformative for NiSource

Greater Lawrence Event - March 31, 2019 Update

Event Related Costs and Expenses

- **Pipeline Replacement and Restoration (Total Current Estimate = \$240M - \$250M)** – replacement of the gas distribution system with modern state-of-the-art plastic mains and service lines, and modern safety features such as pressure regulation and excess flow valves at each premise, and paving and property restoration
- **Third-Party Claims (Total Current Estimate = \$961M - \$1,010M)** - including emergency response, personal injury, property/infrastructure damage claims, temporary housing, claims-related legal fees, etc.
- **Other Expenses (Total Current Estimate = \$360M - \$370M)** - these costs include charitable contributions as well as additional employee, legal, consulting, employee/contractor housing and other incident-related expenses

Insurance Policies have a Combined Limit of \$1.1B (Casualty = \$800M, Property = \$300M)*

- **Casualty Insurance recoveries recorded through 1Q2019 = \$235M** – expected to significantly increase as claims are filed with insurers
- **Property Insurance recoveries** - notice has been provided to property insurer and discussions around the claim and recovery have commenced

Phase 2 Well Underway

- Senior leadership/management team in place to support customer needs, appliance replacement, property restoration and equipment repair support

Note: Estimates exclude fines, penalties and potential costs that are not presently estimable. For additional details and notes see Schedule 2 of NiSource's May 1, 2019, Earnings Release

Dedicated NiSource Team Executing Restoration

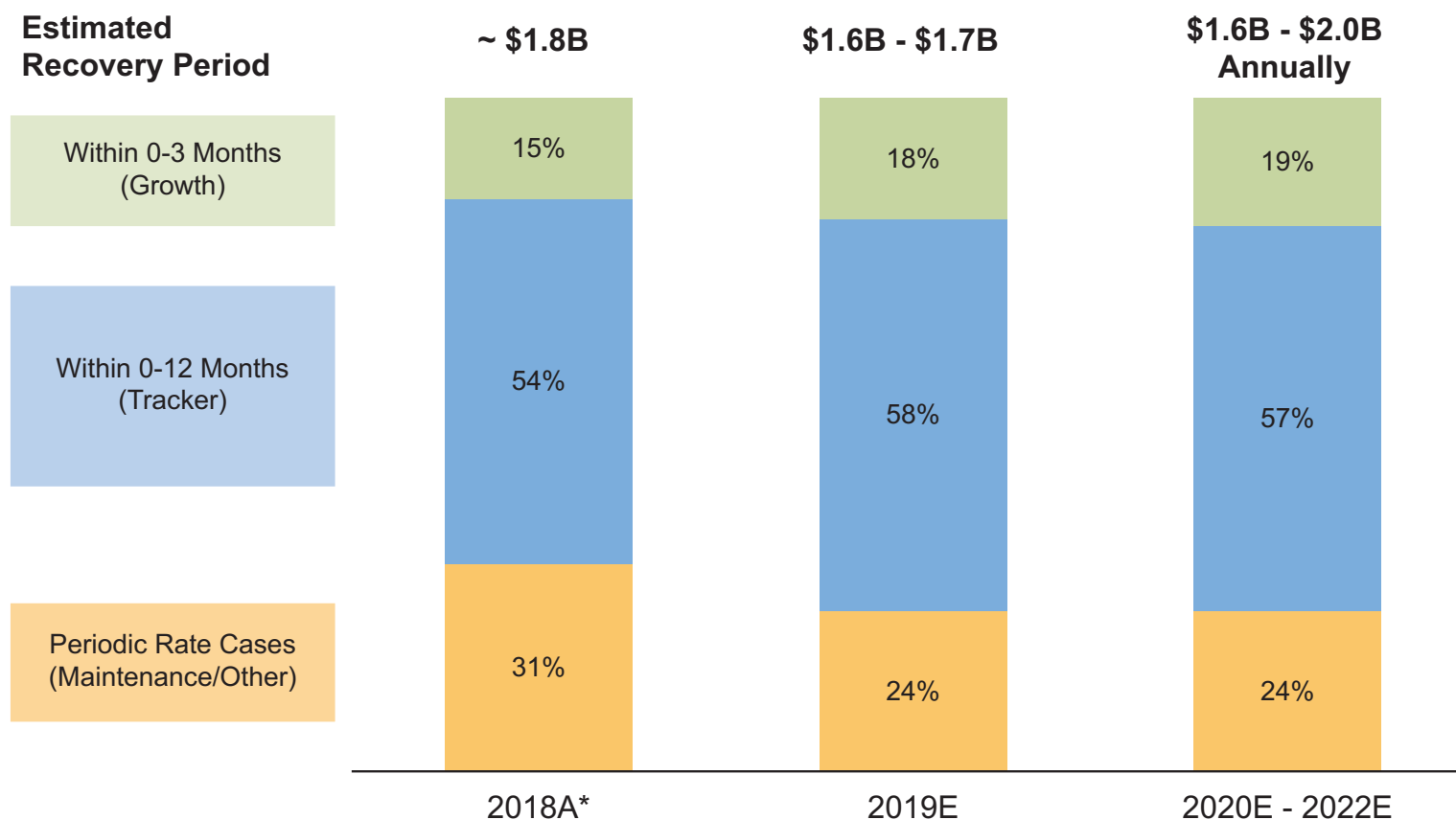
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Drawn on Credit Facility	—	
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Accounts Receivable Programs Utilized	500	
L/C's Outstanding Under Credit Facility	10	
Add:		
Cash & Equivalents	151	
Net Available Liquidity	\$1,011	

Debt Detail	Balance	Wtd. Avg. Rate**	Wtd. Avg. Maturity
Long-Term Debt	\$6,963	4.57%	18 years
Commercial Paper	980	2.90%	40.2 days
A/R Program Borrowings	500	2.81%	1 month
Term Loan	600	3.00%	0.5 months
Capital Leases, Def Cost & Other	199	N/A	N/A
Total Debt	\$9,242		

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** Represents coupon or current incremental borrowing rate; does not factor in fees and/or amortization of deferred charges

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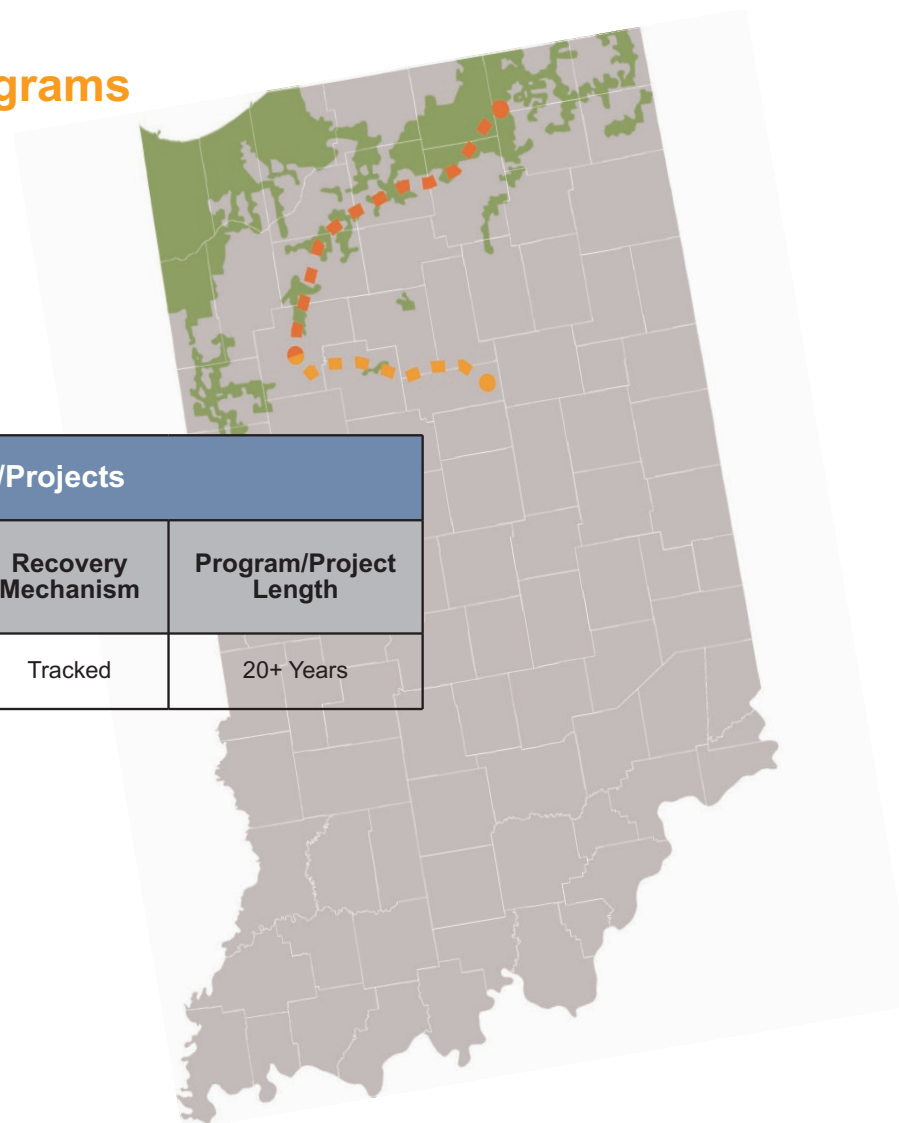
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Columbia Gas of KY	Not Specified	\$302M	~\$1.1B	~\$850M	\$30M - \$40M	Tracked
Columbia Gas of MD	9.70%	\$127M	~\$210M	~\$130M	\$16M - \$20M	Tracked

Robust Long-Term Investment Programs Deliver Value on \$8.1B Rate Base*

* As of Dec. 31, 2018

Electric Operations Investment Programs



Infrastructure Investment Programs/Projects				
Program/Project	Identified Investments	Estimated Annual Investment	Recovery Mechanism	Program/Project Length
Infrastructure Modernization	~\$4.9B	~\$185M - \$215M	Tracked	20+ Years

High-Value Investments with \$4.4B Rate Base*

* As of Dec. 31, 2018

Regulatory Update

2019 Rate Case and Program/Project Activity		
Company/Filing	Summary	Timeline
Pending Approval		
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NIPSCO Gas - PHMSA Compliance Plan 2	Recovery of Federally Mandated Pipeline Safety Compliance Plan Includes ~\$230M of capital through 2023	Filed: 12/31/2018 Order Expected: 2H2019
NIPSCO Electric - Base Rate Case	Partial settlement that addresses revenue requirement, federal tax reform and depreciation schedules and allows for 9.9% ROE	Filed: 10/31/2018 Partial Settlement filed: 4/26/19 Order Expected: 2H2019
Columbia Gas of Virginia - Base Rate Case	Requested Increase: \$14.2M, net of trackers Settled Increase: \$1.3M, net of trackers	Filed: 8/28/2018 Settlement Filed: 4/19/2019 Order Expected: 2H2019

Continued Regulatory Execution Drives Growth and Customer Value

Infrastructure Investment and Tracker Filing Details

Company	Recovery Mechanism	Incremental Investments		Recovery	
		Investment Period	Investment Amount (\$M)	Filing Date	Effective Date
Columbia Gas of Ohio	Infrastructure Replacement Program (IRP)	FY 2017	\$207.3	Feb 2018	May 2018
		FY 2018	\$199.6	Feb 2019	May 2019
Columbia Gas of Ohio	Capital Expenditure Program (CEP)	FY 2018	\$122.1	Feb 2019	Expected - Sept 2019
Columbia Gas of Pennsylvania	Base Rate Case with Fully Forecasted Test Year	FY 2019	\$239.1	Mar 2018	Dec 2018
Columbia Gas of Virginia	Steps to Advance Virginia's Energy Plan (SAVE)	FY 2018	\$33.3	Aug 2017	Jan 2018
		FY 2019	\$36.0	Aug 2018	Jan 2019
Columbia Gas of Massachusetts	Gas System Enhancement Plan (GSEP)	FY 2018	\$80.0	Oct 2017	May 2018
		FY 2019	\$64.0	Oct 2018	May 2019
Columbia Gas of Kentucky	Accelerated Main Replacement Program (AMRP)	FY 2018	\$24.0	Oct 2017	Jan 2018
		FY 2019	\$30.1	Oct 2018	Jan 2019
Columbia Gas of Maryland	Strategic Infrastructure Development and Enhancement (STRIDE)	FY 2018	\$20.8	Nov 2017	Jan 2018
		FY 2019	\$15.9	Nov 2018	Jan 2019
NIPSCO – Gas	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 8: Jul 2017 – Dec 2017	\$54.0	Feb 2018	Sept 2018
		TDSIC 9: Jan 2018 – Jun 2018	\$54.4	Aug 2018	Jan 2019
NIPSCO – Electric	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 4: Dec 2017 – May 2018	\$72.2	Jul 2018	Dec 2018
		TDSIC 5: Jun 2018 – Nov 2018	\$58.8	Jan 2019	Expected - Jun 2019

Supplemental Slides Second Quarter 2019 Earnings

July 31, 2019



Forward-Looking Statements

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Key Takeaways – Second Quarter 2019

- **Results in line with guidance range**
 - Net operating earnings per share (NOEPS*) of \$0.05 versus \$0.07 in 2Q2018
 - 2019 capital investments reaffirmed at \$1.6 to \$1.7 billion
 - 2019 NOEPS guidance range of \$1.27 to \$1.33 reaffirmed
 - NOEPS, dividend expected to grow 5 to 7 percent annually from 2019 through 2022
- **Gas system safety enhancements advance; continued execution on regulatory initiatives**
 - Accelerated SMS implementation well underway with enhanced risk management tools introduced in each state
 - Gas base rate case filed in Maryland; settlement approved in Virginia base rate case
 - CEP tracker update pending in Ohio
- **Electric base rate case continues; Generation strategy moves forward**
 - Base rate case hearing underway; order expected in fourth quarter
 - Wind project PPAs approved; wind joint venture agreement pending before IURC
- **Restoration, customer support efforts continue in Merrimack Valley**
 - Heating equipment replacement work nearing completion
 - Settlements reached with class action plaintiffs, municipalities; Municipal settlement addresses road repair, public property restoration and municipal claims

2019 NOEPS Guidance: \$1.27 to \$1.33 Per Share*; CapEx Guidance: \$1.6B to \$1.7B

* Net Operating Earnings Per Share (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's July 31, 2019, Earnings Release

Second Quarter 2019 Financial Highlights

Non-GAAP*	2019	2018	Change
Net Operating Earnings Available to Common Shareholders (\$M)	\$19.1	\$26.4	(\$7.3)
Net Operating Earnings Per Share	\$0.05	\$0.07	(\$0.02)

GAAP	2019	2018	Change
Net Income Available to Common Shareholders (\$M)	\$283.1	\$23.2	\$259.9
Earnings Per Share	\$0.76	\$0.07	\$0.69

Non-GAAP Results in Line with Annual Guidance Range

*Net Operating Earnings (non-GAAP). For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's July 31, 2019, Earnings Release and the supplemental segment and financial information accompanying this presentation available on the investor section of www.nisource.com.

NiSource Debt and Credit Profile

- **Current debt level: ~\$9.2B as of June 30, 2019**
 - ~\$6.9B of long-term debt
 - Weighted average maturity ~18 years
 - Weighted average interest rate of 4.6%
- **Solid liquidity position**
 - ~\$1.0B in net available liquidity as of June 30, 2019*
 - ~\$2.2B of committed facilities in place as of June 30, 2019
 - ~\$1.9B revolving credit facility
 - ~\$0.3B accounts receivable securitization facilities **
- **Interest rate hedging position**
 - ~\$500M of anticipated debt issuances hedged as of June 30, 2019
- **Committed to investment-grade credit ratings**
 - S&P BBB+ | Moody's Baa2 | Fitch BBB

Solid Financial Foundation to Support Long-Term Infrastructure Investment Opportunities

* Consisting of cash and available capacity under credit facilities

** Capacity on accounts receivable securitization facilities changes with seasonality

Financing Plan Update

NiSource Current Financing Plan		
(\$ in Millions)	2018 Actual	2019/2020* Estimated
Equity		
Common Equity Block Issuance	\$606	None Planned
ATM (At-The-Market)	\$239	\$200 - \$300 (Annually)
ESPP/401K/Other	\$41	\$35 - \$60 (Annually)
Long-Term Debt		
Incremental Long-Term Debt	(\$410)	~\$500 (Annually)
Other Financing		
Non-Convertible Subordinated Debt or Preferred Equity	\$900	TBD

Financing Targets Adj. FFO**/Total Debt of ~14% - 15% Long-Term

* Current financing plan may change based on business developments including the timing of cash proceeds of insurance recoveries related to the Greater Lawrence Incident

**Adjusted Funds from Operations (FFO); represents Net Income adjusted for depreciation and amortization, loss on early extinguishment of debt and deferred taxes.

Gas Distribution Operations

- Regulatory initiatives advancing in several states
- Continuing to execute infrastructure modernization that enhances system safety, reliability and environmental performance

Key Milestones:

Highlight	Key Components	Status
Columbia Gas of Maryland Base Rate Case	• Supports continued replacement of aging pipelines and adoption of pipeline safety upgrades • Requests \$3.7M total annual revenue increase; \$2.5M, net of infrastructure trackers	• Filed May 22, 2019 • Order expected 4Q2019 • New rates expected to be effective Jan. 2020
Columbia Gas of Ohio Capital Expenditure Program (CEP) Annual Rider Update	• Recovery of certain capital investments and related deferred expenses not recovered through the IRP tracker • Filing includes \$122.1M of capital investments made in 2018	• Filed Feb. 28, 2019 • Order expected Aug. 2019 • New rates expected to be effective Sept. 2019
NIPSCO PHMSA Compliance Plan	• Seeks recovery of federally mandated pipeline safety compliance plan • Filing includes ~\$230M of capital covering 2019-2023	• Filed Dec. 31, 2018 • Order expected 2H2019
Columbia Gas of Virginia Base Rate Case	• Supports continued focus on pipeline safety and replacement of aging infrastructure • Unanimous settlement includes \$9.5M annual revenue increase; \$1.3M, net of infrastructure trackers	• Filed Aug. 28, 2018 • Settlement filed: April 19, 2019 • Order received June 12, 2019 • Final rates effective July 2019

~\$20B in Identified Long-Term Infrastructure Investment Opportunities

Electric Operations

- Continued execution of seven-year ~\$1.2B electric system modernization program
- Hearing underway in base rate case; Wind project PPAs approved by IURC

Key Milestones:

Highlight	Key Components	Status
Wind CPCN Filings	• 20-year PPAs approved to purchase 100% of the output from the Jordan Creek (400MW*) and Roaming Bison (300MW*) projects • BTA (Build-Transfer Agreement) application pending for Rosewater (100MW*), a joint venture between NIPSCO and EDP Renewables • Jordan Creek, Rosewater expected to be in service by the end of 2020 • Roaming Bison expected to be in service in 2021	• Filed Feb. 1, 2019 • PPAs approved June 5, 2019 • BTA order expected in 3Q2019
Electric System Modernization Program	• Focused on electric transmission and distribution investments designed to improve system reliability and safety • TDSIC 5 semi-annual tracker update covering \$58.8M in investments from June 2018 - November 2018	• Filed Jan. 29, 2019 • Order received June 12, 2019 • Rates effective June 2019
Base Rate Case	• Seeks changes to the company's depreciation schedules related to the early retirements of coal-fired generation plants called for in the IRP • Proposes changes to tariffs to provide service flexibility for industrial customers to remain competitive in the global marketplace • Partial settlement that addresses revenue requirement, federal tax reform and depreciation schedules and allows for 9.9% ROE	• Filed Oct. 31, 2018 • Partial settlement filed: April 26, 2019 • Hearing began July 25, 2019 • Order expected in 4Q2019 • New rates expected to be effective 1Q2020
Integrated Resource Plan (IRP)	• Outlines NIPSCO's plans for meeting customers' long-term electricity needs • 2018 IRP included plans to retire nearly 80 percent of NIPSCO's coal-fired generation fleet by 2023 and the remaining coal-fired units by 2028 • Replacement options point toward lower-cost renewable energy resources such as wind, solar and battery storage technology • Second round of RFPs planned for fourth quarter 2019	• Submitted Oct. 31, 2018

~\$10B in Identified Long-Term Infrastructure Investment Opportunities

* Represents installed capacity of generation facilities.

Safety Management System (SMS)

What is a Safety Management System (SMS)?

- An advanced, comprehensive approach to managing safety that enhances operational risk management
- Aligned with a framework developed for pipeline operators by the American Petroleum Institute
- Focused on proactive risk identification and mitigation, stakeholder communication, effective operation of key processes, promoting a learning environment and continuous improvement
- Rigorous planning, prioritization and execution of work, supports risk-informed investment decisions

Independent Quality Review Board (QRB) established to provide oversight and guidance over the SMS implementation

- Former U.S. Secretary of Transportation Ray LaHood serves as chair
- Five other members with diverse backgrounds in pipeline, aviation and nuclear energy industries
- QRB meeting regularly with NiSource SMS teams to evaluate the rigor and quality of workstream activities
- Reporting feedback to NiSource executive leadership

Accelerated timing of comprehensive operational risk assessments:

- Conducting initial assessment across all asset families
- Driving assessment at enterprise level, coordinating with state operating companies
- Assessing safety culture
- Integrating a Probabilistic Risk Assessment to identify and mitigate high consequence risks
- Expanding safety and risk assessments to customer-owned facilities

Accelerated Implementation Underway Across All Seven States

Greater Lawrence Event Costs and Insurance Update - June 30, 2019

Event Related Costs and Expenses

- **Pipeline Replacement and Restoration (Total Current Estimate = \$250M - \$260M)** – replacement of the gas distribution system with modern state-of-the-art plastic mains and service lines, and modern safety features such as pressure regulation and excess flow valves at each premise, and paving and property restoration
- **Third-Party Claims (Total Current Estimate = \$994M - \$1,020M)** - including emergency response, personal injury, property/infrastructure damage claims, temporary housing, claims-related legal fees, etc.
- **Other Expenses (Total Current Estimate = \$430M - \$440M)** - these costs include charitable contributions as well as additional employee, legal, consulting, employee/contractor housing, insurance-related loss surcharges and other incident-related expenses

Insurance Policies Have a Combined Limit of \$1.1B (Casualty = \$800M, Property = \$300M)*

- **Casualty Insurance recoveries recorded through 2Q2019 = \$670M** – expected to increase as claims are processed
- **Property Insurance recoveries** - a claim has been filed with the property insurer and discussions around the claim and recovery have commenced

Note: Estimates exclude potential fines and penalties. For additional details and notes see Schedule 2 of NiSource's July 31, 2019, Earnings Release

Dedicated NiSource Team Executing Restoration

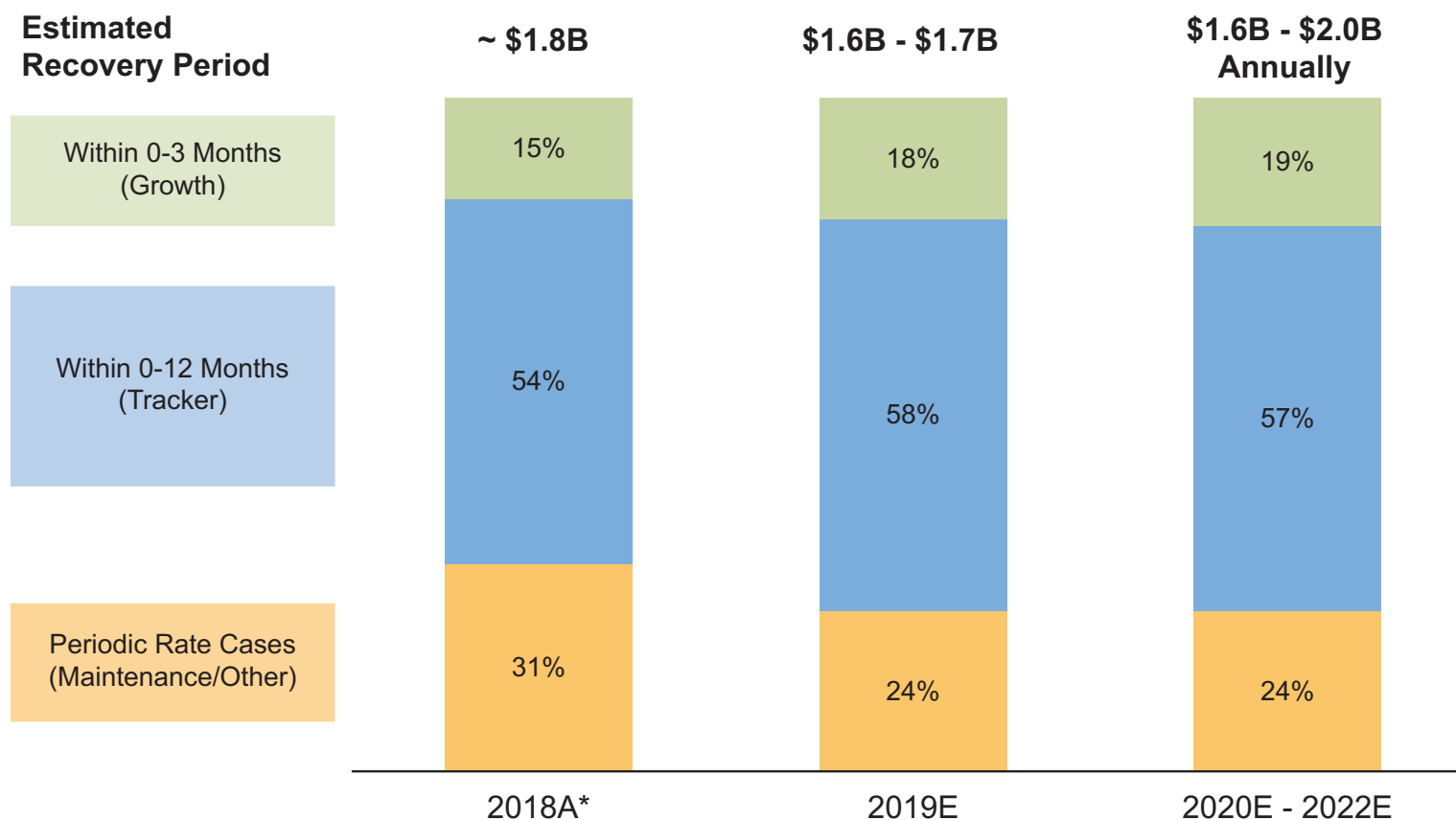
*Combined limits in effect as of Sept. 13, 2018. Subject to policy exclusions

Appendix: Second Quarter 2019 Earnings



Capital Expenditures

Investments Deliver Customer Value, Enhance System Safety and Reliability



~75% of Capital Investments Begin Earning in Less Than 12 Months

* Greater Lawrence distribution system capital included in maintenance for 2018

Liquidity and Debt Detail as of Second Quarter 2019 (\$M)

Current Liquidity	Actual 6/30/2019	Maturity
Revolving Credit Facility	\$1,850	Feb. 20, 2024
Accounts Receivable Programs*	320	
Less:		
Drawn on Credit Facility	—	
Commercial Paper	911	
Accounts Receivable Programs Utilized	320	
L/C's Outstanding Under Credit Facility	10	
Add:		
Cash & Equivalents	24	
Net Available Liquidity	\$953	

Debt Detail	Balance	Wtd. Avg. Rate**	Wtd. Avg. Maturity
Long-Term Debt	\$6,923	4.56%	18 years
Commercial Paper	911	2.81%	55 days
A/R Program Borrowings	320	2.69%	1 month
Term Loan	850	3.01%	9.5 months
Capital Leases, Def Cost & Other	198	N/A	N/A
Total Debt	\$9,202		

* Represents the lesser of seasonal limit or maximum borrowings supportable by underlying receivables

** Represents coupon or current incremental borrowing rate; does not factor in fees and/or amortization of deferred charges

N/A = Not Applicable

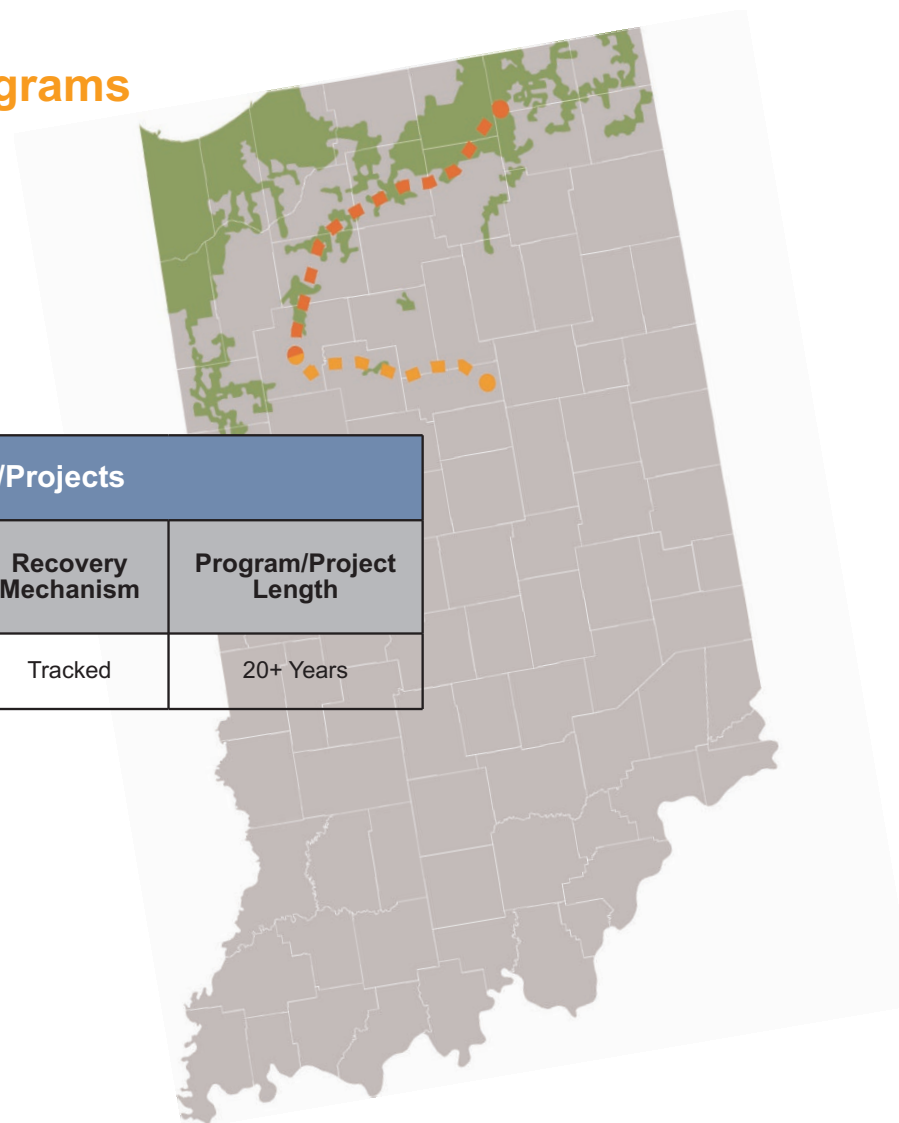
Gas Distribution Operations Infrastructure Programs

Company	Base Case Authorized ROE	Year-End 2018 Rate Base	Total Identified Investments	Modernization Program Investments	Estimated Annual Modernization Program	Recovery Mechanism
Columbia Gas of OH	Not Specified	\$2.8B	~\$5.6B	~\$3.0B	\$230M - \$270M	Tracked
Columbia Gas of PA	Not Specified	\$1.7B	~\$4.3B	~\$3.2B	\$240M - \$290M	Rate Case (Forward Test Year)
NIPSCO Gas	9.85%	\$1.5B	~\$4.9B	~\$3.7B	\$130M - \$190M	Tracked
Columbia Gas of MA	9.55%	\$991M	~\$2.1B	~\$1.0B	\$64M - \$120M	Tracked
Columbia Gas of VA	Not Specified	\$711M	~\$1.8B	~\$500M	\$35M - \$60M	Tracked
Columbia Gas of KY	Not Specified	\$302M	~\$1.1B	~\$850M	\$30M - \$40M	Tracked
Columbia Gas of MD	Not Specified	\$127M	~\$210M	~\$130M	\$16M - \$20M	Tracked

Robust Long-Term Investment Programs Deliver Value on \$8.1B Rate Base*

* As of Dec. 31, 2018

Electric Operations Investment Programs



Infrastructure Investment Programs/Projects				
Program/Project	Identified Investments	Estimated Annual Investment	Recovery Mechanism	Program/Project Length
Infrastructure Modernization	~\$4.9B	~\$185M - \$215M	Tracked	20+ Years

High-Value Investments with \$4.4B Rate Base*

* As of Dec. 31, 2018

Regulatory Update

2019 Rate Case and Program/Project Activity		
Company/Filing	Summary	Timeline
Pending Approval		
Columbia Gas of Maryland - Base Rate Case	Requested Increase: \$2.5M, net of trackers	Filed: 5/22/2019 Order Expected: 4Q2019
NIPSCO Electric - Wind Project Filing	BTA for Rosewater JV between NIPSCO and EDP Renewables	Filed: 2/1/2019 Order Expected: 3Q2019
NIPSCO Gas - PHMSA Compliance Plan 2	Recovery of Federally Mandated Pipeline Safety Compliance Plan Includes ~\$230M of capital through 2023	Filed: 12/31/2018 Order Expected: 2H2019
NIPSCO Electric - Base Rate Case	Partial settlement that addresses revenue requirement, federal tax reform and depreciation schedules and allows for 9.9% ROE	Filed: 10/31/2018 Partial Settlement filed: 4/26/19 Order Expected: 4Q2019
Completed		
Columbia Gas of Virginia - Base Rate Case	Requested Increase: \$14.2M, net of trackers Settled Increase: \$1.3M, net of trackers	Filed: 8/28/2018 Settlement Filed: 4/19/2019 Settlement Approved: 6/12/2019
NIPSCO Electric - Wind Project Filings	20-year PPAs for Jordan Creek and Roaming Bison wind projects	Filed: 2/1/2019 Order Received: 6/5/2019

Continued Regulatory Execution Drives Growth and Customer Value

Infrastructure Investment and Tracker Filing Details

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October 30, 2019



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Key Takeaways – Third Quarter 2019

- **Initiating 2020 guidance; 2019 guidance range reaffirmed**
 - Net operating earnings per share (NOEPS*) of \$0.00 versus \$0.10 in 3Q2018
 - Continue to expect NOEPS* and dividend to grow 5 to 7 percent annually through 2022
 - 2019 NOEPS* guidance of \$1.27 to \$1.33 reaffirmed, expect CapEx of \$1.7 to \$1.8B
 - 2020 NOEPS* guidance of \$1.36 to \$1.40; CapEx expected at \$1.7 to \$1.8B
- **Solid progress on gas system safety enhancements, including SMS implementation**
 - First asset risk analysis completed by SMS team; Corrective Action Program introduced
 - More than 1,000 automatic shut-off devices now installed, including all in MA and VA
 - Chief Safety Officer appointed to lead centralized safety function
- **Electric generation strategy advances; second wind joint venture project filed**
 - Second RFP consistent with 2018 Integrated Resource Plan
 - Wind joint venture agreement approved; second JV wind project certificate request filed
 - Base rate case hearing concluded; order expected in 4Q2019
- **NTSB investigation, Merrimack Valley Phase II restoration complete**
 - November 2018 urgent safety recommendations closed; responses deemed acceptable
 - Heating equipment replacement work complete
 - Abandoned service line verification work underway

2020 NOEPS* Guidance Consistent with 5 to 7% Long-Term Annual Growth Rate

* Net Operating Earnings Per Share (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's October 30, 2019, Earnings Release

Third Quarter 2019 Financial Highlights

Non-GAAP*	2019	2018	Change
Net Operating Earnings (Loss) Available to Common Shareholders (\$M)	(\$1.7)	\$35.3	(\$37.0)
Net Operating Earnings (Loss) Per Share	\$0.00	\$0.10	(\$0.10)

GAAP	2019	2018	Change
Net Loss Available to Common Shareholders (\$M)	(\$7.2)	(\$345.1)	\$337.9
Loss Per Share	(\$0.02)	(\$0.95)	\$0.93

Non-GAAP Results in Line with Annual Guidance Range

*Net Operating Earnings (non-GAAP). For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's October 30, 2019, Earnings Release and the supplemental segment and financial information accompanying this presentation available on the investor section of www.nisource.com.

NiSource Debt and Credit Profile

- **Current debt level: ~\$9.5B as of September 30, 2019**
 - ~\$7.7B of long-term debt
 - Weighted average maturity ~17 years
 - Weighted average interest rate of 4.4%
- **Solid liquidity position**
 - ~\$1.4B in net available liquidity as of September 30, 2019*
 - ~\$2.2B of committed facilities in place as of September 30, 2019
 - ~\$1.9B revolving credit facility
 - ~\$0.3B accounts receivable securitization facilities **
- **Interest rate hedging position**
 - ~\$500M of anticipated debt issuances hedged as of September 30, 2019
- **Committed to investment-grade credit ratings**
 - S&P BBB+ | Moody's Baa2 | Fitch BBB

Solid Financial Foundation to Support Long-Term Infrastructure Investment Opportunities

* Consisting of cash and available capacity under credit facilities

** Capacity on accounts receivable securitization facilities changes with seasonality

Financing Plan Update

NiSource Current Financing Plan*			
(\$ in Millions)	2018 Actual	2019 Estimated	2020 Estimated
Equity			
Common Equity Block Issuance	\$606	None Planned	\$500 - \$700
ATM (At-The-Market)	\$239	\$200 - \$300 (Annually)	
ESPP/401K/Other	\$41	\$35 - \$60 (Annually)	
Long-Term Debt			
Incremental Long-Term Debt	(\$410)	\$709	~\$500
Other Financing			
Non-Convertible Subordinated Debt or Preferred Equity	\$900	None Planned	

Financing Targets Adj. FFO**/Total Debt of ~14%-15% and Achieving 5-7% Long-Term Growth Commitments

* Current financing plan may change based on business developments including the timing of cash proceeds of insurance recoveries related to the Greater Lawrence Incident

**Adjusted Funds from Operations (FFO); represents Net Income adjusted for depreciation and amortization, loss on early extinguishment of debt and deferred taxes.

Gas Distribution Operations

- Regulatory initiatives advancing in several states
- Continuing to execute infrastructure modernization that enhances system safety, reliability and environmental performance

Key Milestones:

Highlight	Key Components	Status
Columbia Gas of Maryland Base Rate Case	• Supports continued replacement of aging pipelines and adoption of pipeline safety upgrades • Requests \$3.7M total annual revenue increase; \$2.5M, net of infrastructure trackers	• Filed May 22, 2019 • Order expected 4Q2019 • New rates expected to be effective Jan. 2020
Columbia Gas of Ohio Capital Expenditure Program (CEP) Annual Rider Update	• Recovery of certain capital investments and related deferred expenses not recovered through the IRP tracker • Order covers \$121.7M of capital investments made in 2018	• Filed Feb. 28, 2019 • Order received Aug. 28, 2019 • New rates effective Sept. 2019
NIPSCO PHMSA Compliance Plan	• Recovery of federally mandated pipeline safety compliance plan • Filing includes ~\$230M of capital covering 2019-2023	• Filed Dec. 31, 2018 • Order received Sept. 4, 2019
NIPSCO Gas System Modernization Program	• Long-term infrastructure modernization program • TDSIC10 filing covers \$12.4M in incremental capital investments made between July 2018 and April 2019	• Filed June 25, 2019 • Order received Oct. 16, 2019 • New rates effective Nov. 2019
Columbia Gas of Kentucky Advanced Main Replacement Program (AMRP) Annual Rider Update	• Seeks to recover \$40.4M for 2020 capital investments • AMRP rider allows company to recover capital investments not currently recovered in base rates • Application includes request to recover capital to be spent on low-pressure systems safety enhancements	• Filed Oct. 15, 2019 • Order expected by YE2019 • Rates expected to be effective Jan. 2020

~\$20B in Identified Long-Term Infrastructure Investment Opportunities

Electric Operations

- Continued execution of seven-year ~\$1.2B electric system modernization program
- Second RFP for replacement capacity issued
- Rosewater BTA approved by IURC; Indiana Crossroads BTA certificate request filed with IURC

Key Milestones:

Highlight	Key Components	Status
Wind CPCN Filings	• BTA (Build-Transfer Agreement) application approved for Rosewater (100MW*), a joint venture between NIPSCO and EDP Renewables • BTA CPCN application filed for Indiana Crossroads (302MW*), a second joint venture between NIPSCO and EDP Renewables	• Rosewater approved Aug. 7, 2019 • Indiana Crossroads CPCN filed Oct. 22, 2019, expected in service 4Q2021
Electric System Modernization Program	• Focused on electric transmission and distribution investments designed to improve system reliability and safety • TDSIC 6 semi-annual tracker update covering \$131.1M in investments from December 2018 - June 2019	• Filed Aug. 21, 2019 • Order expected 4Q2019 • Rates expected to be effective January 2020
Base Rate Case	• Seeks changes to the company's depreciation schedules related to the early retirements of coal-fired generation plants called for in the IRP • Proposes changes to tariffs to provide service flexibility for industrial customers to remain competitive in the global marketplace • Partial settlement that addresses revenue requirement, federal tax reform, depreciation schedules and allows for 9.9% ROE	• Filed Oct. 31, 2018 • Partial settlement filed: April 26, 2019 • Hearing concluded August 2019 • Order expected in 4Q2019 • New rates expected to be effective 1Q2020
Integrated Resource Plan (IRP)	• Outlines NIPSCO's plans for meeting customers' long-term electricity needs • 2018 IRP included plans to retire nearly 80 percent of NIPSCO's coal-fired generation fleet by 2023 and the remaining coal-fired unit by 2028 • Replacement options point toward lower-cost, cleaner energy resources • Second round of RFPs launched Oct. 1, 2019	• Submitted Oct. 31, 2018

~\$10B in Identified Long-Term Infrastructure Investment Opportunities

* Represents installed capacity of generation facilities.

Greater Lawrence Event Costs and Insurance Update - September 30, 2019

Event Related Costs and Expenses

- **Pipeline Replacement and Restoration (Total Current Estimate = \$255M - \$260M)** – replacement of the gas distribution system with modern state-of-the-art plastic mains and service lines, and modern safety features such as pressure regulation and excess flow valves at each premise, as well as paving and property restoration
- **Third-Party Claims (Total Current Estimate = \$995M - \$1,020M)** - including emergency response, personal injury, third-party property/infrastructure damage claims, temporary housing, claims-related legal fees, etc.
- **Other Expenses (Total Current Estimate = \$430M - \$440M)** - these costs include charitable contributions as well as employee, legal, third-party vendor & consulting, employee/contractor housing, insurance-related loss surcharges and other incident-related expenses

Insurance Policies Have a Combined Limit of \$1.1B (Casualty = \$800M, Property = \$300M)*

- **Casualty Insurance recoveries recorded through 3Q2019 = \$670M** – expected to increase as claims are processed
- **Property Insurance recoveries** - proof of loss has been filed with property insurer for the full cost of the pipeline replacement

Note: Estimates exclude potential fines and penalties. For additional details and notes see Schedule 2 of NiSource's October 30, 2019, Earnings Release

Dedicated NiSource Team Continuing to Support Safety Operations

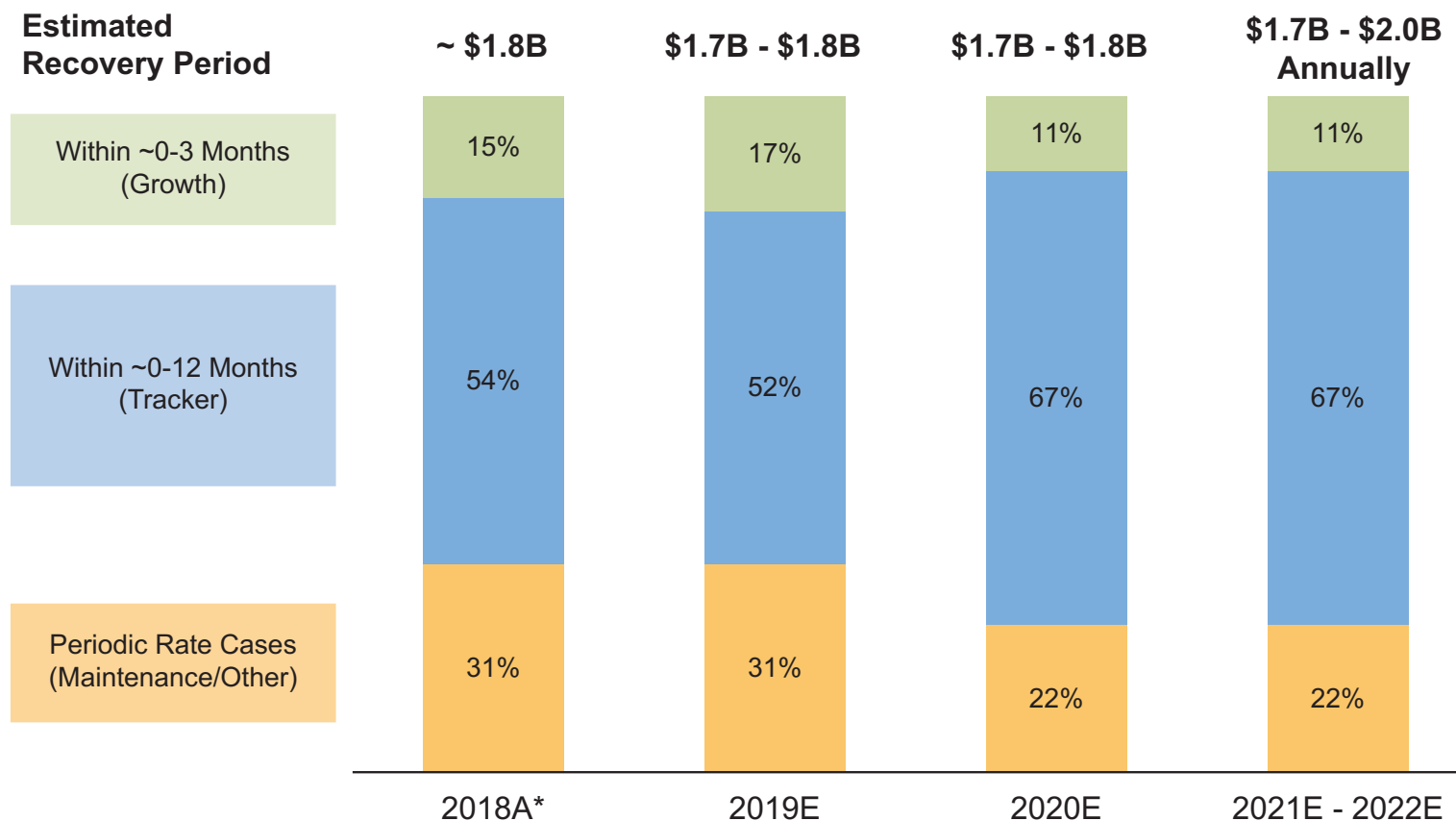
*Combined limits in effect as of Sept. 13, 2018. Subject to policy exclusions

Appendix: Third Quarter 2019 Earnings



Capital Expenditures

Investments Deliver Customer Value, Enhance System Safety and Reliability



~75% of Capital Investments Begin Earning in Less Than 12 Months

* Greater Lawrence distribution system capital included in maintenance for 2018

Liquidity and Debt Detail as of Third Quarter 2019 (\$M)

Current Liquidity	Actual 9/30/2019	Maturity
Revolving Credit Facility	\$1,850	Feb. 20, 2024
Accounts Receivable Programs*	260	
Less:		
Drawn on Credit Facility	—	
Commercial Paper	505	
Accounts Receivable Programs Utilized	260	
L/C's Outstanding Under Credit Facility	10	
Add:		
Cash & Equivalents	28	
Net Available Liquidity	\$1,363	

Debt Detail	Balance	Wtd. Avg. Rate**	Wtd. Avg. Maturity
Long-Term Debt	\$7,739	4.40%	17 years
Commercial Paper	505	2.74%	68 days
A/R Program Borrowings	260	2.35%	1 month
Term Loan	850	2.65%	6.5 months
Capital Leases, Def Cost & Other	126	N/A	N/A
Total Debt	\$9,480		

* Represents the lesser of seasonal limit or maximum borrowings supportable by underlying receivables

** Represents coupon or current incremental borrowing rate; does not factor in fees and/or amortization of deferred charges

N/A = Not Applicable

Gas Distribution Operations Infrastructure Programs

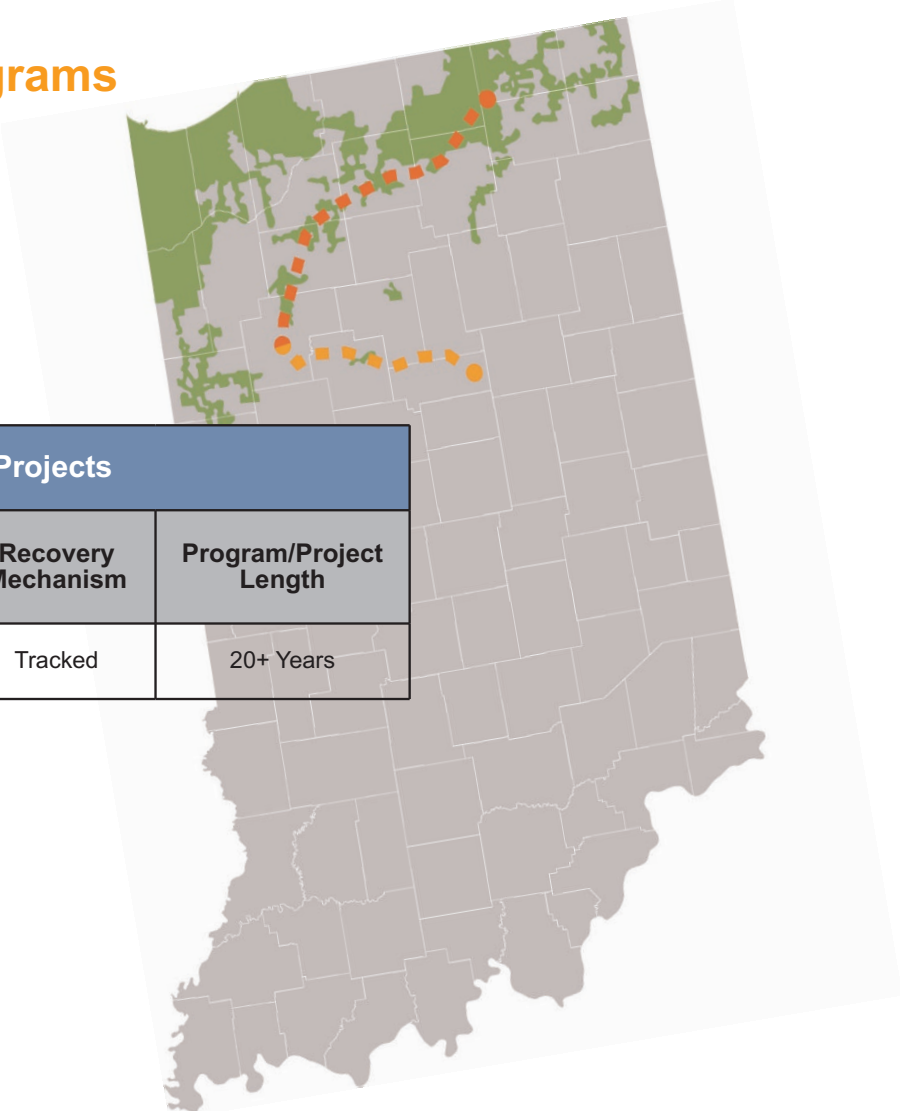
Company	Base Case Authorized ROE	Year-End 2018 Rate Base	Total Identified Investments	Modernization Program Investments	Estimated Annual Modernization Program	Recovery Mechanism
Columbia Gas of OH	Not Specified	\$2.8B	~\$5.6B	~\$3.0B	\$230M - \$270M	Tracked
Columbia Gas of PA	Not Specified	\$1.7B	~\$4.3B	~\$3.2B	\$240M - \$290M	Rate Case (Forward Test Year)
NIPSCO Gas	9.85%	\$1.5B	~\$4.9B	~\$3.7B	\$130M - \$190M	Tracked
Columbia Gas of MA	9.55%	\$991M	~\$2.1B	~\$1.0B	\$64M - \$120M**	Tracked
Columbia Gas of VA	Not Specified	\$711M	~\$1.8B	~\$500M	\$35M - \$60M	Tracked
Columbia Gas of KY	Not Specified	\$302M	~\$1.1B	~\$850M	\$30M - \$40M	Tracked
Columbia Gas of MD	Not Specified	\$127M	~\$210M	~\$130M	\$16M - \$20M	Tracked

Robust Long-Term Investment Programs Deliver Value on \$8.1B Rate Base*

* As of Dec. 31, 2018

** Incremental capital invested anticipated to be lower than \$64.0M for 2019

Electric Operations Investment Programs



Infrastructure Investment Programs/Projects				
Program/Project	Identified Investments	Estimated Annual Investment	Recovery Mechanism	Program/Project Length
Infrastructure Modernization	~\$4.9B	~\$185M - \$215M	Tracked	20+ Years

High-Value Investments with \$4.4B Rate Base*

* As of Dec. 31, 2018

Regulatory Update

2019 Rate Case and Program/Project Activity		
Company/Filing	Summary	Timeline
Pending Approval		
NIPSCO Electric - Wind Project Filing	BTA for Indiana Crossroads JV between NIPSCO and EDP Renewables (302 MW)	Filed: 10/22/2019 Order Requested: Feb. 2020
Columbia Gas of Maryland - Base Rate Case	Requested Increase: \$2.5M, net of trackers	Filed: 5/22/2019 Order Expected: 4Q2019
NIPSCO Electric - Base Rate Case	Partial settlement that addresses revenue requirement, federal tax reform and depreciation schedules and allows for 9.9% ROE	Filed: 10/31/2018 Partial Settlement filed: 4/26/19 Order Expected: 4Q2019
Completed		
NIPSCO Electric - Wind Project Filing	BTA for Rosewater JV between NIPSCO and EDP Renewables (100 MW)	Filed: 2/1/2019 Order Received: 8/7/2019
NIPSCO Gas - PHMSA Compliance Plan 2	Recovery of Federally Mandated Pipeline Safety Compliance Plan Includes ~\$230M of capital through 2023	Filed: 12/31/2018 Order Received: 9/4/2019
Columbia Gas of Virginia - Base Rate Case	Requested Increase: \$14.2M, net of trackers Settled Increase: \$1.3M, net of trackers	Filed: 8/28/2018 Settlement Filed: 4/19/2019 Settlement Approved: 6/12/2019
NIPSCO Electric - Wind Project Filings	20-year PPAs for Jordan Creek and Roaming Bison wind projects	Filed: 2/1/2019 Order Received: 6/5/2019

Continued Regulatory Execution Drives Growth and Customer Value

Infrastructure Investment and Tracker Filing Details

Company	Recovery Mechanism	Incremental Investments		Recovery	
		Investment Period	Investment Amount (\$M)	Filing Date	Effective Date
Columbia Gas of Ohio	Infrastructure Replacement Program (IRP)	FY 2017	\$207.3	Feb 2018	May 2018
		FY 2018	\$199.6	Feb 2019	May 2019
Columbia Gas of Ohio	Capital Expenditure Program (CEP)	FY 2018	\$121.7	Feb 2019	Sept 2019
Columbia Gas of Pennsylvania	Base Rate Case with Fully Forecasted Test Year	FY 2019	\$239.1	Mar 2018	Dec 2018
Columbia Gas of Virginia	Steps to Advance Virginia's Energy Plan (SAVE)	FY 2019	\$36.0	Aug 2018	Jan 2019
		FY 2020	\$48.3	Aug 2019	Jan 2020
Columbia Gas of Massachusetts	Gas System Enhancement Plan (GSEP)	FY 2018	\$80.0	Oct 2017	May 2018
		FY 2019	\$64.0*	Oct 2018	May 2019
Columbia Gas of Kentucky	Accelerated Main Replacement Program (AMRP)	FY 2019	\$30.1	Oct 2018	Jan 2019
		FY 2020	\$40.4	Oct 2019	Expected - Jan 2020
Columbia Gas of Maryland	Strategic Infrastructure Development and Enhancement (STRIDE)	FY 2018	\$20.8	Nov 2017	Jan 2018
		FY 2019	\$15.9	Nov 2018	Jan 2019
NIPSCO – Gas	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 9: Jan 2018 – Jun 2018	\$54.4	Aug 2018	Jan 2019
		TDSIC 10: Jul 2018 – Apr 2019	\$12.4	Jun 2019	Nov 2019
NIPSCO – Electric	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 5: Jun 2018 – Nov 2018	\$58.8	Jan 2019	Jun 2019
		TDSIC 6: Dec 2018 – Jun 2019	\$131.1	Aug 2019	Expected - Jan 2020

* Incremental capital investment anticipated to be lower than \$64.0M for 2019



Segment and Financial Information Fourth Quarter 2019

Supplement to NiSource Fourth Quarter 2019
Earnings Presentation



Fourth Quarter 2019 Operating Earnings - Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the fourth quarter of 2019 were \$310.6 million, compared to \$294.7 million in the comparable 2018 period. Refer to the attached schedules for the items included in 2019 and 2018 GAAP operating income but excluded from operating earnings (non-GAAP).

Operating earnings (non-GAAP) for NiSource's business segments for the three months ended December 31, 2019, are discussed below.

Gas Distribution Operations

For the fourth quarter of 2019, Gas Distribution Operations reported operating earnings of \$213.9 million, compared to operating earnings of \$212.4 million in the comparable 2018 period.

Net revenues for the fourth quarter of 2019 were \$687.5 million, an increase of \$13.8 million from the comparable 2018 period. The change in net revenues was primarily driven by:

- New rates from base rate proceedings and infrastructure replacement programs of \$24.3 million.

Partially offset by:

- Lower residential, commercial and industrial usage of \$8.2 million.

Operating expenses for the fourth quarter of 2019 were \$473.6 million, an increase of \$12.3 million from the comparable 2018 period. The change in operating expenses was primarily driven by:

- Increased depreciation of \$19.3 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.

Partially offset by:

- Lower environmental costs of \$8.7 million primarily due to regulatory approved deferral of Columbia of Ohio environmental expenses.

Electric Operations

For the fourth quarter of 2019, Electric Operations reported operating earnings of \$84.9 million, compared to operating earnings of \$83.0 million in the comparable 2018 period.

Net revenues for the fourth quarter of 2019 were \$296.7 million, an increase of \$13.7 million from the comparable 2018 period. 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 \$10.9 million.
- Decreased fuel handling costs of \$3.7 million.

Operating expenses for the fourth quarter of 2019 were \$211.8 million, an increase of \$11.8 million from the comparable 2018 period. The change in operating expenses was primarily driven by:

- Increased outside service costs of \$8.1 million due to higher maintenance costs.
- Increased depreciation of \$2.3 million due to higher capital expenditures placed in service.

Corporate and Other Operations

For the fourth quarter of 2019, Corporate and Other Operations reported operating earnings of \$11.8 million compared to an operating loss of \$0.7 million in the comparable 2018 period. This change resulted primarily from unfavorable insurance reserve adjustments recorded in 2018.

Other Income (Deductions)

Other income (deductions) reduced income by \$98.8 million for the fourth quarter of 2019 compared to a reduction in income of \$101.6 million in the comparable 2018 period.

Income Taxes

The effective tax rate of net operating earnings was 13.5 percent compared to 22.3 percent for the same period last year. This decrease is primarily due to favorable state book-to-return adjustments recorded in 2019.

Twelve months ended December 31, 2019 Operating Earnings - Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the twelve months ended December 31, 2019 were \$1,046.8 million, compared to \$931.2 million in the comparable 2018 period. Refer to the attached schedules for the items included in 2019 and 2018 GAAP operating income but excluded from operating earnings (non-GAAP).

Operating earnings (non-GAAP) for NiSource's business segments for the twelve months ended December 31, 2019, are discussed below.

Gas Distribution Operations

For the twelve months ended December 31, 2019, Gas Distribution Operations reported operating earnings of \$632.0 million, compared to operating earnings of \$565.3 million in the comparable 2018 period.

Net revenues for the twelve months ended December 31, 2019 were \$2,435.6 million, an increase of \$283.7 million from the comparable 2018 period. 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.
- The effects of commercial and residential customer growth of \$12.8 million.

Operating expenses for the twelve months ended December 31, 2019 were \$1,803.6 million, an increase of \$217.0 million from the comparable 2018 period. The change in operating expenses was primarily driven by:

- 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 \$28.4 million driven by an increase in headcount.
- Higher 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 \$12.9 million primarily due to increased line location and safety-related work.
- Higher insurance expense of \$9.1 million primarily driven by increased premiums.

Electric Operations

For the twelve months ended December 31, 2019, Electric Operations reported operating earnings of \$401.5 million, compared to operating earnings of \$369.1 million in the comparable 2018 period.

Net revenues for the twelve months ended December 31, 2019 were \$1,226.7 million, an increase of \$40.9 million from the comparable 2018 period. 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.
- The effects of commercial and residential customer growth of \$3.9 million.

Partially offset by:

- Decreased residential, commercial and industrial customer usage of \$10.8 million.

Operating expenses for the twelve months ended December 31, 2019 were \$825.2 million, an increase of \$8.5 million from the comparable 2018 period. The change in operating expenses 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.
- Higher outside services of \$2.4 million.

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.

Corporate and Other Operations

For the twelve months ended December 31, 2019, Corporate and Other Operations reported operating earnings of \$13.3 million compared to an operating loss of \$3.2 million in the comparable 2018 period. This change resulted primarily from unrealized losses on the cash surrender value of corporate owned life insurance investments and unfavorable insurance reserve adjustments recorded in 2018.

Other Income (Deductions)

Other income (deductions) reduced income by \$383.8 million for the twelve months ended December 31, 2019 compared to a reduction in income of \$335.3 million in the comparable 2018 period. This variance is primarily driven by 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 Gas of Ohio's CEP. These unfavorable variances were partially offset by charitable contributions of \$19.5 million in 2018.

Income Taxes

The effective tax rate of net operating earnings was 17.1 percent compared to 19.7 percent for the same period last year.

NiSource Inc.

Consolidated Net Operating Earnings Available to Common Shareholders (Non-GAAP) (*unaudited*)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2019	2018	2019	2018
<i>(in millions, except per share amounts)</i>				
Net Revenues				
Operating Revenues	\$ 1,385.4	\$ 1,453.1	\$ 5,184.1	\$ 5,084.0
Cost of Sales (excluding depreciation and amortization)	404.3	499.7	1,534.8	1,759.4
Total Net Revenues (Non-GAAP)	981.1	953.4	3,649.3	3,324.6
Operating Expenses				
Operation and maintenance	348.9	360.0	1,373.4	1,343.0
Operation and maintenance - trackers	64.5	65.2	214.9	176.4
Depreciation and amortization	176.7	155.4	693.4	579.7
Depreciation and amortization - trackers	5.5	6.4	24.0	19.9
Other taxes	54.3	50.5	222.1	201.0
Other taxes - trackers	20.6	21.2	74.7	73.4
Total Operating Expenses	670.5	658.7	2,602.5	2,393.4
Operating Earnings	310.6	294.7	1,046.8	931.2
Other Income (Deductions)				
Interest expense, net	(93.3)	(88.1)	(378.9)	(353.3)
Other, net	(4.9)	(13.1)	(3.4)	19.9
Other, net - trackers	(0.6)	(0.4)	(1.5)	(1.9)
Total Other Deductions, Net	(98.8)	(101.6)	(383.8)	(335.3)
Operating Earnings Before Income Taxes	211.8	193.1	663.0	595.9
Income Taxes	28.5	43.1	113.2	117.6
Net Operating Earnings	183.3	150.0	549.8	478.3
Preferred dividends	(13.7)	(8.1)	(55.1)	(15.0)
Net Operating Earnings Available to Common Shareholders (Non-GAAP)	169.6	141.9	494.7	463.3
Non-GAAP Basic Net Operating Earnings Per Share	\$ 0.45	\$ 0.38	\$ 1.32	\$ 1.30
Basic Average Common Shares Outstanding	377.2	369.4	374.6	356.5

NiSource Inc.
Segment Operating Earnings (Non-GAAP) (unaudited)

Gas Distribution Operations <i>(in millions)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2019	2018	2019	2018
Net Revenues				
Operating revenues	\$ 995.3	\$ 1,056.0	\$ 3,503.2	\$ 3,409.3
Cost of Sales (excluding depreciation and amortization)	307.8	382.3	1,067.6	1,257.4
Net Revenues (Non-GAAP)	687.5	673.7	2,435.6	2,151.9
Operating Expenses				
Operation and maintenance	254.4	263.2	1,000.0	948.0
Operation and maintenance - trackers	54.6	54.6	169.3	133.0
Depreciation and amortization	103.2	83.9	401.2	297.4
Depreciation and amortization - trackers	0.6	2.1	2.0	3.6
Other taxes	40.2	36.3	156.4	131.2
Other taxes - trackers	20.6	21.2	74.7	73.4
Total Operating Expenses	473.6	461.3	1,803.6	1,586.6
Operating Earnings (Non-GAAP)	\$ 213.9	\$ 212.4	\$ 632.0	\$ 565.3

Electric Operations <i>(in millions)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2019	2018	2019	2018
Net Revenues				
Operating Revenues	\$ 393.3	\$ 400.5	\$ 1,694.0	\$ 1,687.9
Cost of Sales (excluding depreciation and amortization)	96.6	117.5	467.3	502.1
Net Revenues (Non-GAAP)	296.7	283.0	1,226.7	1,185.8
Operating Expenses				
Operation and maintenance	121.2	111.5	449.4	453.3
Operation and maintenance - trackers	9.9	10.6	45.6	43.4
Depreciation and amortization	64.6	62.3	255.3	246.6
Depreciation and amortization - trackers	4.9	4.3	22.0	16.3
Other taxes	11.2	11.3	52.9	57.1
Total Operating Expenses	211.8	200.0	825.2	816.7
Operating Earnings (Non-GAAP)	\$ 84.9	\$ 83.0	\$ 401.5	\$ 369.1

Corporate and Other Operations <i>(in millions)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2019	2018	2019	2018
Operating Earnings (Loss) (Non-GAAP)	\$ 11.8	\$ (0.7)	\$ 13.3	\$ (3.2)

NiSource Inc.
Segment Volumes and Statistical Data *(unaudited)*

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2019	2018	2019	2018
Gas Distribution Operations				
Sales and Transportation (MMDth)				
Residential	88.4	92.4	274.9	280.3
Commercial	57.8	57.9	189.6	187.6
Industrial	136.0	138.0	542.5	555.7
Off-System	8.3	8.1	32.9	30.0
Other	—	—	0.3	—
Total	290.5	296.4	1,040.2	1,053.6
Weather Adjustment	(8.6)	(10.1)	(17.8)	(18.5)
Sales and Transportation Volumes - Excluding Weather	281.9	286.3	1,022.4	1,035.1
Customers				
Residential			3,221,178	3,194,662
Commercial			282,778	281,517
Industrial			5,982	5,833
Other			3	3
Total			3,509,941	3,482,015
Heating Degree Days	1,966	2,064	5,375	5,562
Normal Heating Degree Days	1,954	2,034	5,452	5,610
% Colder (Warmer) than Normal	1%	1%	(1)%	(1)%

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2019	2018	2019	2018
Electric Operations				
Sales (Gigawatt Hours)				
Residential	740.8	780.6	3,369.5	3,535.2
Commercial	897.6	915.6	3,760.3	3,844.6
Industrial	1,940.4	2,043.7	8,466.1	8,829.5
Wholesale	0.3	19.5	8.2	114.3
Other	30.8	29.2	117.2	124.4
Total	3,609.9	3,788.6	15,721.3	16,448.0
Weather Adjustment	(3.7)	(36.0)	(61.0)	(265.2)
Sales Volumes - Excluding Weather	3,606.2	3,752.6	15,660.3	16,182.8
Customers				
Residential			415,534	412,267
Commercial			57,058	56,605
Industrial			2,256	2,284
Wholesale			726	735
Other			2	2
Total			475,576	471,893
Cooling Degree Days			962	1,180
Normal Cooling Degree Days			803	806
% Warmer than Normal			20 %	46 %

NiSource Inc.

Schedule 1 - Reconciliation of Consolidated Net Income (Loss) Available to Common Shareholders to Net Operating Earnings Available to Common Shareholders (Non-GAAP) *(unaudited)*

	Three Months Ended December 31,		Twelve Months Ended December 31,	
<i>(in millions, except per share amounts)</i>	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.

NiSource Inc.

Schedule 2 - Reconciliation by Segment of Operating Income (Loss) to Operating Earnings (Loss)
(Non-GAAP) (unaudited)

Three Months Ended December 31, 2019 (in millions)	Gas Distribution	Electric	Corporate & Other	Total
Operating Income (Loss) (GAAP)	\$ 69.6	\$ 85.4	\$ (193.0)	\$ (38.0)
Adjustments to Operating Income:				
Operating Revenues:				
Weather - compared to normal	(11.4)	(0.4)	—	(11.8)
Operating Expenses:				
Greater Lawrence Incident ⁽¹⁾	(54.2)	—	—	(54.2)
Franchise rights impairment ⁽²⁾	209.7	—	—	209.7
Goodwill impairment ⁽³⁾	—	—	204.8	204.8
Loss (Gain) on sale of fixed assets and impairments, net	0.2	(0.1)	—	0.1
Total Adjustments to Operating Income	144.3	(0.5)	204.8	348.6
Operating Earnings (Non-GAAP)	\$ 213.9	\$ 84.9	\$ 11.8	\$ 310.6

⁽¹⁾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.

⁽²⁾Represents a non-cash impairment of the Columbia of Massachusetts franchise rights as a result of recent events connected with the Greater Lawrence Incident.

⁽³⁾Represents a non-cash impairment of goodwill attributable to Columbia of Massachusetts as a result of recent events connected with the Greater Lawrence Incident.

Three Months Ended December 31, 2018 (in millions)	Gas Distribution	Electric	Corporate & Other	Total
Operating Income (Loss) (GAAP)	\$ (159.7)	\$ 85.7	\$ (4.4)	\$ (78.4)
Adjustments to Operating Income (Loss):				
Operating Revenues:				
Weather - compared to normal	(7.9)	(2.7)	—	(10.6)
Greater Lawrence Incident ⁽¹⁾	3.9	—	—	3.9
Operating Expenses:				
Greater Lawrence Incident ⁽²⁾	375.9	—	3.1	379.0
Loss on sale of fixed assets and impairments, net	0.2	—	0.6	0.8
Total Adjustments to Operating Income (Loss)	372.1	(2.7)	3.7	373.1
Operating Earnings (Loss) (Non-GAAP)	\$ 212.4	\$ 83.0	\$ (0.7)	\$ 294.7

⁽¹⁾Represents revenues not billed to impacted customers as a result of the Greater Lawrence Incident.

⁽²⁾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.

Twelve Months Ended December 31, 2019 (in millions)	Gas Distribution	Electric	Corporate & Other	Total
Operating Income (Loss) (GAAP)	\$ 675.4	\$ 406.8	(191.5)	\$ 890.7
Adjustments to Operating Income:				
Operating Revenues:				
Weather - compared to normal	(19.6)	(5.2)	—	(24.8)
Operating Expenses:				
Greater Lawrence Incident ⁽¹⁾	(233.6)	—	—	(233.6)
Franchise rights impairment ⁽²⁾	209.7	—	—	209.7
Goodwill impairment ⁽³⁾	—	—	204.8	204.8
Loss (Gain) on sale of fixed assets and impairments, net	0.1	(0.1)	—	—
Total Adjustments to Operating Income	(43.4)	(5.3)	204.8	156.1
Operating Earnings (Non-GAAP)	\$ 632.0	\$ 401.5	\$ 13.3	\$ 1,046.8

⁽¹⁾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.

⁽²⁾Represents a non-cash impairment of the Columbia of Massachusetts franchise rights as a result of recent events connected with the Greater Lawrence Incident.

⁽³⁾Represents a non-cash impairment of goodwill attributable to Columbia of Massachusetts as a result of recent events connected with the Greater Lawrence Incident.

NiSource Inc.

Schedule 2 - Reconciliation by Segment of Operating Income (Loss) to Operating Earnings (Loss)
(Non-GAAP) *(unaudited)*

Twelve Months Ended December 31, 2018 <i>(in millions)</i>	Gas Distribution	Electric	Corporate & Other	Total
Operating Income (Loss) (GAAP)	\$ (254.1)	\$ 386.1	\$ (7.3)	\$ 124.7
Adjustments to Operating Income (Loss):				
Operating Revenues:				
Weather - compared to normal	(12.2)	(20.3)	—	(32.5)
Greater Lawrence Incident ⁽¹⁾	3.9	—	—	3.9
Operating Expenses:				
Plant retirement costs ⁽²⁾	—	3.3	—	3.3
Greater Lawrence Incident ⁽³⁾	827.5	—	3.1	830.6
Loss on sale of fixed assets and impairments, net	0.2	—	1.0	1.2
Total Adjustments to Operating Income (Loss)	819.4	(17.0)	4.1	806.5
Operating Earnings (Loss) (Non-GAAP)	\$ 565.3	\$ 369.1	\$ (3.2)	\$ 931.2

⁽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.

NiSource Inc.
Consolidated Income Statements (GAAP)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
<i>(in millions, except per share amounts)</i>	2019	2018	2019	2018
Operating Revenues				
Customer revenues	\$ 1,358.7	\$ 1,436.0	\$ 5,053.4	\$ 4,991.1
Other revenues	38.5	25.7	155.5	123.4
Total Operating Revenues	1,397.2	1,461.7	5,208.9	5,114.5
Operating Expenses				
Cost of sales (excluding depreciation and amortization)	404.3	501.6	1,534.8	1,761.3
Operation and maintenance	359.2	804.4	1,354.7	2,352.9
Depreciation and amortization	182.2	161.8	717.4	599.6
Impairment of goodwill and other intangible assets	414.5	—	414.5	—
Loss on sale of fixed assets and impairments, net	0.1	0.8	—	1.2
Other taxes	74.9	71.5	296.8	274.8
Total Operating Expenses	1,435.2	1,540.1	4,318.2	4,989.8
Operating Income (Loss)	(38.0)	(78.4)	890.7	124.7
Other Income (Deductions)				
Interest expense, net	(93.3)	(88.1)	(378.9)	(353.3)
Other, net	(5.5)	1.1	(5.2)	43.5
Loss on early extinguishment of long-term debt	—	—	—	(45.5)
Total Other Deductions, Net	(98.8)	(87.0)	(384.1)	(355.3)
Income (Loss) before Income Taxes	(136.8)	(165.4)	506.6	(230.6)
Income Taxes	2.5	(153.7)	123.5	(180.0)
Net Income (Loss)	(139.3)	(11.7)	383.1	(50.6)
Preferred dividends	(13.7)	(8.1)	(55.1)	(15.0)
Net Income (Loss) Available to Common Shareholders	(153.0)	(19.8)	328.0	(65.6)
Earnings (Loss) Per Share				
Basic Earnings (Loss) Per Share	\$ (0.41)	\$ (0.05)	\$ 0.88	\$ (0.18)
Diluted Earnings (Loss) Per Share	\$ (0.41)	\$ (0.05)	\$ 0.87	\$ (0.18)
Basic Average Common Shares Outstanding	377.2	369.4	374.6	356.5
Diluted Average Common Shares	378.3	369.4	376.0	356.5

NiSource Inc.
Consolidated Balance Sheets (GAAP)

<i>(in millions)</i>	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

NiSource Inc.
Consolidated Balance Sheets (GAAP) (continued)

<i>(in millions, except share amounts)</i>	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		
	—	—
Total Capitalization and Liabilities	\$ 22,659.8	\$ 21,804.0

NiSource Inc.
Statements of Consolidated Cash Flows (GAAP)

Year Ended December 31, (in millions)	2019	2018
Operating Activities		
Net Income (Loss)	\$ 383.1	\$ (50.6)
Adjustments to Reconcile Net Income (Loss) to Net Cash from Operating Activities:		
Loss on early extinguishment of debt	—	45.5
Depreciation and amortization	717.4	599.6
Deferred income taxes and investment tax credits	118.2	(188.2)
Stock compensation expense and 401(k) profit sharing contribution	25.9	28.6
Impairment of goodwill and other intangible assets	414.5	—
Amortization of discount/premium on debt	8.2	7.5
AFUDC equity	(8.0)	(14.2)
Other adjustments	(0.9)	1.7
Changes in Assets and Liabilities:		
Accounts receivable	187.8	(186.2)
Inventories	(2.0)	41.4
Accounts payable	(299.9)	268.4
Customer deposits and credits	16.9	(25.4)
Taxes accrued	7.3	20.2
Interest accrued	8.8	(21.7)
Exchange gas receivable/payable	55.5	(21.5)
Other accruals	105.3	43.5
Prepayments and other current assets	(33.6)	(14.5)
Regulatory assets/liabilities	(85.6)	(53.2)
Postretirement and postemployment benefits	(21.1)	58.2
Deferred charges and other noncurrent assets	(76.1)	3.8
Other noncurrent liabilities	61.6	(2.8)
Net Cash Flows from Operating Activities	1,583.3	540.1
Investing Activities		
Capital expenditures	(1,802.4)	(1,818.2)
Cost of removal	(113.2)	(104.3)
Purchases of available-for-sale securities	(140.4)	(90.0)
Sales of available-for-sale securities	132.1	82.3
Other investing activities	1.5	4.1
Net Cash Flows used for Investing Activities	(1,922.4)	(1,926.1)
Financing Activities		
Issuance of long-term debt	750.0	350.0
Repayments of long-term debt and finance lease obligations	(51.6)	(1,046.1)
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)
Issuance of common stock, net of issuance costs	244.4	848.2
Issuance of preferred stock, net of issuance costs	—	880.0
Equity costs, premiums and other debt related costs	(17.8)	(46.0)
Acquisition of treasury stock	—	(4.0)
Dividends paid - common stock	(298.5)	(273.3)
Dividends paid - preferred stock	(56.1)	(11.6)
Net Cash Flows from Financing Activities	366.4	1,468.7
Change in cash, cash equivalents and restricted cash	27.3	82.7
Cash, cash equivalents and restricted cash at beginning of period	121.1	38.4
Cash, Cash Equivalents and Restricted Cash at End of Period	\$ 148.4	\$ 121.1

COVID-19 Update

April 23, 2020



Forward-Looking Statements

This presentation contains "forward-looking statements" within the meaning of federal securities laws. Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. Examples of forward-looking statements in this presentation include, but are not limited to, statements and expectations regarding NiSource's or any of its subsidiaries' plans, strategies, objectives, expected performance, expenditures, 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 presentation include, among other things the ongoing impact of the coronavirus (COVID-19) pandemic; 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 our Current Report on Form 8-K filed on April 8, 2020. A credit rating is not a recommendation to buy, sell or hold securities, and may be subject to revision or withdrawal at any time by the assigning rating organization. In addition, dividends are subject to board approval. All forward-looking statements are expressly qualified in their entirety by the foregoing cautionary statements.

NiSource expressly disclaims any duty to update, supplement or amend any of its forward-looking statements contained in this presentation, whether as a result of new information, subsequent events or otherwise, except as required by applicable law.



NiSource COVID-19 Immediate Actions

- Following CDC (Centers for Disease Control) and local guidelines around social distancing to ensure the health and safety of our employees and customers.
- Activated **Incident Command Structure (ICS)** to coordinate strategy, execution and communication across all seven states
- For Customers:
 - Suspended shut-offs for non-payment and are offering flexible payment plans
 - Temporarily suspended all non-essential work that would require our employees to enter customer homes and locations
 - On-going and frequent communications
- For Communities:
 - NiSource foundation donation of \$1M to American Red Cross,
 - Nearly \$500K donated by the foundation to support operating company initiatives at the local level
- For Employees:
 - ~75% working remotely
 - Sequestering critical operations
 - Completing work that requires little or no potential exposure
 - Temperature checks for employees that need to enter company facilities
 - More frequent cleaning of equipment and buildings
 - Limiting company vehicles to one person

Primary Focus on Customer and Employee Safety and Health



Incident Command Structure (ICS)

Monitoring state by state conditions and determining steps to execute our plans safely for customers and employees

- Assessing COVID cases, conditions and mandates by location
- Implementing employee and customer health and mitigation plans
- Rolling out technology to maximize work from home capabilities
- Securing appropriate personal protective equipment and cleaning facilities
- Coordinating customer, employee and stakeholder messaging
- Monitoring impacts to supply chain and contractor networks

Currently no Significant Impacts to Capital and Operating Plans



COVID-19 Business Implications

Key Areas of Focus:

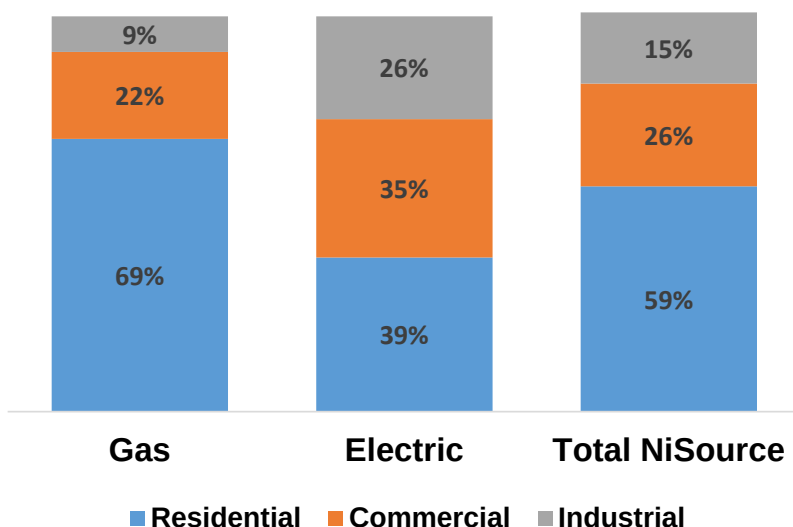
- Customer – impacts expected to lower revenue and cash flows
 - Sales volume declines (Commercial and Industrial)
 - Increased bad debt expense (due to shut-off moratorium and job losses)
 - Long-term customer attrition
 - Supply Chain – no material impacts at this time
 - Contractor availability
 - Utility materials and supplies
 - Generation Strategy (except: Rosewater project could experience some delay)
 - State Regulatory Environment – in current dialog across all jurisdictions
 - Vulnerable customers
 - Treatment of COVID-19 incremental expenses
 - Procedural schedules
 - Capital Markets and Liquidity – current liquidity remains sufficient for the next 12 – 24 months following recent financing activity with limited additional capital market needs
 - Pension Expense and Contributions – well positioned with 98% funded plans at year-end 2019
 - CARES (Coronavirus Aid, Relief, and Economic Security Act) Legislation – constructive components to managing cash position
-

Proactively Assessing and Planning for Potential Impacts to our Strategy and Plan



Customer Demand and Bad Debt

Retail Margins by Customer Class



Initial EPS Sensitivity to +/- 1% change in annual sales volumes*		
Customer Class	Electric	Gas
Residential	\$0.01	\$0.01
Commercial	\$0.01	\$0.01
Industrial	\$0.01	\$ —

- Customer Demand
 - Expect lower commercial and industrial sales
 - Potential for increased residential sales
- Rate Design
 - Gas Segment
 - Residential ~75% Fixed
 - Commercial ~45% Fixed
 - Electric Segment
 - Residential ~20% Fixed
 - Commercial ~25% Fixed
 - Large Industrial ~55% Fixed (includes demand ratcheting)
- Bad Debt
 - Expect higher expense
 - Bad debt primarily recovered in base rates.
 - Additional trackers exist in several states. See Appendix for details.

Rate Design and Periodic Base Rate Cases Mitigate Impacts

* Sensitivity may not be linear for large or prolonged volume changes

Liquidity and Financing Updates (\$M)

- No Significant Long-Term Debt Maturities in 2020 or 2021
- Term Loan
 - Refinanced \$850M term loan on April 1, 2020
- Debt Issuances
 - Issued \$1.0B 10-year notes @ 3.60% on April 13, 2020
 - Expected to satisfy long-term debt capital needs for 2020 and 2021
- Cash proceeds from CMA sale expected Q3 2020
- Investment grade credit with stable outlook
 - Most recent reaffirmation received April 3, 2020

Current Liquidity	Actual 03/31/2020	Maturity
Revolving Credit Facility	\$1,850	Feb. 20, 2024
Accounts Receivable Programs*	459	
Less:		
Drawn on Credit Facility	500	
Commercial Paper	237	
Accounts Receivable Programs Utilized	459	
L/C's Outstanding Under Credit Facility	10	
Add:		
Cash & Equivalents	204	
Net Available Liquidity	\$1,307	

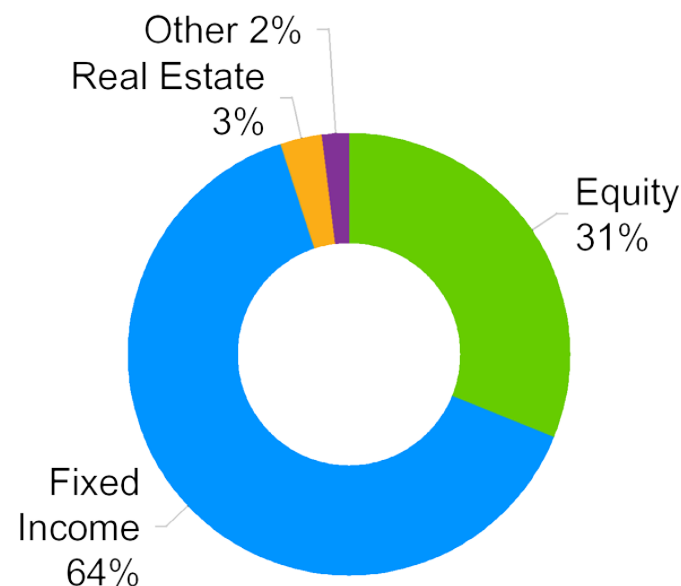
Limited Additional Capital Market Needs, No Expected Changes to Dividend



Pension Plan

- As of year-end 2019:
 - Funding percentage: 98%
 - Discount rate: 3.12%
 - Expected 2020 contributions: \$3M
- Pension expense not impacted until pension plans are remeasured
Drivers of expense:
 - Discount rate
 - 50bp change in discount rate = +/- ~\$1M
 - Asset valuations
 - \$100M change in asset valuation = +/- ~\$7M
- Plan remeasurement not expected until year-end 2020
- Pension tracker in MA, deferral in OH & PA

Year-End 2019 Asset Allocation



Pension Expense and Contributions Not Impacted Until Remeasurement



Key Takeaways

- Continued Focus on Customer and Employee Safety and Health
- Currently no Significant Impacts to Capital and Operating Plans
- Proactively Assessing and Planning for Potential Impacts to our Long-Term Strategy and Plan
- Rate Design and Periodic Base Rate Cases Mitigate Impacts
- Limited Additional Capital Market Needs Expected During COVID-19 Challenges
- No Changes Expected to the Dividend
- Pension Expense and Contributions Not Impacted Until Remeasurement



Appendix: COVID-19 Update



Bad Debt Recovery Mechanisms

Company	Bad Debt Expense Included in Base Rates*	Bad Debt Tracker	Tracker Frequency
Gas Distribution			
NIPSCO Gas	Yes	Gas cost only	Quarterly
Columbia Gas of Ohio	Yes	Gas cost and delivery charge	Annual
Columbia Gas of Pennsylvania	Yes	Partial Gas Cost only	Quarterly
Columbia Gas of Massachusetts	Yes	Gas cost only	Semi-annual
Columbia Gas of Virginia	Yes	Gas cost only	Quarterly
Columbia Gas of Maryland	Yes	Gas cost only	Quarterly
Columbia Gas of Kentucky	Yes	Gas cost only	Quarterly
Electric Operations			
NIPSCO Electric	Yes	None	N/A

* Based on historical bad debt of ~1% of gross revenue

Constructive Regulatory Mechanisms

Revenue and Weather Normalization Mechanisms

Company	Revenue Decoupling/ Normalization	Weather Normalization
Gas Distribution		
NIPSCO Gas	None	None
Columbia Gas of Ohio	Straight Fixed Variable Rates for Residential and Small Commercial	None
Columbia Gas of Pennsylvania	None	Yes - Residential
Columbia Gas of Massachusetts	Yes (Decoupling) – All Classes	None
Columbia Gas of Virginia	Yes (RNA*) – Residential	Yes – Residential & Commercial
Columbia Gas of Maryland	Yes (RNA) – Residential	Yes – Residential & Commercial
Columbia Gas of Kentucky	None	Yes – Residential & Commercial
Electric Operations		
NIPSCO Electric	None (Demand Ratcheting Large Industrial Rates)	None

* Revenue Normalization Adjustment

Supplemental Slides First Quarter 2020 Earnings

May 6, 2020



Forward-Looking Statements

This presentation contains “forward-looking statements” within the meaning of federal securities laws. Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. 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 presentation 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; potential 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 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 in the “Risk Factors” section of our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, as supplemented by our Current Report on Form 8-K filed with the SEC on April 8, 2020, and our subsequent SEC filings, including as will be disclosed in our Quarterly Report on Form 10-Q for the quarter 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.

Regulation G Disclosure Statement

This presentation includes financial results and guidance for NiSource with respect to net operating earnings available to common shareholders, which is a non-GAAP financial measure as defined by the SEC’s Regulation G. The company includes this measure because management believes it permits investors to view the company’s performance using the same tools that management uses and to better evaluate the company’s ongoing business performance. With respect to such guidance, it should be noted that there will likely be a difference between this measure and its GAAP equivalent due to various factors, including, but not limited to, fluctuations in weather, the impact of asset sales and impairments, and other items included in GAAP results. NiSource is not able to estimate the impact of such factors on GAAP earnings and, as such, is not providing earnings guidance on a GAAP basis.

Key Takeaways

- **Focused on providing safe, reliable utility service during COVID-19 pandemic**
- **Non-GAAP Net Operating Earnings Per Share (NOEPS)* of \$0.76, vs. \$0.82 in 1Q2019**
- **Capital program, liquidity expected to remain strong in 2020**
 - Reduced expected 2020 capital investments by \$100M to \$1.7B - \$1.8B
 - Issued \$1.0 billion of 3.6% notes, maturing in May 2030
 - Refinanced \$850 million term loan with new maturity date of March 31, 2021
 - CMA asset sale on track to close in Q3 2020, proceeds anticipated to be used to pay down debt
 - Committed to maintaining current investment-grade credit ratings
- **Safety Management System (SMS), pipeline safety enhancements remain a top priority**
 - SMS implementation kicked off in electric business
 - Advanced maturity of risk identification via Corrective Action Program with enhanced analytical insights
- **Gas system safety & infrastructure investments continue**
 - Ongoing infrastructure tracker updates progressing; NIPSCO extension pending
 - Columbia Gas of Pennsylvania files base rate case
- **Electric generation strategy continues to advance in Indiana**
 - Discussions continue with select bidders in latest RFP
 - Incremental capital investment opportunities in 2022 and 2023

Focused on COVID Response and Enhancing Safety, Service and System Reliability

* Net Operating Earnings Per Share (Non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's May 6, 2020, Earnings Release

First Quarter 2020 Financial Highlights

Non-GAAP*	2020	2019	Change
Net Operating Earnings Available to Common Shareholders (\$M)	\$290.9	\$307.7	(\$16.8)
Net Operating Earnings Per Share	\$0.76	\$0.82	(\$0.06)

GAAP	2020	2019	Change
Net Income (Loss) Available to Common Shareholders (\$M)	\$61.8	\$205.1	(\$143.3)
Basic Earnings (Loss) Per Share	\$0.16	\$0.55	(\$0.39)

Q1 Results Minimally Impacted by COVID-19

*Net Operating Earnings (non-GAAP). For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's May 6, 2020, Earnings Release and the supplemental segment and financial information accompanying this presentation available on the investor section of www.nisource.com.

NiSource Debt and Credit Profile

- **Debt level: ~\$9.9B as of March 31, 2020**
 - ~\$7.7B of long-term debt
 - Weighted average maturity ~17 years
 - Weighted average interest rate of 4.4%
- **Solid liquidity position**
 - ~\$1.3B in net available liquidity as of March 31, 2020*
 - ~\$2.4B of committed facilities in place as of March 31, 2020
 - ~\$1.9B revolving credit facility
 - ~\$0.5B accounts receivable securitization facilities **
- **Interest rate hedging position**
 - ~\$500M of anticipated debt issuances hedged as of March 31, 2020
- **Committed to investment-grade credit ratings**
 - S&P BBB+ | Moody's Baa2 | Fitch BBB

Solid Financial Foundation to Support Long-Term Infrastructure and Safety Investments

* Consisting of cash and available capacity under credit facilities

** Capacity on accounts receivable securitization facilities changes with seasonality

Financing Plan Update

NiSource Current Financing Plan*		
(\$ in Millions)	2019 Actual	2020 Estimated
Equity		
Common Equity Block Issuance	None	None Planned
ATM (At-The-Market)	\$229	\$200 - \$300
ESPP/401K/Other	\$34	\$35 - \$60
Long-Term Debt		
Incremental Long-Term Debt	\$714	\$1,000

Long-term Financing Targets Adj. FFO**/Total Debt of ~14%-15%

* Current financing plan may change based on business developments.

**Adjusted Funds from Operations (FFO); represents Net Income adjusted for depreciation and amortization, loss on early extinguishment of debt and deferred taxes.

Gas Distribution Operations

- Base rate case filed in Pennsylvania
- Safety & Infrastructure tracker update approved in Ohio; extension pending in Indiana
- Supportive orders around COVID-related costs and bad debt in Maryland and Virginia
- Continuing to execute infrastructure modernization designed to enhance system safety, reliability and environmental performance

Key Milestones:

Highlight	Key Components	Status
Columbia Gas of Pennsylvania Base Rate Case	• Supports continued replacement of aging pipelines and adoption of pipeline safety upgrades • Includes \$100.4M total annual revenue increase	• Filed Apr. 24, 2020 • Order expected Jan. 2021 • New rates effective Jan. 2021
Columbia Gas of Ohio Infrastructure Replacement Program (IRP) Annual Rider Update	• Order covers ~\$234M in 2019 capital investments • IRP rider allows recovery of safety & infrastructure investments in priority mainline pipe and targeted customer service lines • Well-established program authorized through 2022	• Filed Feb. 28, 2020 • Order received Apr. 22, 2020 • New rates effective May 2020
Columbia Gas of Ohio Capital Expenditure Program (CEP) Annual Rider Update	• Application covers ~\$185M in 2019 capital investments • CEP rider allows the company to recover capital investments and related deferred expenses that are not recovered through its IRP tracker • Rider first approved by PUCO in 2018	• Filed Feb. 28, 2020 • Order expected Aug. 2020 • New rates effective Sep. 2020
NIPSCO Gas System Modernization Program	• Six year extension to long-term infrastructure modernization program • Covers nearly \$950M of capital investments through 2025	• Filed Dec. 31, 2019 • Order expected Jul. 2020
COVID-related Regulatory Updates	• Orders in Maryland and Virginia allow deferral of COVID-related expenses and bad debt for later recovery	• MD order received Apr. 9, 2020 • VA order received Apr. 29, 2020

~\$20B in Identified Long-Term Infrastructure Investment Opportunities

Electric Operations

- Discussions continue with select bidders in second RFP for coal replacement capacity
- Incremental capital investment opportunities expected in 2022 and 2023
- Continued execution of seven-year ~\$1.2B electric system modernization program

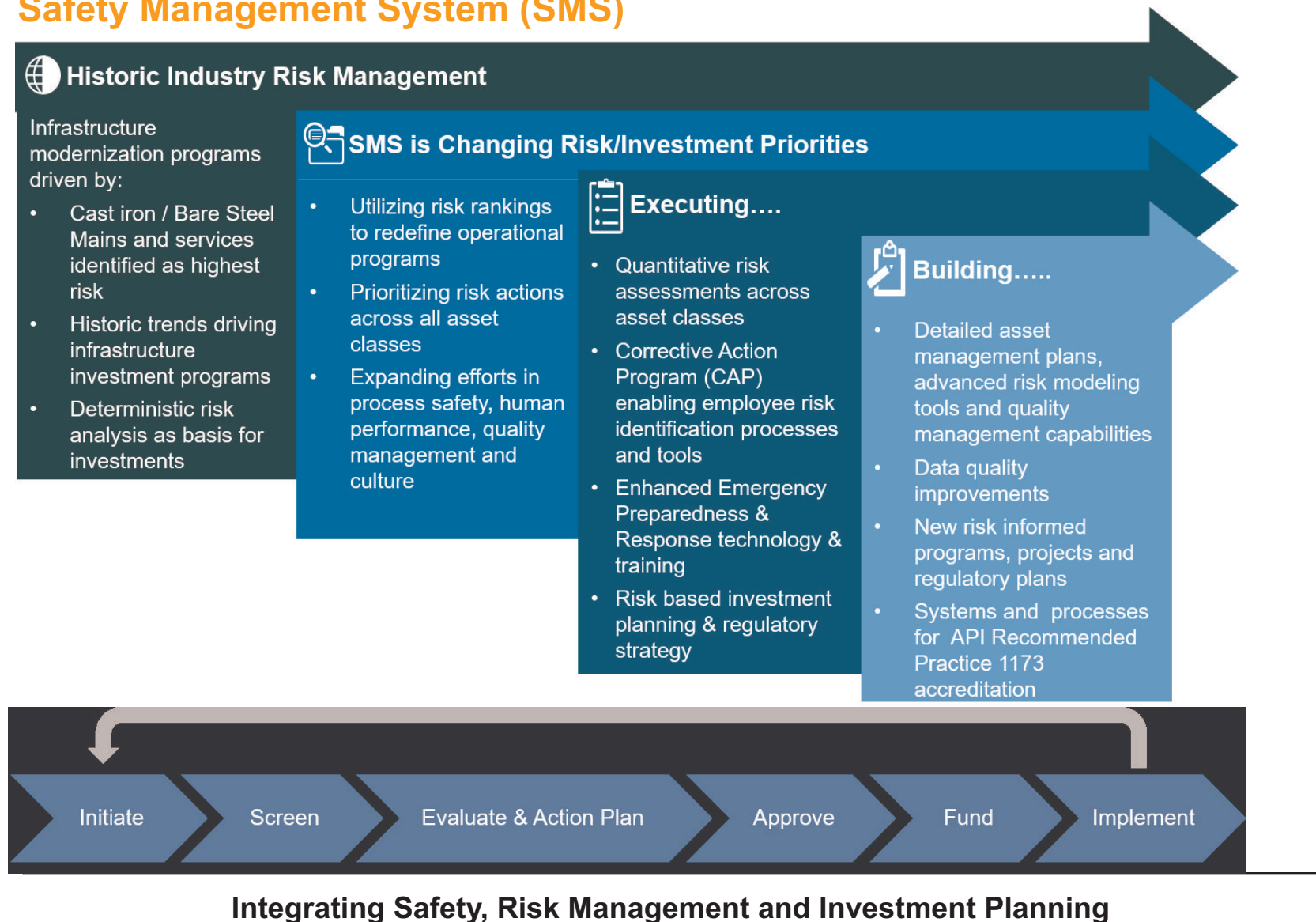
Key Milestones:

Highlight	Key Components	Status
Wind Projects	• Construction continues on Jordan Creek (400MW*) and Rosewater (100MW*) wind projects • BTA application approved for Indiana Crossroads (300MW*), a second joint venture between NIPSCO and EDP Renewables	• Indiana Crossroads CPCN filed Oct. 22, 2019, order received Feb. 19, 2020 • Tax Equity Partnership agreements pending for Rosewater, Indiana Crossroads
Electric System Modernization Program	• Focused on electric transmission and distribution investments designed to improve system reliability and safety • TDSIC 6 semi-annual tracker update covering \$131.1M in investments from Dec. 2018 - Jun. 2019	• Filed Aug. 21, 2019 • Order received Dec. 18, 2019 • Rates effective Jan. 2020
Integrated Resource Plan (IRP)	• Outlines NIPSCO's plans for meeting customers' long-term electricity needs • 2018 IRP included plans to retire nearly 80 percent of NIPSCO's coal-fired generation fleet by 2023 and the remaining coal-fired unit by 2028 • Replacement options point toward lower-cost, reliable, cleaner energy resources • Discussions continue with select bidders in second round of RFPs • RFP represents ~2,300MW of replacement capacity	• Submitted Oct. 31, 2018 • Next IRP expected in 2021

~\$10B in Identified Long-Term Infrastructure Investment Opportunities

* Represents installed capacity of generation facilities.

Safety Management System (SMS)



Environmental, Social & Governance (ESG)

Longstanding ESG Program

- NiSource has been reporting on sustainability and ESG for more than a decade
- Climate Report published in 2019 aligned with the Task Force on Climate-related Financial Disclosures (TCFD) framework
- Member of the Dow Jones Sustainability North America Index for six years in a row, ranked 3rd of 11 North American utilities evaluated
- Named to the FTSE4Good Index, S&P Global 1200 ESG Index, S&P 500 ESG Index, and S&P US LargeMidCap ESG Index

Environmental

- Goal of 90% greenhouse gas emissions reductions by 2030 from 2005 levels
- Continued GHG emissions reductions in 2019; total decrease of 48% from 2005 levels
- Announced more than 800 MW of new wind projects expected to be in service by 2021
- Founding member of the EPA's Methane Challenge Program in 2016
- Top 20% environmental performance score from Institutional Shareholder Services (ISS)

Social

- Member of the Bloomberg Gender Equality Index since 2018
- Named one of America's Best Large Employers by *Forbes* since 2016

Governance

- Committed to board diversity - Currently 25% female, 33% ethnically diverse
- Environmental, Safety and Sustainability Committee has a focus on ESG

ESG is an Essential Part of NiSource's Strategy

Appendix: First Quarter 2020 Earnings



COVID-19 Actions

- **Following CDC and local guidelines intended to ensure the health and safety of our employees and customers**
- **Activated Incident Command Structure to coordinate strategy, execution and communication across all seven states**
- **For Customers**
 - Suspended shut-offs for non-payment and are offering flexible payment plans
 - Directed field employees to use social distancing at any customer premise and minimized all non-essential field work that requires entry to customer homes and locations
 - On-going and frequent communications
- **For Communities**
 - NiSource foundation donation of \$1M to American Red Cross
 - Nearly \$500K donated by the foundation to support operating company initiatives at the local level
- **For Employees**
 - Approximately 75% are working remotely or job site reporting
 - Sequestering employees in critical operations
 - Temperature checks for employees that need to enter critical company facilities
 - More frequent cleaning of equipment and buildings
 - Limiting company vehicle occupancy to one person

Primary Focus on Customer and Employee Safety and Health

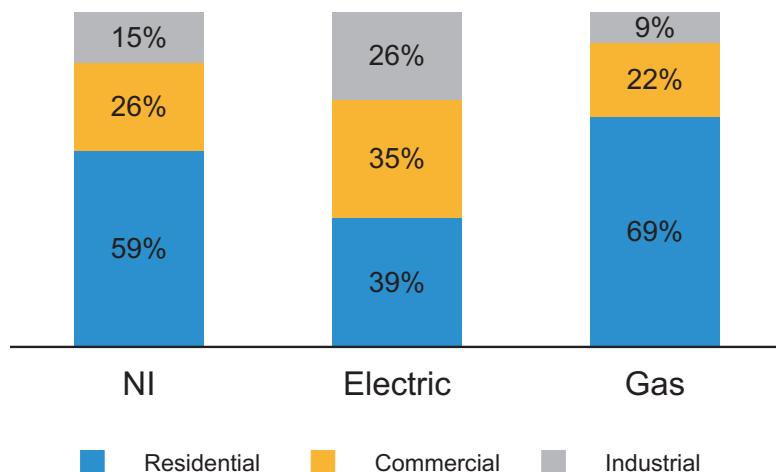
COVID-19 Business Implications

- **Customer - impacts expected to lower revenue and cash flows**
 - Sales volume declines (Commercial and Industrial)
 - Increased bad debt expense (due to shut-off moratorium and job losses)
 - Long-term customer attrition
- **Supply Chain - no material impacts at this time**
 - Contractor availability, utility materials and supplies largely unaffected
 - Renewables construction ongoing (Rosewater project could experience some delays)
- **State Regulatory Environment - in current dialogue across all jurisdictions**
 - Protection of vulnerable customers
 - Treatment of COVID-19 incremental expenses (Recent orders in MD, VA allow deferral for later recovery)
 - Monitoring procedural schedules
- **Capital Markets and Liquidity** - we believe current liquidity remains sufficient for the next 12 - 24 months following recent financing activity with limited additional capital market needs
- **Pension Expense and Contributions** - well positioned with 98% funded plans at year-end 2019
- **CARES (Coronavirus Aid, Relief and Economic Security Act) Legislation** - constructive components to managing cash position

Proactively Assessing and Planning for Potential Impacts to our Strategy and Plan

COVID-19 Customer Demand and Bad Debt

Retail Margins by Customer Class



Initial pre-tax operating earnings sensitivity to +/- 1% change in annual sales volumes* (\$M)		
Customer Class	Electric	Gas
Residential	\$ 3.9	\$ 3.8
Commercial	\$ 3.9	\$ 2.4
Industrial	\$ 2.3	\$ 1.2

Customer Demand

- Expect lower commercial and industrial sales
- Potential for increased residential sales

Rate Design

- Gas Segment
 - Residential ~75% Fixed
 - Commercial ~45% Fixed
- Electric Segment
 - Residential ~20% Fixed
 - Commercial ~25% Fixed
 - Large Industrial ~55% Fixed (includes demand ratcheting)

Bad Debt

- Expect higher expense
- Bad debt primarily recovered in base rates; additional mechanisms exist in several states on gas/fuel recovery
- Recent orders in MD, VA allow for deferral of COVID-related expenses and bad debt

Rate Design and Periodic Base Rate Cases Mitigate Impacts

* Sensitivity may not be linear for large or prolonged volume changes

Bad Debt Recovery Mechanisms

Company	Bad Debt Expense Included in Base Rates	Tracked Incremental Expense	Tracked Filing Frequency
Gas Distribution			
NIPSCO Gas	Yes	Gas cost only	Quarterly
Columbia Gas of Ohio	Yes	Gas cost and delivery charge	Annual
Columbia Gas of Pennsylvania	Yes	Partial gas cost only	Quarterly
Columbia Gas of Massachusetts	Yes	Gas cost only	Semi-Annual
Columbia Gas of Virginia	Yes	Gas cost only	Quarterly
Columbia Gas of Maryland	Yes	Gas cost only	Quarterly
Columbia Gas of Kentucky	Yes	Gas cost only	Quarterly
Electric Operation			
NIPSCO Electric	Yes	None	N/A

Constructive Regulatory Mechanisms

* Based on historical bad debt of ~1% of gross revenue

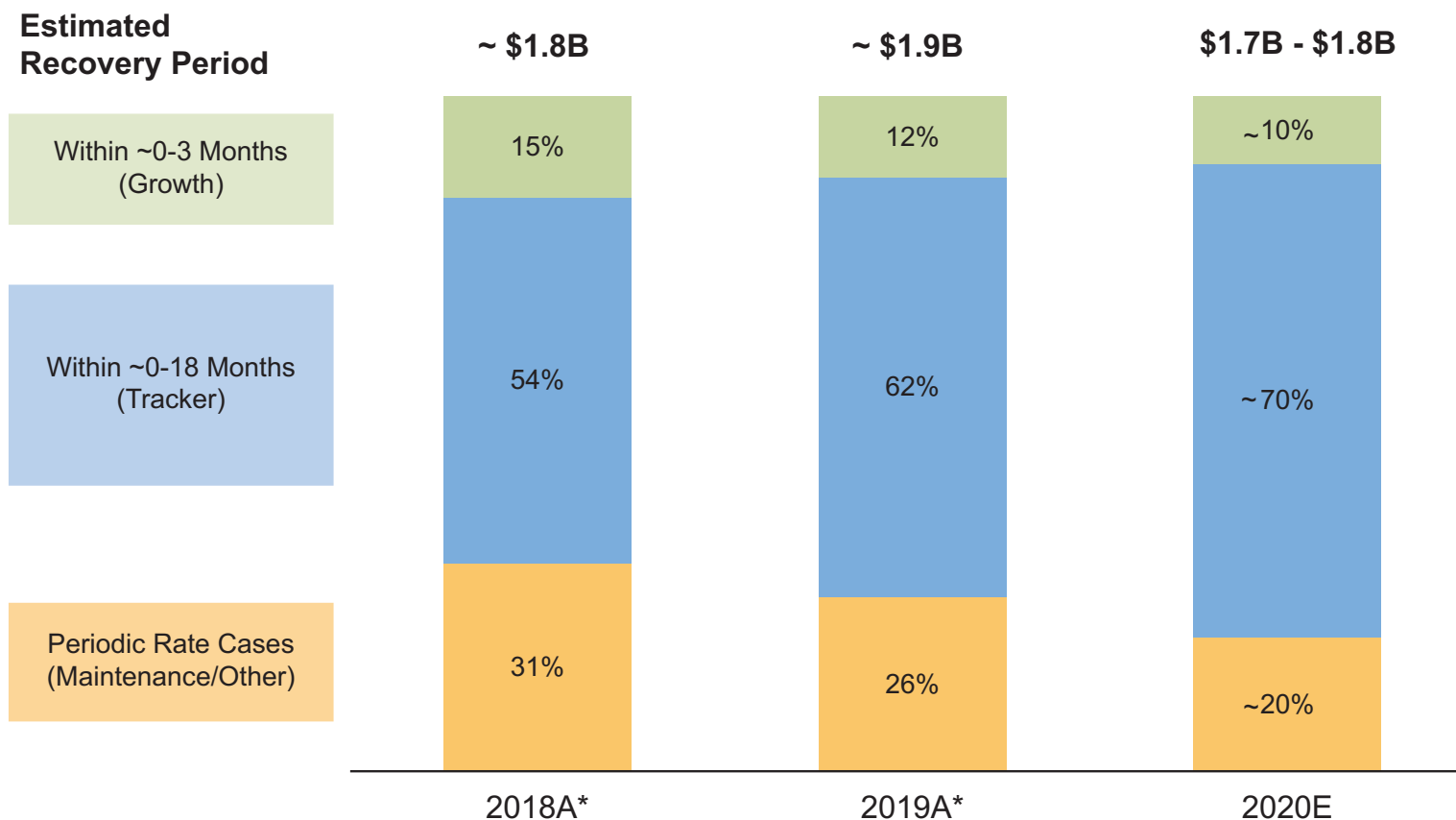
Revenue and Weather Normalization Mechanisms

Company	Revenue Decoupling/ Normalization	Weather Normalization
Gas Distribution		
NIPSCO Gas	None	None
Columbia Gas of Ohio	Straight Fixed Variable Rates for Residential and Small Commercial	None
Columbia Gas of Pennsylvania	None	Yes - Residential
Columbia Gas of Massachusetts	Yes (Decoupling) - All Classes	None
Columbia Gas of Virginia	Yes (RNA*) - Residential	Yes - Residential & Commercial
Columbia Gas of Maryland	Yes (RNA) - Residential	Yes - Residential & Commercial
Columbia Gas of Kentucky	None	Yes - Residential & Commercial
Electric Operation		
NIPSCO Electric	None (Demand Ratcheting Large Industrial Rates)	None

* Revenue Normalization Adjustment

Capital Expenditures

Investments Expected to Deliver Customer Value, Enhance System Safety and Reliability



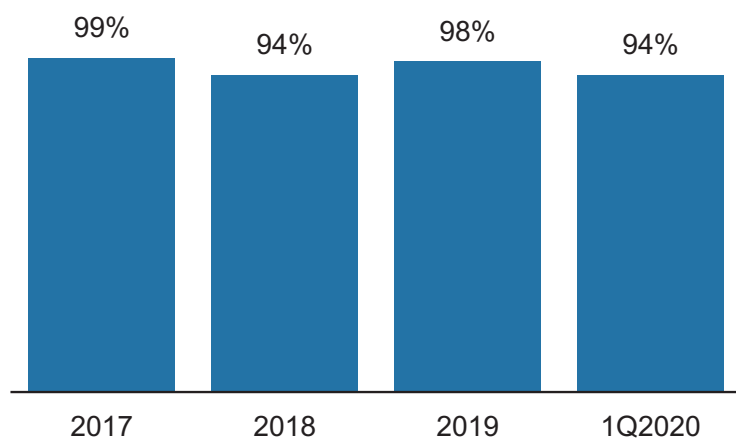
>75% of Capital Investments Begin Earning in Less Than 18 Months

* Greater Lawrence distribution system capital included in maintenance for 2018 and 2019

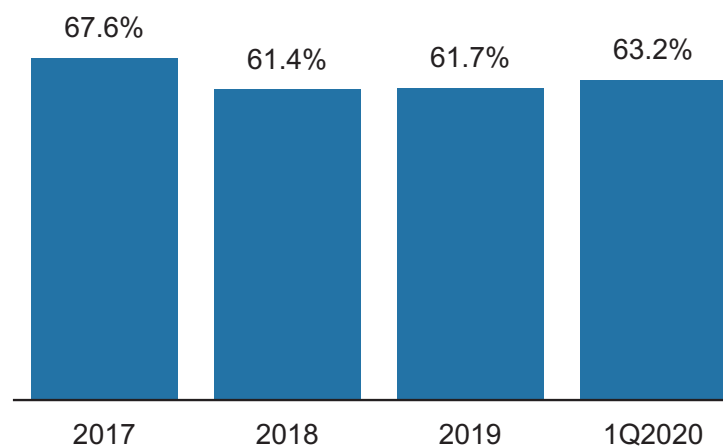
Liquidity and Capitalization as of First Quarter 2020 (\$M)

Current Liquidity	Actual 3/31/2020	Maturity
Revolving Credit Facility	\$1,850	Feb. 20, 2024
Accounts Receivable Programs*	459	
Less:		
Drawn on Credit Facility	500	
Commercial Paper	237	
Accounts Receivable Programs Utilized	459	
L/C's Outstanding Under Credit Facility	10	
Add:		
Cash & Equivalents	204	
Net Available Liquidity	\$1,307	

Qualified Pension Funding



Total Debt/Total Capitalization



* Represents the lesser of seasonal limit or maximum borrowings supportable by underlying receivables

Long-Term Debt as of First Quarter 2020 (\$M)

Debt Detail	Balance	Wtd. Avg. Rate*	Wtd. Avg. Maturity
Long-Term Debt**	\$7,739	4.40%	17 years
Revolving Credit Facility	500	2.13%	2.6 months
Commercial Paper	237	2.02%	39 days
A/R Program Borrowings	459	1.23%	1 month
Term Loan***	850	3.25%	0.5 months
Capital Leases, Def Cost & Other	87	N/A	N/A
Total Debt	\$9,872		

Upcoming Long-term Debt Maturities	2020	2021	2022	2023	2024
NiSource	-	\$64	\$520	\$600	-
NIPSCO	-	-	\$10	-	-
Total Long-Term Debt Maturities	-	\$64	\$530	\$600	-

* Represents coupon or current incremental borrowing rate; does not factor in fees and/or amortization of deferred charges

** Issued \$1.0B of 3.6% notes due May 2030 on April 13, 2020

*** Refinanced on April 1, 2020 with new maturity date of March 21, 2021

N/A = Not Applicable

Gas Distribution Operations Infrastructure Programs

Company	Base Case Authorized ROE	Year-End 2019 Rate Base	Total Identified Investments	Modernization Program Investments	Estimated Annual Modernization Program	Recovery Mechanism
Columbia Gas of OH	Not Specified	\$3.2B	~\$10.4B	~\$10.4B	\$435M - \$550M	Tracked
Columbia Gas of PA	Not Specified	\$1.9B	~\$5.0B	~\$3.9B	\$250M - \$296M	Rate Case (Forward Test Year)
NIPSCO Gas	9.85%	\$1.7B	~\$4.9B	~\$3.8B	\$160M - \$180M	Tracked
Columbia Gas of MA	9.55%	\$1.1B	~\$2.2B	~\$1.2B	\$75M - \$120M	Tracked
Columbia Gas of VA	Not Specified	\$850M	~\$1.8B	~\$540M	\$46M - \$65M	Tracked
Columbia Gas of KY	Not Specified	\$327M	~\$1.2B	~\$850M	\$35M - \$40M	Tracked
Columbia Gas of MD	9.60%	\$149M	~\$212M	~\$150M	\$18M - \$25M	Tracked

Robust Long-Term Investment Programs Deliver Value on \$9.2B Rate Base*

* As of Dec. 31, 2019

Electric Operations Investment Programs and Generation Transition

Infrastructure Investment Programs				
Program	Identified Investments	Estimated Annual Investment	Recovery Mechanism	Base Case Authorized ROE
Infrastructure Modernization	~\$5.9B	~\$190M - \$240M	Tracked	9.75%
Generation Transition				
Project	Project Type	MW ICAP (UCAP*)	Status	In service
Jordan Creek	Purchase Power Agreement	400MW (46MW)	Under Construction	YE2020
Rosewater	Joint Venture	100MW (12MW)	Under Construction	YE2020
Indiana Crossroads	Joint Venture	302MW (35MW)	Approved	YE2021

High-Value Investments on \$4.7B Rate Base**

* Represents average estimate, actual UCAP will be based on asset performance

** As of Dec. 31, 2019

Regulatory Update

2020 Rate Case and Program/Project Activity		
Company/Filing	Summary	Timeline
In Progress		
Columbia Gas of Pennsylvania - Base Rate Case	Requested Increase: \$100.4M	Filed: Apr. 24, 2020 Order Expected: Jan. 2021
NIPSCO Gas - TDSIC	Six year extension to long-term infrastructure modernization program	Filed: Dec. 31, 2019 Order Expected: Jul. 2020

Continued Regulatory Execution Drives Growth and Customer Value

Safety and Infrastructure Investment and Tracker Filing Details

Company	Recovery Mechanism	Incremental Investments		Recovery	
		Investment Period	Investment Amount (\$M)	Filing Date	Effective Date
Columbia Gas of Ohio	Infrastructure Replacement Program (IRP)	FY 2018	\$199.6	Feb 2019	May 2019
		FY 2019	\$234.4	Feb 2020	May 2020
Columbia Gas of Ohio	Capital Expenditure Program (CEP)	FY 2018	\$121.7	Feb 2019	Sept 2019
		FY 2019	\$185.1	Feb 2020	Expected - Sept 2020
Columbia Gas of Pennsylvania	Distribution System Improvement Charge (DSIC)	Dec 2019 - Feb 2020	\$28.2	Apr 2020	May 2020
Columbia Gas of Virginia	Steps to Advance Virginia's Energy Plan (SAVE)	FY 2019	\$36.0	Aug 2018	Jan 2019
		FY 2020	\$50.0	Aug 2019	Jan 2020
Columbia Gas of Kentucky	Safety Modification and Replacement Program (SMRP)	FY 2019	\$30.1	Oct 2018	Jan 2019
		FY 2020	\$40.4	Oct 2019	Jan 2020
Columbia Gas of Maryland	Strategic Infrastructure Development and Enhancement (STRIDE)	FY 2019	\$19.7	Nov 2018	Jan 2019
		FY 2020	\$15.0	Jan 2020	Feb 2020
NIPSCO – Gas	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 10: Jul 2018 – Apr 2019	\$12.4	Jun 2019	Nov 2019
		TDSIC 11: May 2019 - Dec 2019	\$38.7	Feb 2020	Expected - Jul 2020
NIPSCO – Electric	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 5: Jun 2018 – Nov 2018	\$58.8	Jan 2019	Jun 2019
		TDSIC 6: Dec 2018 – Jun 2019	\$131.1	Aug 2019	Jan 2020

* Incremental capital investment anticipated to be lower than \$75.0M for 2020

COVID-19 Supplemental Investor Update

May 26, 2020



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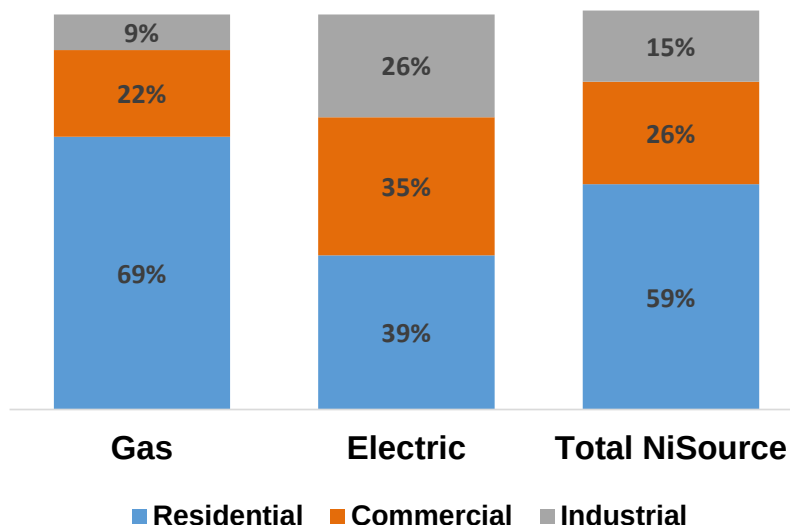
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- **For Customers**
 - Suspended shut-offs for non-payment and are offering flexible payment plans
 - Directed field employees to follow CDC and local health department guidance including social distancing at any customer premises and minimized all non-essential field work that requires entry to customer homes and locations
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- **For Communities**
 - NiSource foundation donation of \$1M to American Red Cross
 - Nearly \$500K donated by the foundation to support operating company initiatives at the local level
- **For Employees**
 - Approximately 75% are working remotely or reporting directly to job sites
 - Sequestering employees in critical operations
 - Employees who need to enter company facilities are required to submit to temperature checks, adhere to social distancing measures and wear face masks
 - More frequent cleaning and sanitizing of equipment and buildings
 - Generally limiting company vehicle occupancy to one person



Rate Design and Recovery Mechanisms/Trackers Help Mitigate Impacts

% Retail Margins by Customer Class



Initial pre-tax operating earnings sensitivity to +/- 1% change in annual sales volumes* (\$M)		
Customer Class	Electric	Gas
Residential	\$ 3.9	\$ 3.8
Commercial	\$ 3.9	\$ 2.4
Industrial	\$ 2.3	\$ 1.2

Expected Customer Demand (During State Shutdowns)

- Lower commercial and industrial sales
- Increased residential sales

Rate Design

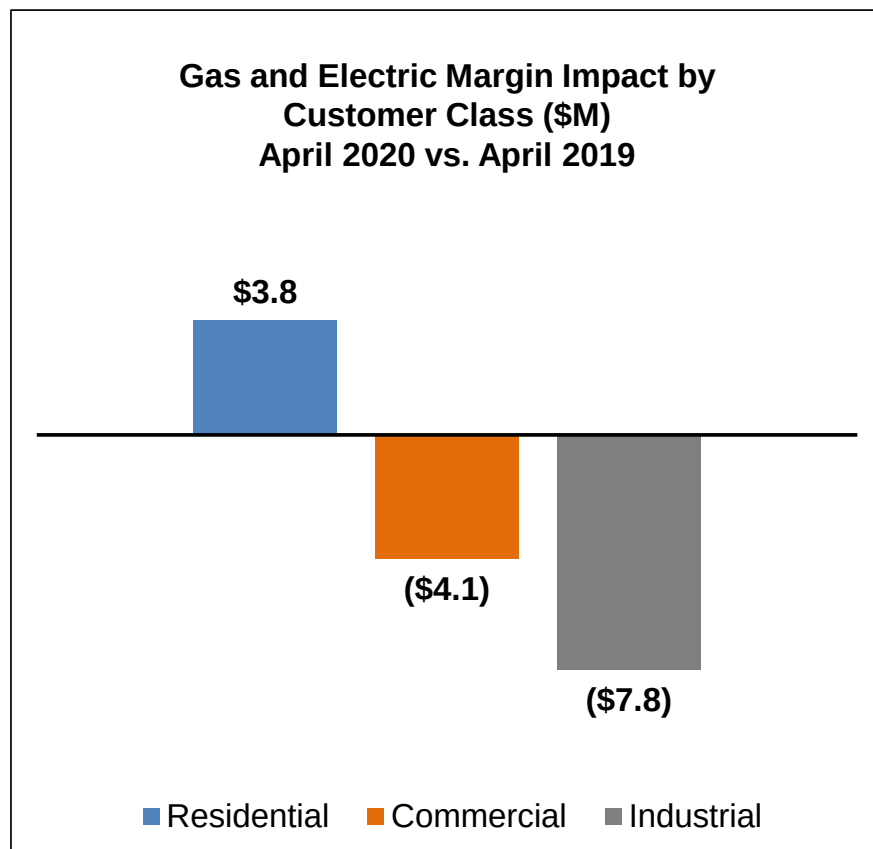
- Gas Segment
 - Residential ~75% Fixed
 - Commercial ~45% Fixed
- Electric Segment
 - Residential ~20% Fixed
 - Commercial ~25% Fixed
 - Small Industrial ~55% Fixed (demand charge ratcheting)
 - Large Industrial ~50% Fixed (5 year fixed demand charge)

Bad Debt

- Expect higher expense
- Bad debt primarily recovered in base rates; additional mechanisms exist in several states on gas/fuel recovery
- Recent orders in MD, VA and PA allow for deferral of COVID-related expenses and bad debt. Request on file with IN IURC for deferral of expenses and creation of bad debt tracker

* Sensitivity may not be linear for large or prolonged volume changes

COVID-19 Weather Normalized April Volume Impacts



- As an off peak month...April sales volumes are less than 8% of total annual volumes for both gas and electric
- April 2020 sales volume declines vs. prior year (month/annualized):
 - (4%) / (0.3%) Gas Distribution
 - (26%) / (2.3%) Electric Operations
- April volumetric declines were concentrated in the Commercial and Industrial segments, partially offset by increased Residential volumes
- April total margin loss of (\$8.1M) reflects the mitigating effects of “decoupled” rate designs across the NiSource utilities
- Trends indicate mid-to-late May volumes beginning to recover from April lows

Demand Trends Show Upward Trajectory Starting in May as States Begin to Reopen

Actions Underway to Mitigate 2020/2021 Headwinds from COVID-19

COVID-19 Impact Base Case Assumptions

Estimated COVID Related NOEPS* Impacts	
<u>2020</u>	<u>2021</u>
(\$0.15 - \$0.20)	(\$0.00 - \$0.10)

- Customer load and demand changes highly concentrated in 2020 during state shutdowns; assumes current state level reopen plans and a gradual recovery into normal usage patterns in 1H 2021
- Modest customer attrition and load declines in 2021
- Base Case margin reduction of (\$30-\$40M) in 2020 and (\$0-\$25M) in 2021
- Lost late payment and reconnection fee revenues and increased bad debt expenses continue into second half of 2020 with a modest impact into 2021
- Increased operational expenses and supply costs primarily during 2020 with some potential impact into 2021
- Other potential 2020/2021 impacts include regulatory timing and additional financing expenses

Mitigation Efforts Underway - Initiated in April

Estimated NOEPS Impact of Mitigation Efforts Underway	
<u>2020</u>	<u>2021</u>
\$0.10 - \$0.15	\$0.05 - \$0.10

- O&M Reductions (non-safety related): Employee and administrative expenses, deferral of some non-essential field work
- Regulatory deferrals/recovery for COVID related impacts currently allowed in several states with ongoing conversations across all jurisdictions
- Organizational repositioning (announced May 21, 2020) includes adjustments to address dis-synergies and improve efficiencies. Timing of implementation/execution will impact the level of benefit in 2021

Estimated Net NOEPS Impact (Base Case Scenario)	
2020 (\$0.00 - \$0.10)	2021 (\$0.00 - \$0.10)

* Net Operating Earnings Per Share (Non-GAAP)

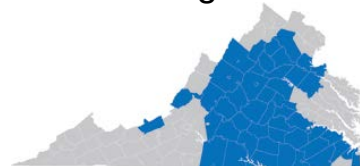
Reopening Progress for Each State of Operation

Ohio



- May 19: Stay at home no longer an order, only a recommendation
- May 12: retail
- May 15: outdoor dining and personal services
- May 21: indoor dining, campgrounds
- May 26: gyms, outdoor recreation

Virginia



- June 10: Stay at home expires
- Phase 1: May 15 – retail, outdoor dining, worship at 50% capacity, personal services by appt. only
- No dates yet for Phase 2 and beyond

Pennsylvania



- June 4: Stay at home expires (for part of the state)
- Yellow Phase: 49 counties included – daycare, retail open: 8 more counties May 29, all counties by June 5
- Green Phase: 17 counties will move to green on May 29 – dining, bars, personal services, gyms at 50% capacity

Kentucky



- May 11: professional services, construction, manufacturing
- May 20: retail, worship
- May 22: outdoor dining at 33% capacity
- May 25: personal services
- June 15: childcare services

Indiana



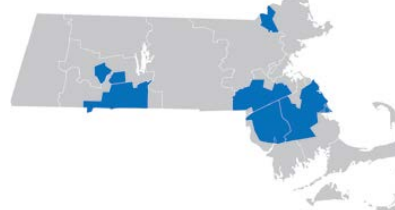
- May 1: Stay at home expired
- May 4: (most counties): public libraries
- May 24: retail at 75% capacity, gyms, community pools, playgrounds
- June 14: retail full capacity, restaurants 75% capacity
- July 4: retail, restaurants, gyms, etc. all full capacity

Maryland

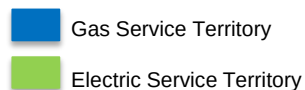


- May 15: Stay at home order expired
- May 15: retail, worship, personal services at 50%, manufacturing

Massachusetts



- Four phase approach to new normal
- Phase 1: May 18 – worship, manufacturing, construction
- May 25: Retail, limited personal services
- No dates yet for Phase 2 and beyond

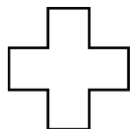


Constructive Regulatory Approaches to COVID-19

Company	Status
NIPSCO	Petition filed with IURC on May 8, 2020 for deferral of expenses and lost revenues, seeking to establish a bad debt tracker. Order requested by July 15 th .
Columbia Gas of Ohio	Engaging with peer utilities and PUCO, planning to file for deferrals related to COVID impacts
Columbia Gas of Pennsylvania	Order received May 13, 2020 authorizing deferral of incremental bad debt above levels currently in rates
Columbia Gas of Massachusetts	DPU established two working groups to focus on customer and utility concerns
Columbia Gas of Virginia	Order received April 29, 2020 allowing deferral of incremental bad debt, reconnection fees, late payment fees suspended, reconnection costs, carrying costs and other incremental incurred costs
Columbia Gas of Maryland	Order received April 9, 2020 allowing deferral of incremental costs and suspended late fees
Columbia Gas of Kentucky	Tracking COVID related costs for potential future recovery

Monitoring Health & Economic Indicators to Inform Mitigation Strategy

Public Health



May dictate need to redeploy shelter-in-place (major driver of economic outlook, even regionally)

Health indicators to track:

COVID-19 cases

Hospitalizations

COVID deaths

Share of population tested

Macroeconomic



Looking for consumer confidence, demand, and business distress to inform trajectory

Consumer indicators to track:

Unemployment claims

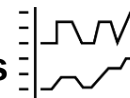
Consumer spend

Employer indicators to track:

Consumer demand

Business bankruptcies /
financial distress

Internal perspectives



NiSource is well positioned for a current view of economic outlook in our states based on load and gas demand

Internal metrics to track:

C&I demand and outlook

Customer arrearages

Rationale: Movement of these indicators over the coming weeks and months will be evidence of economy shifting closer to, or farther from, the base case scenario

NiSource will continue to monitor these metrics, including after shelter-in-place is initially lifted, to assess mitigation strategy and potential impacts to economic outlook

Key Takeaways

- Continued Focus on Customer and Employee Safety and Health
- Currently no Significant Impacts to Supply Chain or Operating Activities
- Proactively Managing Impacts to our Business Plan
 - O&M Reductions Underway
 - Regulatory Solutions – in dialogue across all jurisdictions
 - Organizational Repositioning announced May 21, 2020

5 to 7% Long-Term Growth and Generation Strategy Remain Intact

Appendix: COVID-19 Update



Bad Debt Recovery Mechanisms

Company	Bad Debt Expense Included in Base Rates*	Tracked Incremental Expense	Tracked Filing Frequency
Gas Distribution			
NIPSCO Gas	Yes	Gas cost only	Quarterly
Columbia Gas of Ohio	Yes	Gas cost and delivery charge	Annual
Columbia Gas of Pennsylvania	Yes	Partial Gas Cost only	Quarterly
Columbia Gas of Massachusetts	Yes	Gas cost only	Semi-annual
Columbia Gas of Virginia	Yes	Gas cost only	Quarterly
Columbia Gas of Maryland	Yes	Gas cost only	Quarterly
Columbia Gas of Kentucky	Yes	Gas cost only	Quarterly
Electric Operations			
NIPSCO Electric	Yes	None	N/A

* Based on historical bad debt of ~1% of gross revenue

Revenue and Weather Normalization Mechanisms

Company	Revenue Decoupling/ Normalization	Weather Normalization
Gas Distribution		
NIPSCO Gas	None	None
Columbia Gas of Ohio	Straight Fixed Variable Rates for Residential and Small Commercial	None
Columbia Gas of Pennsylvania	None	Yes - Residential
Columbia Gas of Massachusetts	Yes (Decoupling) – All Classes	None
Columbia Gas of Virginia	Yes (RNA*) – Residential	Yes – Residential & Commercial
Columbia Gas of Maryland	Yes (RNA) – Residential	Yes – Residential & Commercial
Columbia Gas of Kentucky	None	Yes – Residential & Commercial
Electric Operations		
NIPSCO Electric	None (Most Industrial Rates include fixed demand or demand ratcheting)	None

* Revenue Normalization Adjustment

Supplemental Slides

Second Quarter 2020 Earnings

August 5, 2020



Forward-Looking Statements

This presentation contains “forward-looking statements” within the meaning of federal securities laws. Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. 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 presentation 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; potential 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 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 in the “Risk Factors” section of our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, as updated in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 and in our subsequent SEC filings, 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.

Regulation G Disclosure Statement

This presentation includes financial results and guidance for NiSource with respect to net operating earnings available to common shareholders, which is a non-GAAP financial measure as defined by the SEC’s Regulation G. The company includes this measure because management believes it permits investors to view the company’s performance using the same tools that management uses and to better evaluate the company’s ongoing business performance. With respect to such guidance, it should be noted that there will likely be a difference between this measure and its GAAP equivalent due to various factors, including, but not limited to, fluctuations in weather, the impact of asset sales and impairments, and other items included in GAAP results. NiSource is not able to estimate the impact of such factors on GAAP earnings and, as such, is not providing earnings guidance on a GAAP basis.

Key Takeaways

- **Cost mitigation efforts offset financial impacts of COVID-19 in Q2**
- **Expected 2020 Capex reaffirmed at \$1.7 to \$1.8B**
- **Columbia Gas of Massachusetts asset sale remains on track**
- **Corporate strategic initiative underway with a focus on cost structure and capabilities**
- **2021 NOEPS* guidance initiated in range of \$1.28 to \$1.36**
- **Investor Day preview highlights long-term growth opportunities through 2024**
 - Virtual meeting to be held in late September 2020
 - Safety and infrastructure investment programs continue
 - Incremental \$1.8 to \$2.0B of renewable generation investment opportunities
 - Long-term growth rate and detailed financing plan to be provided
 - Capital investment plan projected to grow rate base by 10% to 12% CAGR
- **Pipeline safety enhancements, electric generation strategy remain top priorities**
 - Base rate cases pending in Pennsylvania and Maryland
 - NIPSCO Gas TDSIC program extension approved
 - New Ohio IRP rider rates effective in May, CEP rider update pending
 - CPCNs filed for 300MW of solar PPAs; commercial agreements advancing on solar + storage BTAs

Focused on COVID Response and Enhancing Safety, Service and System Reliability

* Net Operating Earnings Per Share (Non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's August 5, 2020, Earnings Release

Second Quarter 2020 Financial Highlights

Non-GAAP*	2020	2019	Change
Net Operating Earnings Available to Common Shareholders (\$M)	\$50.2	\$19.1	\$31.1
Net Operating Earnings Per Share	\$0.13	\$0.05	\$0.08

GAAP	2020	2019	Change
Net Income (Loss) Available to Common Shareholders (\$M)	(\$18.5)	\$283.1	(\$301.6)
Basic Earnings (Loss) Per Share	(\$0.05)	\$0.76	(\$0.81)

Impacts of COVID-19 Offset by Cost Mitigation Efforts during 2Q

*Net Operating Earnings (non-GAAP). For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's August 5, 2020, Earnings Release and the supplemental segment and financial information accompanying this presentation available on the investor section of www.nisource.com.

Second Quarter 2020 Segment Highlights

<i>Gas Distribution Operations (\$ millions)</i>	<i>Q2 2020</i>	<i>Q2 2019</i>	<i>Change</i>
Operating Revenues	606.2	608.5	(2.3)
Operating Expenses*	532.8	561.7	28.9
Operating Earnings (Non-GAAP)	73.4	46.8	26.6

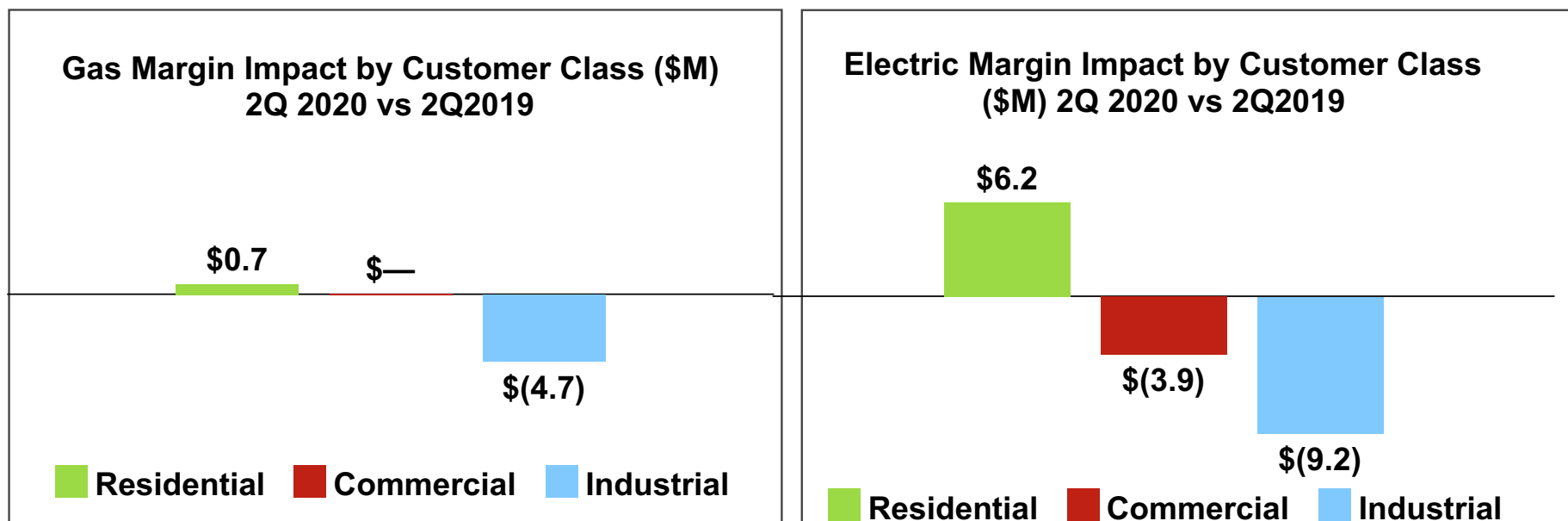
* Includes cost of sales net decrease of \$17.5M

<i>Electric Operations (\$ millions)</i>	<i>Q2 2020</i>	<i>Q2 2019</i>	<i>Change</i>
Operating Revenues	354.3	406.7	(52.4)
Operating Expenses*	264.9	320.9	56.0
Operating Earnings (Non-GAAP)	89.4	85.8	3.6

* Includes cost of sales net decrease of \$47.7M

Cost Management More Than Offset COVID Impacts During Q2

COVID-19 Financial Impacts



2Q 2020 COVID-19 NOEPS* impact of (~\$0.06), offset with cost management and regulatory solutions

- Sales margin loss - see above
- Reduced other revenues - late payment and reconnection fees
- Increased bad debt and other expenses

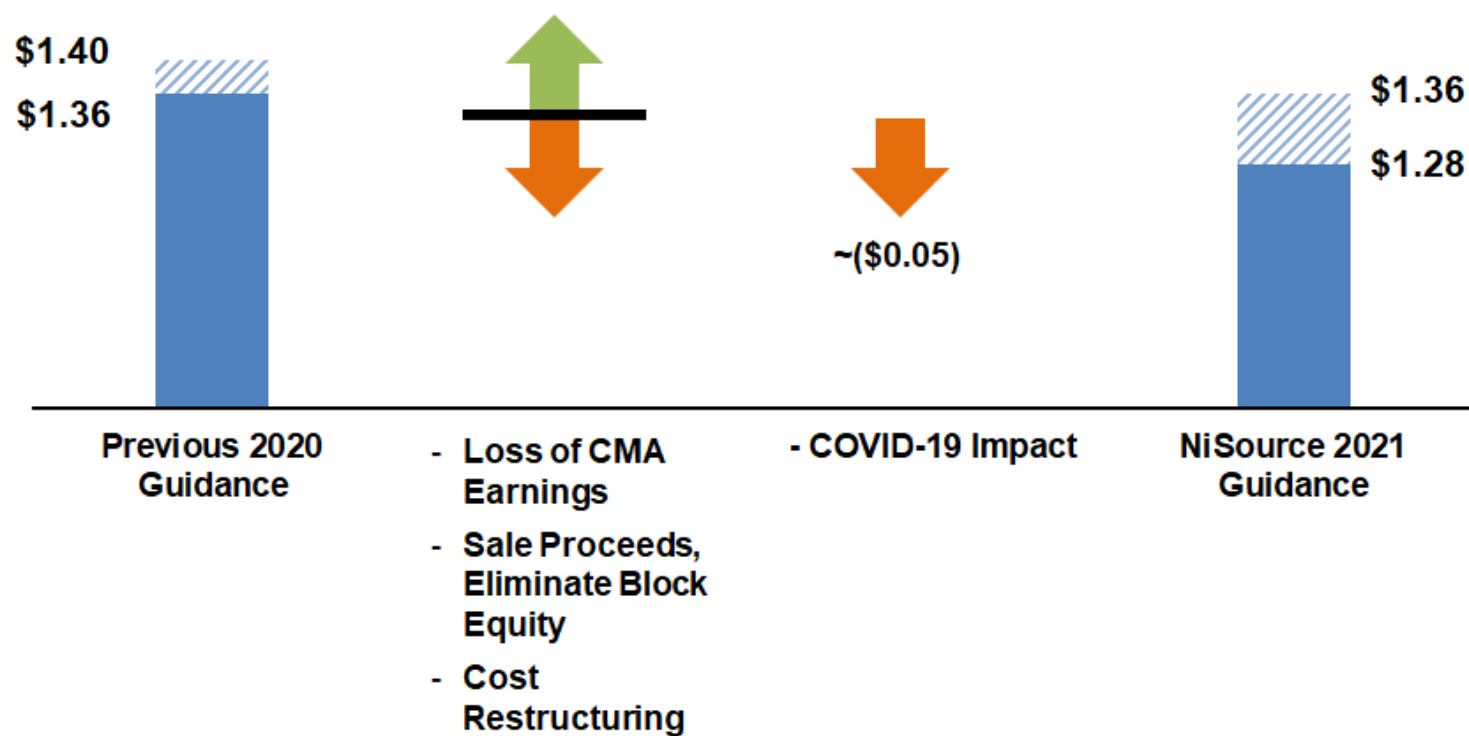
Midpoint of 2021 "base case" NOEPS* impact of COVID-19 = (~\$0.05); included in 2021 guidance range

COVID Impact Trends Consistent With Base Case Scenario

* Net Operating Earnings Per Share (Non-GAAP)

2021 Guidance Initiated

NiSource 2021 NOEPS* Guidance Range \$1.28 - \$1.36



2021 Guidance Establishes the Starting Point for the Long-Term Plan

* Net Operating Earnings Per Share (Non-GAAP)

NiSource Debt and Credit Profile

- **Debt level: ~\$10.0B as of June 30, 2020**
 - ~\$8.7B of long-term debt
 - Weighted average maturity ~16 years
 - Weighted average interest rate of 4.31%
- **Solid liquidity position**
 - ~\$2.0B in net available liquidity as of June 30, 2020*
 - ~\$2.2B of committed facilities in place as of June 30, 2020
 - ~\$1.9B revolving credit facility
 - ~\$0.3B accounts receivable securitization facilities **
- **Interest rate hedging position**
 - ~\$500M of anticipated debt issuances hedged as of June 30, 2020
- **Committed to investment-grade credit ratings**
 - S&P BBB+ | Moody's Baa2 | Fitch BBB

Solid Financial Foundation to Support Long-Term Infrastructure and Safety Investments

* Consisting of cash and available capacity under credit facilities

** Capacity on accounts receivable securitization facilities changes with seasonality

Financing Plan Update

NiSource Current Financing Plan*		
(\$ in Millions)	2019 Actual	2020 Estimated
Equity		
Common Equity Block Issuance	None	None Planned
ATM (At-The-Market)	\$229	\$200 - \$300
ESPP/401K/Other	\$34	\$35 - \$60
Long-Term Debt		
Incremental Long-Term Debt	\$714	\$1,000 - \$1,200

Long-term Financing Targets Adj. FFO**/Total Debt of ~14%-15%

* Current financing plan may change based on business developments.

**Adjusted Funds from Operations (FFO); represents Net Income adjusted for depreciation and amortization, loss on early extinguishment of debt and deferred taxes.

Gas Distribution Operations

- Base rate cases pending in Pennsylvania, Maryland
- Safety & Infrastructure program extension approved in Indiana
- Deferral orders received for COVID-related bad debt in IN, PA, VA, MD and OH
- Continuing to execute infrastructure modernization designed to enhance system safety, reliability and environmental performance

Key Milestones:

Highlight	Key Components	Status
Columbia Gas of Maryland Base Rate Case	• Supports continued replacement of aging pipelines and adoption of pipeline safety upgrades • Requests \$6.3M total annual revenue increase; \$5.0M net of infrastructure trackers	• Filed May 15, 2020 • Order expected Q4 2020 • New rates effective Dec. 2020
Columbia Gas of Pennsylvania Base Rate Case	• Supports continued replacement of aging pipelines and adoption of pipeline safety upgrades • Requests \$100.4M total annual revenue increase	• Filed Apr. 24, 2020 • Order expected Q1 2021 • New rates effective Feb. 2021
Columbia Gas of Ohio Infrastructure Replacement Program (IRP) Annual Rider Update	• Order covers ~\$234M in 2019 capital investments • IRP rider allows recovery of safety & infrastructure investments in priority mainline pipe and targeted customer service lines • Well-established program authorized through 2022	• Filed Feb. 28, 2020 • Order received Apr. 22, 2020 • New rates effective May 2020
Columbia Gas of Ohio Capital Expenditure Program (CEP) Annual Rider Update	• Application covers ~\$185M in 2019 capital investments • CEP rider allows the company to recover capital investments and related deferred expenses that are not recovered through its IRP tracker • Rider first approved by PUCO in 2018	• Filed Feb. 28, 2020 • Order expected Aug. 2020 • New rates effective Sep. 2020
NIPSCO Gas System Modernization Program	• Six year extension to long-term infrastructure modernization program • Covers nearly \$950M of capital investments through 2025	• Filed Dec. 31, 2019 • Order received Jul. 22, 2020
COVID-related Regulatory Updates	• Orders in MD, OH and VA allow deferral of COVID-related expenses and bad debt for later recovery • Order in PA allows deferral of bad debt above amounts in base rates for later recovery • Order in IN allows deferral of suspended fees and bad debt for later recovery	• MD order received Apr. 9, 2020 • VA order received Apr. 29, 2020 • PA order received May 13, 2020 • IN order received Jun. 29, 2020 • OH order received Jul. 15, 2020

~\$20B in Identified Long-Term Infrastructure Investment Opportunities

Electric Operations

- New solar projects announced for coal replacement capacity
- \$1.8 - \$2.0B incremental capital investment opportunities expected in 2022 and 2023
- Continued execution of seven-year ~\$1.2B electric system modernization program

Key Milestones:

Highlight	Key Components	Status
Renewable Generation Projects	• Construction continues on Jordan Creek (400MW*) and Rosewater (100MW*) wind projects - expected to go in service by YE 2020 • BTA application approved for Indiana Crossroads (300MW*), a second joint venture between NIPSCO and EDP Renewables • Commercial terms reached on Brickyard Solar (200MW*) and Greensboro Solar (100MW) + storage (30MW*) PPAs filed • Latest RFP represents replacement ~1,400 MW of coal capacity through 2023	• Indiana Crossroads CPCN filed Oct. 22, 2019, order received Feb. 19, 2020 • Tax Equity Partnership agreements reached for Rosewater • Regulatory approval pending for Brickyard and Greensboro Solar
Electric System Modernization Program	• Focused on electric transmission and distribution investments designed to improve system reliability and safety • TDSIC 6 semi-annual tracker update covering \$131.1M in investments from Dec. 2018 - Jun. 2019 now in rates	• Filed Aug. 21, 2019 • Order received Dec. 18, 2019 • Rates effective Jan. 2020
Integrated Resource Plan (IRP)	• Outlines NIPSCO's plans for meeting customers' long-term electricity needs • 2018 IRP included plans to retire nearly 80 percent of NIPSCO's coal-fired generation fleet by 2023 and the remaining coal-fired unit by 2028 • Replacement options point toward lower-cost, reliable, cleaner energy resources • Discussions continue with select bidders in second round of RFPs	• Submitted Oct. 31, 2018 • Next IRP expected in 2021

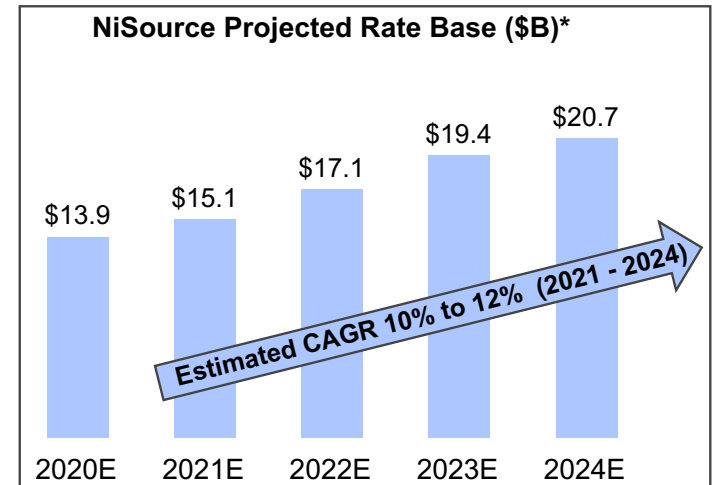
~\$10B in Identified Long-Term Infrastructure Investment Opportunities

* Represents installed capacity of generation facilities.

Investor Day Preview - NiSource Long-Term Plan (2021-2024)

Investor Day will highlight strategy and enhanced long-term growth plan (virtual meeting scheduled for September 29, 2020)

- Business strategy and long-term outlook
 - Updated for gas and electric businesses
- Update on Safety Management System (SMS) progress
- Highlighting on-going safety and infrastructure investment programs through 2024
 - Risk reduction and asset modernization
- Transition from coal to renewables
 - Drives an industry-leading greenhouse gas reduction of 90% by 2030 (from 2005)
 - Represents an additional \$1.8- \$2.0B of investments through 2023 and additional opportunities through 2028
- Leading ESG profile highlighted
 - Environmental performance, safety leadership and diversity programs underpin sustained commitment
- Financial Outlook Updated
 - Financing plan, cost restructuring and regulatory initiatives outlines to support updated NOEPS** CAGR from 2021- 2024

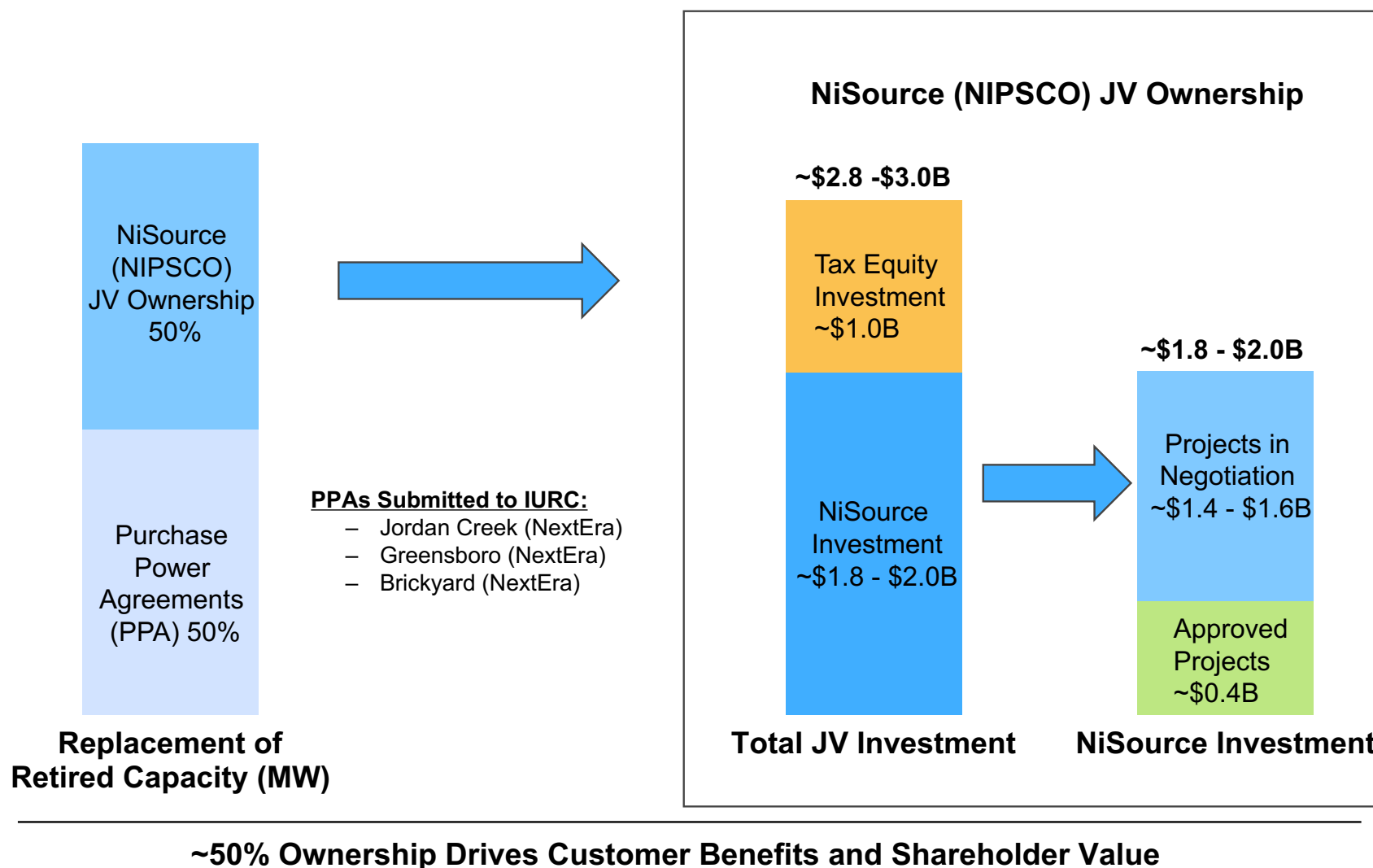


Robust Rate Base Growth Expected to Drive NOEPS CAGR in Excess of 5 to 7%**

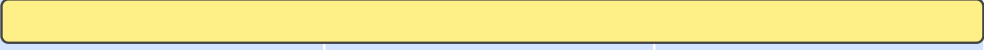
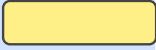
*Excludes MA

**Net Operating Earnings Per Share (Non-GAAP)

Investor Day Preview - Renewable Investment Opportunity



Investor Day Preview - Generation Strategy Timeline

Milestone	2020	2021	2022	2023
Finalize Commercial Negotiations from Second RFP				
Regulatory (CPCN) Filings/ Approvals				
Project Construction (Second RFP)				
Renewable Generation Investment				
R.M. Schahfer Retirement				
Investments Included in Rate Base				

- Renewable replacement plan advancing
 - 2019 Base Rate Case - positioned NIPSCO to move forward with the renewable replacement strategy that provides significant customer benefits and investment opportunity
- Capacity replacement status*
 - JV Projects
 - Rosewater (100MW)** - regulatory approved, tax equity partner (Wells Fargo), under construction, targeted in-service YE2020
 - Indiana Crossroads (300MW)** - regulatory approved, tax equity partner (TBD), construction begins 2H2020, targeted in-service YE2021
 - Several Solar Projects** - advanced commercial discussions
 - PPA Projects
 - Jordan Creek (400MW)** - regulatory approved, under construction, targeted in-service YE2020
 - Brickyard (200MW)** - filed 7/2020, targeted in-service Q22023
 - Greensboro (130MW)** - filed 7/2020, targeted in-service Q22023

Execution of Generation Strategy Well Underway

* All MW Represent installed capacity of generation facilities.

Appendix: Second Quarter 2020 Earnings



COVID-19 Actions

- **Following CDC and local guidelines intended to ensure the health and safety of our employees and customers**
- **Operating under Incident Command Structure to coordinate strategy, execution and communication across all seven states**
- **For Customers**
 - Suspended shut-offs for non-payment and are offering flexible payment plans
 - Employees using social distancing at customer premises and minimizing all non-essential field work that requires entry to customer homes and locations
 - On-going and frequent communications
- **For Communities**
 - NiSource foundation donation of \$1M to American Red Cross
 - Nearly \$500K donated by the foundation to support operating company initiatives at the local level
- **For Employees**
 - Approximately 75% are working remotely or job site reporting
 - Sequestering employees in critical operations when required
 - Temperature checks for employees that need to enter critical company facilities
 - More frequent cleaning of equipment and buildings
 - Limiting company vehicle occupancy to one person

Primary Focus on Customer and Employee Safety and Health

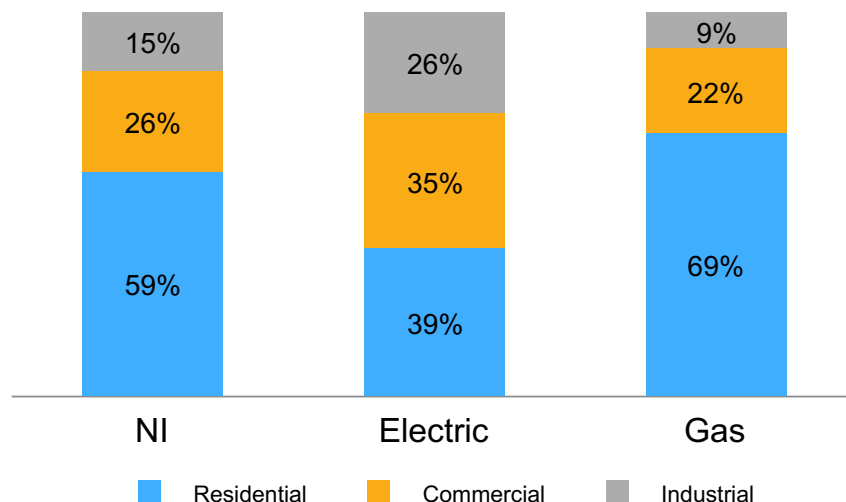
COVID-19 Business Implications

- **Customer - lower revenue and cash flows in Q2, gradual recovery expected into 1H 2021**
 - Sales volume declines (Commercial and Industrial)
 - Increased bad debt expense (due to shut-off moratorium and job losses)
 - Customer attrition
- **Supply Chain - no material impacts at this time**
 - Contractor availability, utility materials and supplies largely unaffected
 - Renewables construction ongoing (Rosewater project could experience some delays)
- **State Regulatory Environment - in current dialogue across all jurisdictions**
 - Protection of vulnerable customers
 - Treatment of certain financial impacts (orders in IN, OH, PA, VA, MD allow deferral for later recovery)
 - Monitoring procedural schedules
- **Capital Markets and Liquidity** - we believe current liquidity remains sufficient for the next 12 - 24 months following recent financing activity and the anticipated proceeds of the CMA sale, with limited additional capital market needs
- **Pension Expense and Contributions** - well positioned with 97% funded plans at June 30, 2020
- **CARES (Coronavirus Aid, Relief and Economic Security Act) Legislation** - constructive components to managing cash position

Proactively Assessing and Planning for Potential Impacts to our Strategy and Plan

COVID-19 Customer Demand and Bad Debt

Retail Margins by Customer Class



Initial pre-tax operating earnings sensitivity to +/- 1% change in annual sales volumes* (\$M)		
Customer Class	Electric	Gas
Residential	\$ 3.9	\$ 3.8
Commercial	\$ 3.9	\$ 2.4
Industrial	\$ 2.3	\$ 1.2

Customer Demand

- Experienced lower commercial and industrial sales
- Partially offset by increased residential sales

Rate Design

- Gas Segment
 - Residential ~75% Fixed
 - Commercial ~45% Fixed
- Electric Segment
 - Residential ~20% Fixed
 - Commercial ~25% Fixed
 - Large Industrial ~55% Fixed (includes demand ratcheting)

Bad Debt

- Expect higher expense
- Bad debt primarily recovered in base rates; additional mechanisms exist in several states on gas/fuel recovery
- Recent orders in OH, IN, PA, VA, MD allow for deferral of COVID-related bad debt

Rate Design and Periodic Base Rate Cases Mitigate Impacts

* Sensitivity may not be linear for large or prolonged volume changes

Bad Debt Recovery Mechanisms

Company	Bad Debt Expense Included in Base Rates*	Tracked Incremental Expense	Tracked Filing Frequency
Gas Distribution			
NIPSCO Gas	Yes	Gas cost only	Quarterly
Columbia Gas of Ohio	Yes	Gas cost and delivery charge	Annual
Columbia Gas of Pennsylvania	Yes	Partial gas cost only	Quarterly
Columbia Gas of Massachusetts	Yes	Gas cost only	Semi-Annual
Columbia Gas of Virginia	Yes	Gas cost only	Quarterly
Columbia Gas of Maryland	Yes	Gas cost only	Quarterly
Columbia Gas of Kentucky	Yes	Gas cost only	Quarterly
Electric Operation			
NIPSCO Electric	Yes	None	N/A

Constructive Regulatory Mechanisms

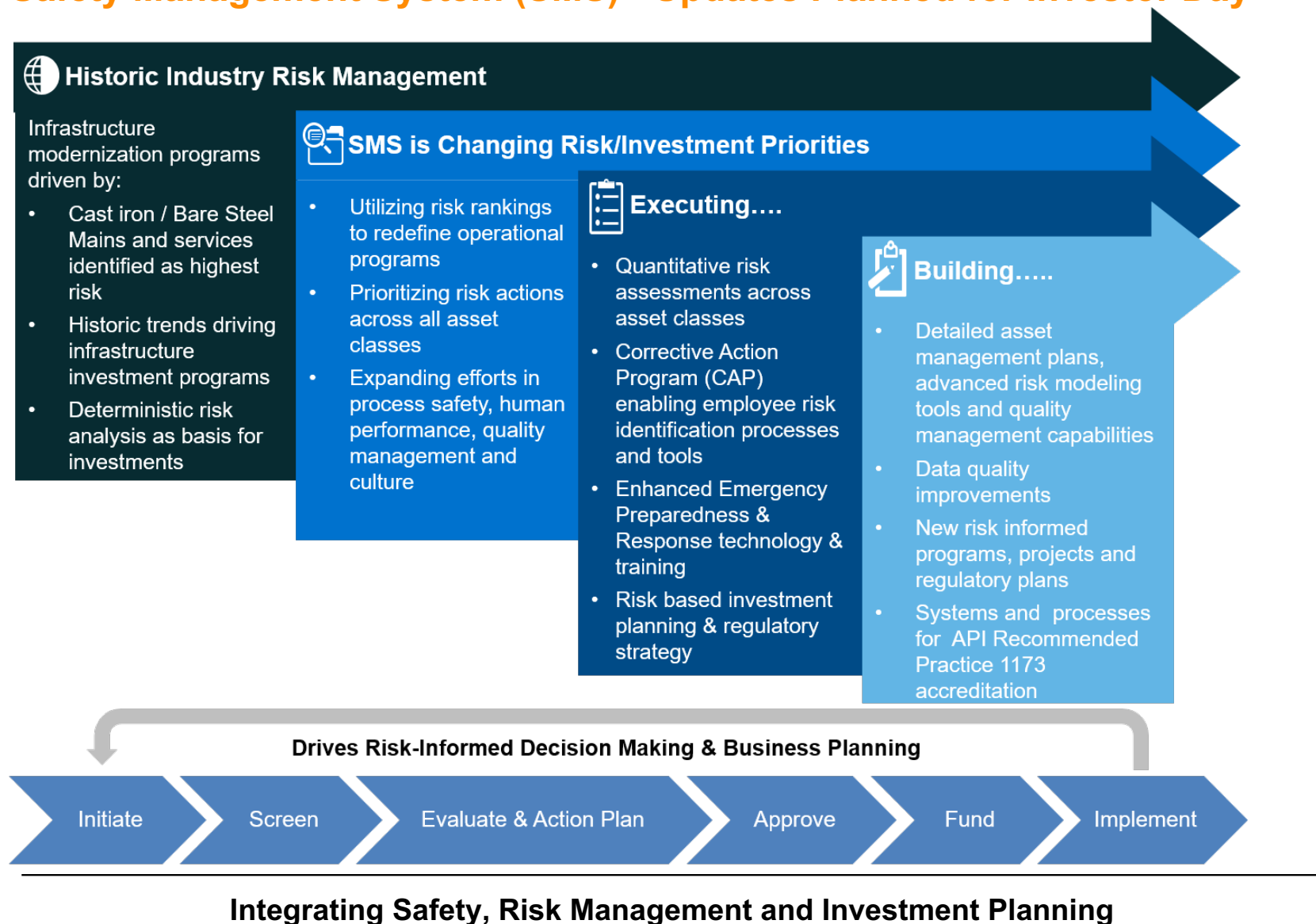
* Based on historical bad debt of ~1% of gross revenue

Revenue and Weather Normalization Mechanisms

Company	Revenue Decoupling/ Normalization	Weather Normalization
Gas Distribution		
NIPSCO Gas	None	None
Columbia Gas of Ohio	Straight Fixed Variable Rates for Residential and Small Commercial	None
Columbia Gas of Pennsylvania	None	Yes - Residential
Columbia Gas of Massachusetts	Yes (Decoupling) - All Classes	None
Columbia Gas of Virginia	Yes (RNA*) - Residential	Yes - Residential & Commercial
Columbia Gas of Maryland	Yes (RNA) - Residential	Yes - Residential & Commercial
Columbia Gas of Kentucky	None	Yes - Residential & Commercial
Electric Operation		
NIPSCO Electric	None (Demand Ratcheting Large Industrial Rates)	None

* Revenue Normalization Adjustment

Safety Management System (SMS) - Updates Planned for Investor Day



Environmental, Social & Governance (ESG)

Longstanding ESG Program

- NiSource has been reporting on sustainability and ESG for more than a decade
- Climate Report published in 2019 aligned with the Task Force on Climate-related Financial Disclosures (TCFD) framework
- Member of the Dow Jones Sustainability North America Index for six years in a row, ranked 3rd of 11 North American utilities evaluated
- Named to the FTSE4Good Index, S&P Global 1200 ESG Index, S&P 500 ESG Index, and S&P US LargeMidCap ESG Index

Environmental

- Goal of 90% greenhouse gas emissions reductions by 2030 from 2005 levels
- Continued GHG emissions reductions in 2019; total decrease of 48% from 2005 levels
- Announced more than 800 MW of new wind projects expected to be in service by 2021
- Founding member of the EPA's Methane Challenge Program in 2016
- Top 20% environmental performance score from Institutional Shareholder Services (ISS)

Social

- Member of the Bloomberg Gender Equality Index since 2018
- Named one of America's Best Large Employers by *Forbes* since 2016

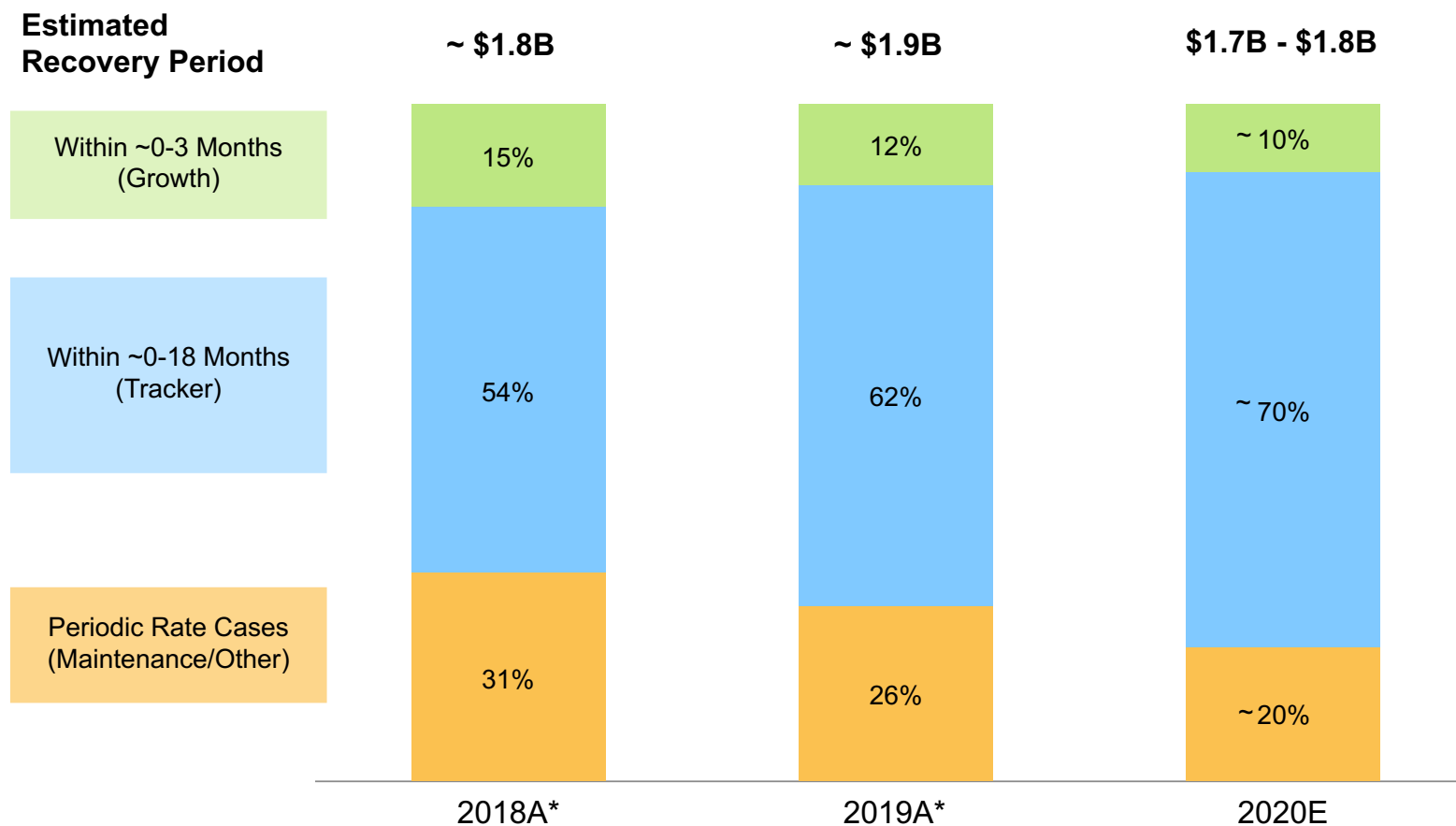
Governance

- Committed to board diversity - Currently 25% female, 33% ethnically diverse
- Environmental, Safety and Sustainability Committee oversees ESG matters

ESG is an Essential Part of NiSource's Strategy

Capital Expenditures

Investments Expected to Deliver Customer Value, Enhance System Safety and Reliability



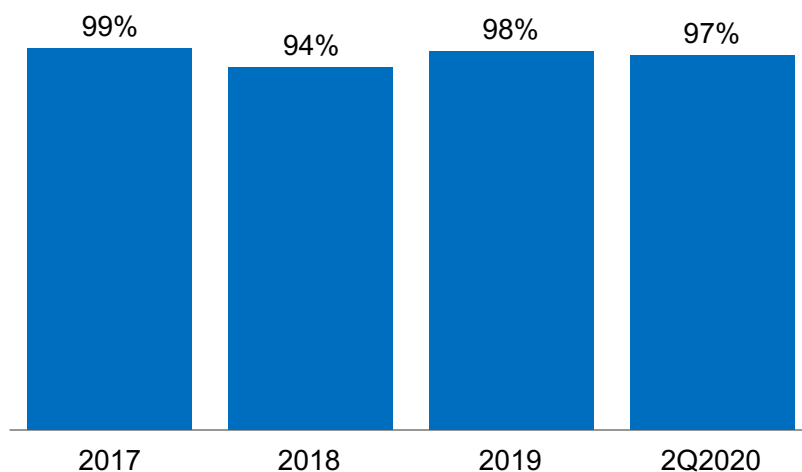
Anticipate >75% of Capital Investments Begin Earning in Less Than 18 Months

* Greater Lawrence distribution system capital included in maintenance for 2018 and 2019

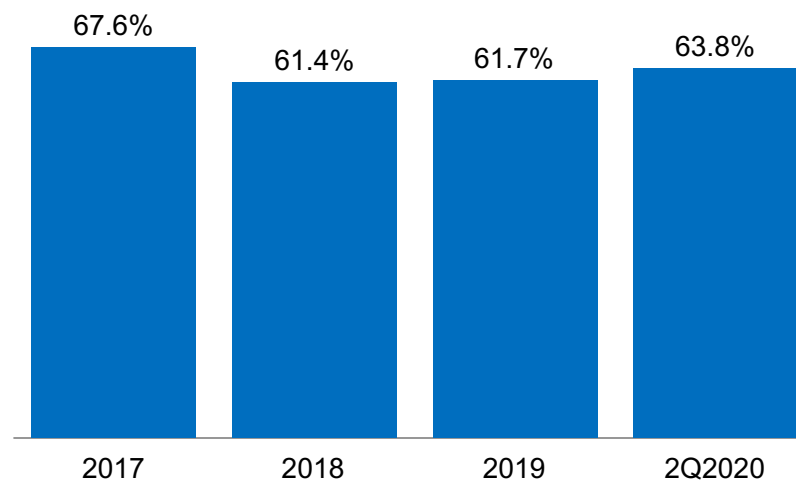
Liquidity and Capitalization as of Second Quarter 2020 (\$M)

Current Liquidity	Actual 3/31/2020	Maturity
Revolving Credit Facility	\$1,850	Feb. 20, 2024
Accounts Receivable Programs*	314	
Less:		
Drawn on Credit Facility	—	
Commercial Paper	—	
Accounts Receivable Programs Utilized	314	
L/C's Outstanding Under Credit Facility	10	
Add:		
Cash & Equivalents	142	
Net Available Liquidity	\$1,982	

Qualified Pension Funding



Total Debt/Total Capitalization



* Represents the lesser of seasonal limit or maximum borrowings supportable by underlying receivables

Long-Term Debt as of Second Quarter 2020 (\$M)

Debt Detail	Balance	Wtd. Avg. Rate*	Wtd. Avg. Maturity
Long-Term Debt	\$8,739	4.30%	16 years
Revolving Credit Facility	—		
Commercial Paper	—		
A/R Program Borrowings	314	0.50%	1 month
Term Loan	850	0.93%	9 months
Capital Leases, Def Cost & Other	87	N/A	N/A
Total Debt	\$9,990		

Upcoming Long-term Debt Maturities	2020	2021	2022	2023	2024
NiSource	-	\$64	\$520	\$600	-
NIPSCO	-	-	\$10	-	-
Total Long-Term Debt Maturities	-	\$64	\$530	\$600	-

* Represents coupon or current incremental borrowing rate; does not factor in fees and/or amortization of deferred charges
N/A = Not Applicable

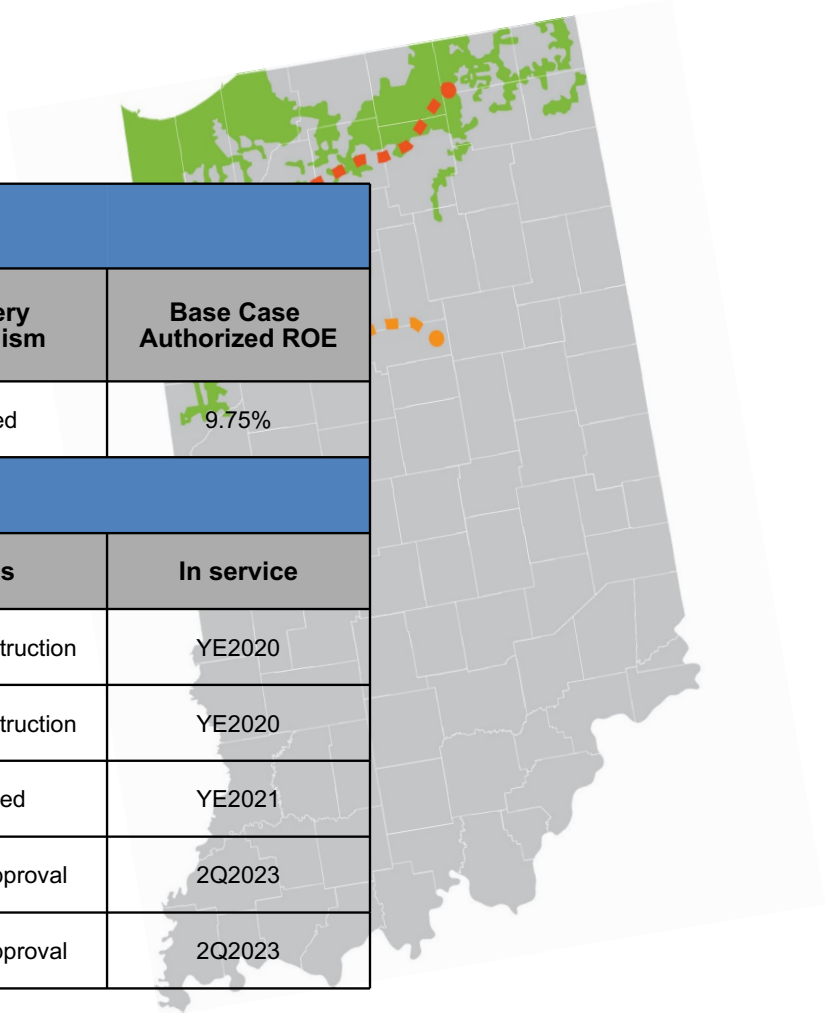
Gas Distribution Operations Infrastructure Programs

Company	Base Case Authorized ROE	Year-End 2019 Rate Base	Total Identified Investments	Modernization Program Investments	Estimated Annual Modernization Program Investment	Recovery Mechanism
Columbia Gas of OH	Not Specified	\$3.2B	~\$10.4B	~\$10.4B	\$435M - \$550M	Tracked
Columbia Gas of PA	Not Specified	\$1.9B	~\$5.0B	~\$3.9B	\$250M - \$296M	Rate Case (Forward Test Year)
NIPSCO Gas	9.85%	\$1.7B	~\$4.9B	~\$3.8B	\$160M - \$180M	Tracked
Columbia Gas of MA	9.55%	\$1.1B	~\$2.2B	~\$1.2B	\$75M - \$120M	Tracked
Columbia Gas of VA	Not Specified	\$850M	~\$1.8B	~\$540M	\$46M - \$65M	Tracked
Columbia Gas of KY	Not Specified	\$327M	~\$1.2B	~\$850M	\$35M - \$40M	Tracked
Columbia Gas of MD	9.60%	\$149M	~\$212M	~\$150M	\$18M - \$25M	Tracked

Robust Long-Term Investment Programs Deliver Value on \$9.2B Rate Base*

* As of Dec. 31, 2019

Electric Operations Investment Programs and Generation Transition



Infrastructure Investment Programs				
Program	Identified Investments	Estimated Annual Investment	Recovery Mechanism	Base Case Authorized ROE
Infrastructure Modernization	~\$5.9B	~\$190M - \$240M	Tracked	9.75%
Generation Transition				
Project	Project Type	MW ICAP	Status	In service
Jordan Creek	Purchase Power Agreement	400MW	Under Construction	YE2020
Rosewater	Joint Venture	100MW	Under Construction	YE2020
Indiana Crossroads	Joint Venture	300MW	Approved	YE2021
Brickyard Solar	Purchase Power Agreement	200MW	Pending Approval	2Q2023
Greensboro Solar	Purchase Power Agreement	100MW Solar 30MW Battery	Pending Approval	2Q2023

High-Value Investments on \$4.7B Rate Base*

* As of Dec. 31, 2019

Regulatory Update

2020 Rate Case and Program/Project Activity		
Company/Filing	Summary	Timeline
In Progress		
NIPSCO Electric - Solar Project Filings	20-year PPAs for Brickyard and Greensboro solar projects	Filed: July 17, 2020 Order Expected: December 1, 2020
Columbia Gas of Maryland - Base Rate Case	Requested Increase: \$5.0M, net of trackers	Filed: May 15, 2020 Order Expected: Q4 2020
Columbia Gas of Pennsylvania - Base Rate Case	Requested Increase: \$100.4M	Filed: April 24, 2020 Order Expected: Q1 2021
Completed		
NIPSCO Gas - TDSIC	Six year extension to long-term infrastructure modernization program	Filed: December 31, 2019 Order Received: July. 22, 2020

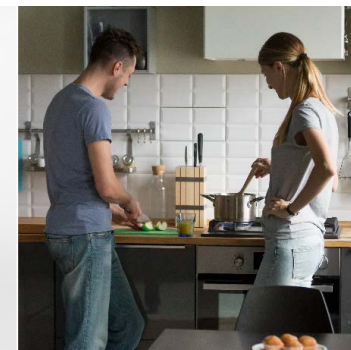
Continued Regulatory Execution Drives Growth and Customer Value

Safety and Infrastructure Investment and Tracker Filing Details

Company	Recovery Mechanism	Incremental Investments		Recovery	
		Investment Period	Investment Amount (\$M)	Filing Date	Effective Date
Columbia Gas of Ohio	Infrastructure Replacement Program (IRP)	FY 2018	\$199.6	Feb 2019	May 2019
		FY 2019	\$234.4	Feb 2020	May 2020
Columbia Gas of Ohio	Capital Expenditure Program (CEP)	FY 2018	\$121.7	Feb 2019	Sept 2019
		FY 2019	\$185.1	Feb 2020	Expected - Sept 2020
Columbia Gas of Pennsylvania	Distribution System Improvement Charge (DSIC)	Dec 2019 - Feb 2020	\$28.2	Apr 2020	May 2020
		March 2020 - May 2020	\$28.6	June 2020	July 2020
Columbia Gas of Virginia	Steps to Advance Virginia's Energy Plan (SAVE)	FY 2020	\$50.0	Aug 2019	Jan 2020
		FY 2020	\$46.4	July 2020	Jan 2021
Columbia Gas of Kentucky	Safety Modification and Replacement Program (SMRP)	FY 2019	\$30.1	Oct 2018	Jan 2019
		FY 2020	\$40.4	Oct 2019	Jan 2020
Columbia Gas of Maryland	Strategic Infrastructure Development and Enhancement (STRIDE)	FY 2019	\$19.7	Nov 2018	Jan 2019
		FY 2020	\$15.0	Jan 2020	Feb 2020
NIPSCO – Gas	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 10: Jul 2018 – Apr 2019	\$12.4	Jun 2019	Nov 2019
		TDSIC 11: May 2019 - Dec 2019	\$38.7	Feb 2020	Jul 2020
NIPSCO – Electric	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 5: Jun 2018 – Nov 2018	\$58.8	Jan 2019	Jun 2019
		TDSIC 6: Dec 2018 – Jun 2019	\$131.1	Aug 2019	Jan 2020

Investor Day

September 29, 2020



MSource[®]



FORWARD-LOOKING STATEMENTS

This presentation contains “forward-looking statements” within the meaning of federal securities laws. Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. 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 presentation 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 related Asset Purchase Agreement; potential incidents and other operating risks associated with our business; potential 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 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 in the “Risk Factors” section of our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, as updated in our Quarterly Report on Form 10-Q for the quarters ended March 31, 2020 and June 30, 2020 and in our subsequent SEC filings, many of such 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.

Regulation G Disclosure Statement

This presentation includes financial results and guidance for NiSource with respect to net operating earnings available to common shareholders, which is a non-GAAP financial measure as defined by the SEC's Regulation G. The company includes this measure because management believes it permits investors to view the company's performance using the same tools that management uses and to better evaluate the company's ongoing business performance. With respect to such guidance, it should be noted that there will likely be a difference between this measure and its GAAP equivalent due to various factors, including, but not limited to, fluctuations in weather, the impact of asset sales and impairments, and other items included in GAAP results. NiSource is not able to estimate the impact of such factors on GAAP earnings and, as such, is not providing earnings guidance on a GAAP basis.

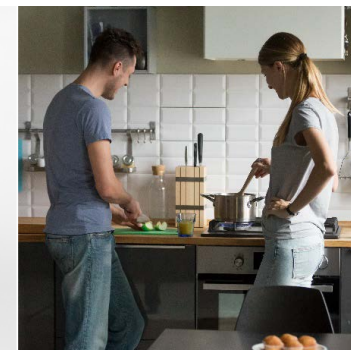
AGENDA

1	WELCOME Randy Hulen	5	FINANCIAL OVERVIEW Donald Brown
2	STRATEGIC OVERVIEW Joe Hamrock	6	CLOSING Joe Hamrock
3	OPERATIONS & SAFETY FOCUS Pablo Vegas	7	Q&A
4	GENERATION TRANSITION Shawn Anderson		

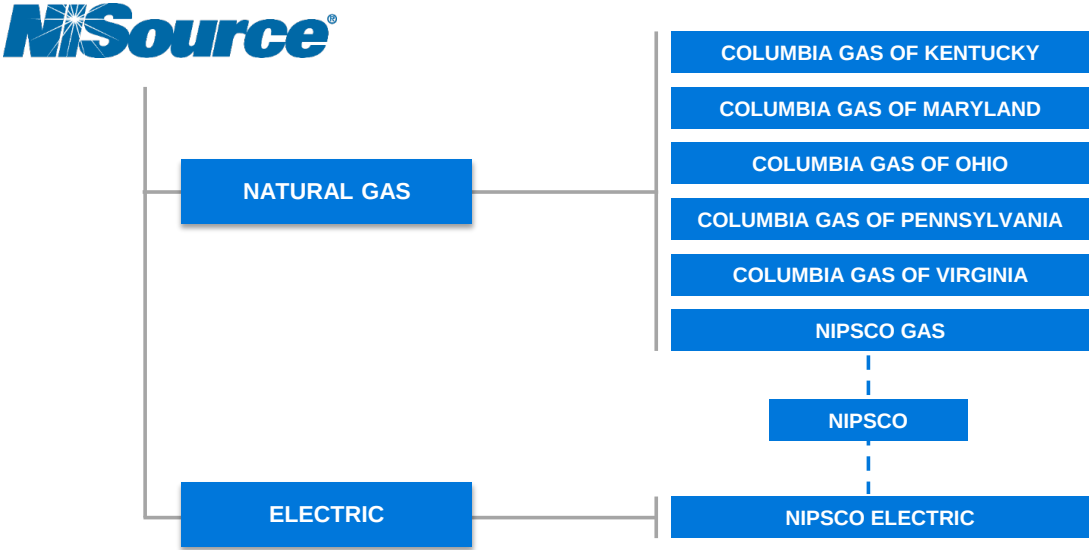
Strategic Overview

Joe Hamrock

President, Chief Executive Officer & Director, NiSource



PREMIER REGULATED UTILITY BUSINESS



**Significant Scale
across Six States**

~3.2M
Gas Customers

~500K
Electric Customers

NI
LISTED
NYSE

10%–12%
Compelling expected
annual total
shareholder return
proposition 2021-2024*

* Estimated total shareholder return at a constant P/E ratio
Note: Structure is post sale of Columbia Gas of Massachusetts, which is expected to close in October 2020

THE U.S. REGULATED UTILITY INVESTMENT OF CHOICE

Safety and environmental leadership will continue to drive customer value and sustainable growth

Strong Foundation

- Regulatory diversity resulting from multiple jurisdictions provides stability
- Significant scale, with ~\$14B of regulated electric and gas rate base¹
- Proximity to abundant, low-cost natural gas resources supports ongoing rate affordability
- Investments and recovery supported by favorable energy policies and constructive regulatory environments

Clear Path to Drive Incremental Growth

- Enhanced ~\$40B infrastructure investment opportunity set driving long-term growth
 - Increase of ~\$10B from prior expectation
- Well-established capital investment programs with track record of recovery through regulatory trackers
- Driving 10%-12% expected rate base CAGR 2021-2024

Benefiting Customers and Communities

- Accelerated and enhanced implementation of Safety Management System (SMS)
- Generation investments to save customers \$4B over 30 years and reduce GHG 90% by 2030²
- Investments and focus on organizational efficiency to drive continued customer affordability
- Gas safety and modernization investments advancing environmental benefits

Committed to Shareholder Value

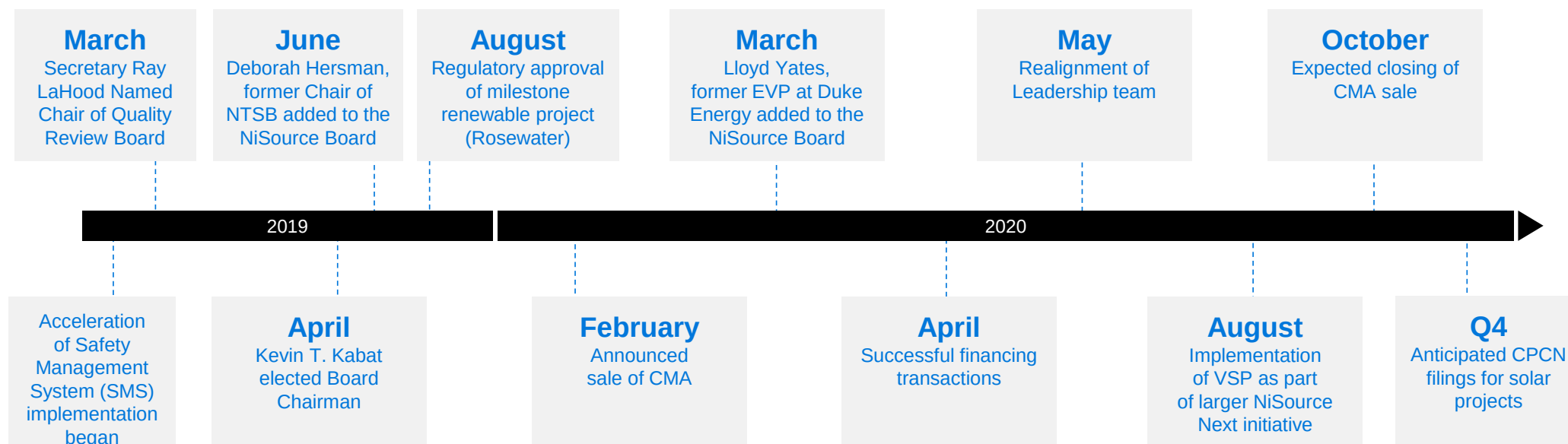
- 100% regulated revenue expected to deliver consistent and predictable earnings growth
- Expected 7%-9% NOEPS³ CAGR 2021-2024
- Dividend growth to maintain targeted 60%-70% payout ratio
- Balanced financing plan focused on maintaining current investment grade credit ratings and maximizing NOEPS growth

¹2020E excludes CMA; ²Compared to 2005 baseline; ³Net Operating Earnings Per Share (Non-GAAP)

COMMITMENT TO SAFETY AND A SUSTAINABLE STRATEGY FOR ALL STAKEHOLDERS

Significant ongoing process

- Realigned executive leadership and integrated key operations functions across the organization
- Accelerated implementation of our Safety Management System (SMS)
- Advancing renewable portfolio with first phase of wind projects expected to be in service by Q4 2020
- Enhanced oversight and guidance on the Quality Review Board and NiSource Board of Directors
- Pending sale of Columbia Gas of Massachusetts



FOCUSED EXECUTIVE LEADERSHIP TEAM

Balanced senior roles and responsibilities support the execution of our long-term strategic priorities



**Joe
Hamrock**

*President
& CEO*



**Pablo
Vegas**

*EVP/COO &
President,
NiSource Utilities*



**Donald
Brown**

*EVP/CFO &
President, NiSource
Corporate Services*



**Violet
Sistovaris**

*EVP & Chief
Experience Officer*



**Shawn
Anderson**

*Chief Strategy &
Risk Officer*



**Carrie
Hightman**

*EVP/CLO, & CEO
& President,
Columbia Gas of
Massachusetts*



**Chuck
Shafer**

*Chief Safety
Officer*

Leadership enhancements further advance NiSource's focus on safety, service and value

SKILLED AND INDEPENDENT BOARD OF DIRECTORS*

Diversity of Board experience and expertise is well-aligned with NiSource strategy



Peter J. Altabef
Age: 61
Elected: 2017
Occupation: Chairman & CEO, Unisys Corp.



Theodore H. Bunting Jr.
Age: 61
Elected: 2018
Occupation: Retired Group Pres., Entergy Corp.



Eric I. Butler
Age: 60
Elected: 2017
Occupation: Pres. & CEO, Aswani-Butler Associates



Aristides S. Candris
Age: 69
Elected: 2012
Occupation: Retired Pres. & CEO, Westinghouse



Wayne S. DeVeydt
Age: 50
Elected: 2016
Occupation: Executive Chair of Surgery Partners, Inc.



Joe Hamrock
Age: 57
Elected: 2015
Occupation: Pres. & CEO, NiSource Inc.



Deborah A. Henretta
Age: 59
Elected: 2015
Occupation: Partner G100 Companies



Deborah A. P. Hersman
Age: 50
Elected: 2019
Occupation: Consultant Waymo, LLC



Michael E. Jesanis
Age: 63
Elected: 2008
Occupation: Retired Pres. & CEO National Grid USA



Kevin T. Kabat
Age: 63
Elected: 2015
Occupation: Independent Chairman of the Board, NiSource Inc.; Retired CEO of Fifth Third Bancorp



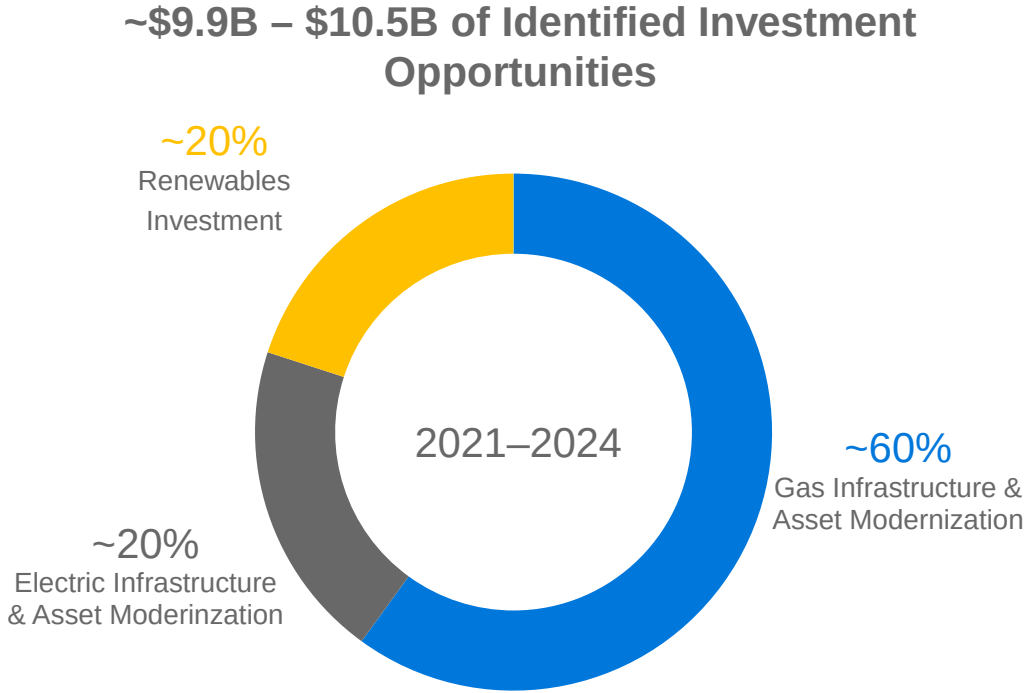
Carolyn Y. Woo
Age: 66
Elected: 1998
Occupation: Retired Pres. & CEO, Catholic Relief Services



Lloyd M. Yates
Age: 59
Elected: 2020
Occupation: Retired EVP, Duke Energy

* All directors independent other than Joe Hamrock (CEO)

CAPITAL PLAN RESULTING IN EXPECTED LASTING VALUE CREATION



10% to 12%

Expected rate base
CAGR 2021–2024

7% to 9%

Expected NOEPS¹
CAGR 2021–2024

¹Net Operating Earnings Per Share (Non-GAAP)

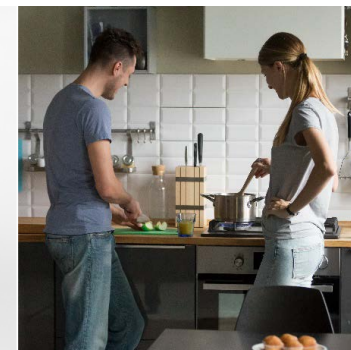
ACCELERATING OUR PATH FORWARD

Leveraging our platform through a dedicated investment approach and relentless commitment to safety



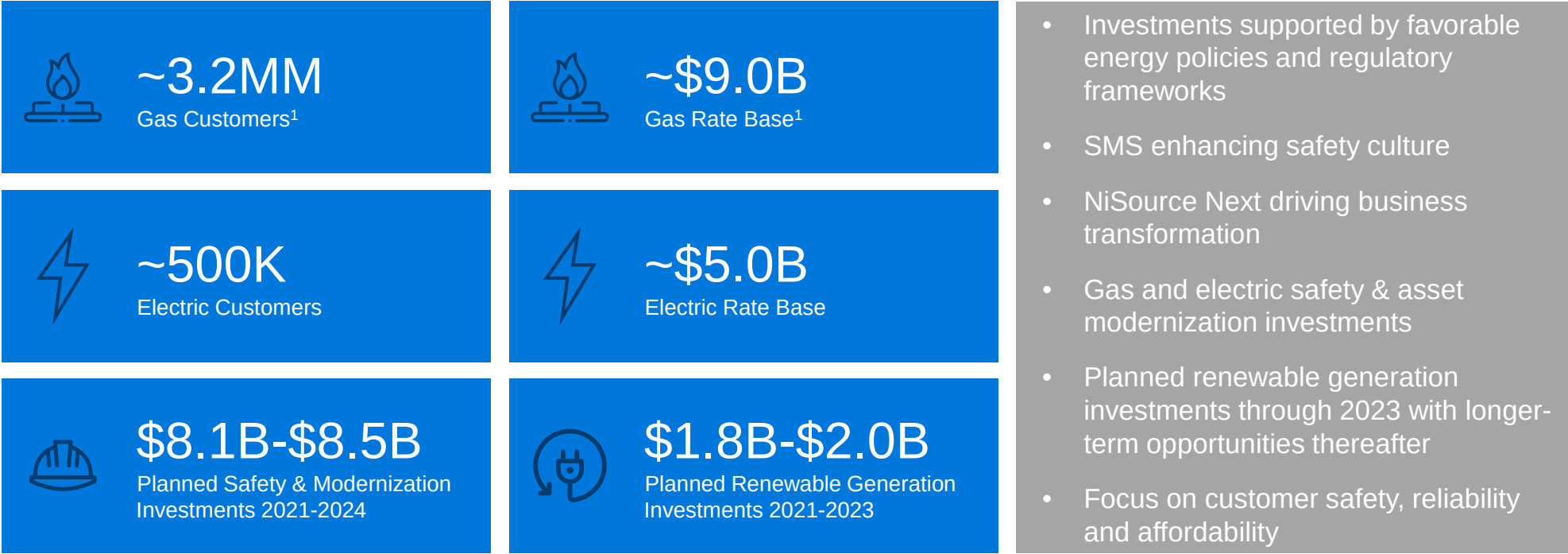
Operations & Safety Focus

Pablo Vegas
EVP/COO & President, NiSource Utilities



NISOURCE OPERATIONS OVERVIEW

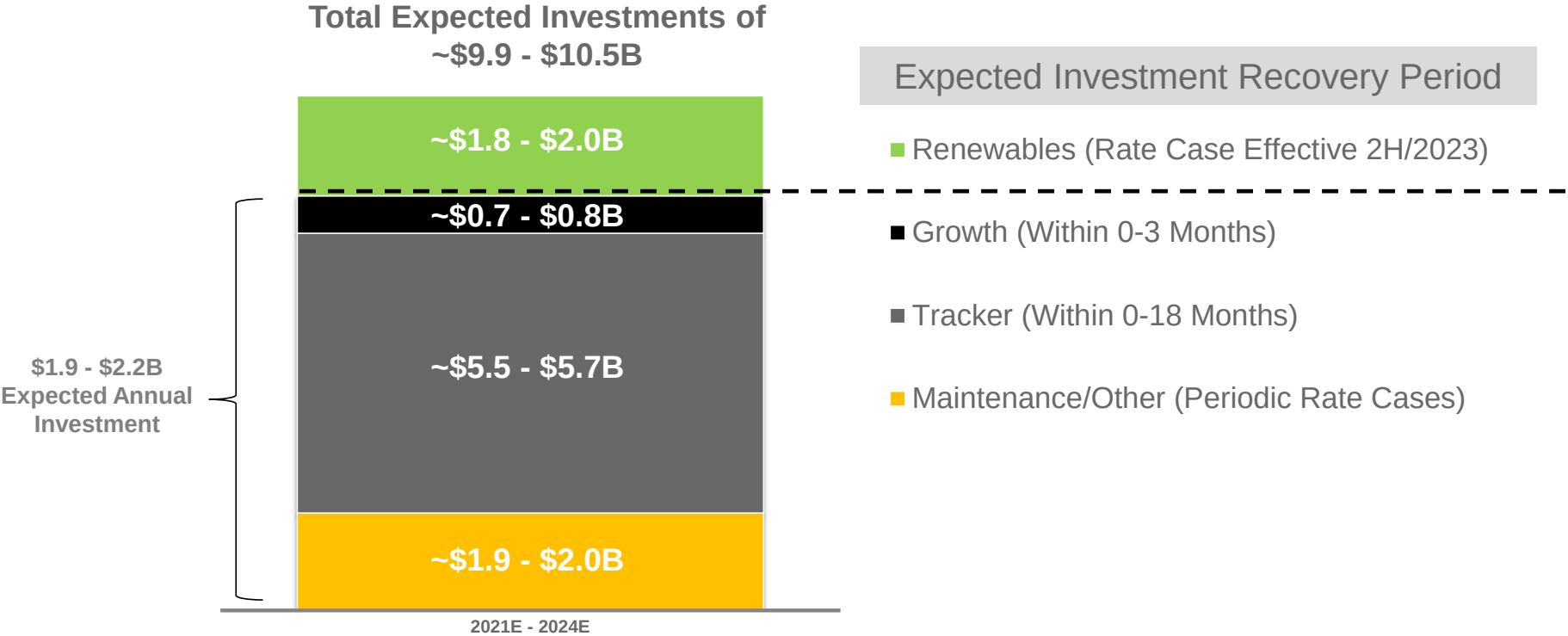
Energizing the lives of nearly four million customers



¹Based on 2020E operations post the sale of Columbia Gas of Massachusetts, which is expected to close in October 2020

CONTINUED INVESTMENT SUPPORTED BY REGULATORY FRAMEWORK

A significant part of our investment portfolio is preplanned, repeatable and tracked for recovery annually



Investment plan supported by established recovery mechanisms in all states that emphasize long-term rate affordability (targets annual rate impacts in the low-to-mid single digits)

SMS ENHANCING SAFETY CULTURE (VIDEO)

The logo for NISource, featuring the word "NISource" in a bold, blue, sans-serif font. The "NI" is stylized with a white starburst or sunburst graphic integrated into the letter "I". A registered trademark symbol (®) is located at the end of the word "Source".

NISource®

NISOURCE NEXT TRANSFORMATION



Unwavering Commitment to Safety Leadership



Achievable Annualized Run Rate Savings Targets



Flatter Organization, Stronger Teams, Empowered Leaders & Upskilled Employees



Seamless Customer Service Using Digital Capabilities



Standard Operations Management Supported by Modern Technology for Improved Speed and Reliability



Customer Trust and Investor Confidence

NISOURCE NEXT

enhancing our ability to **achieve consistent, stable growth**, while fostering a culture of **leadership, innovation and commitment to continuous improvement by everyone within our organization**

NATURAL GAS OPERATIONAL HIGHLIGHTS

Safely and sustainably operating in the communities we serve continues to be our highest priority

- Significant annual capital investment in natural gas safety and asset modernization programs planned through 2024
 - SMS continues to prioritize investment opportunities focused on system, public and employee safety improvement and risk reduction

Gas Prioritized Investments

Bare steel & cast iron pipe replacement

Excess flow & automatic shutoff valves

Pipeline over pressurization protection

Inline pipeline inspection upgrades

Picarro advanced leak detection

Projected Environmental Benefits

50% ←

Reduction in methane
emissions from natural gas
pipelines by 2025¹

¹Compared to 2005 baseline

ELECTRIC BUSINESS OPERATIONAL HIGHLIGHTS

Delivering customer benefits, improving system reliability and embracing the need for affordable clean energy are driving growth in our electric business

- \$400-\$600 million of planned annual capital investment in base electric system infrastructure and asset modernization programs planned through 2024
- Incremental \$1.8-\$2.0 billion in planned generation investment opportunities through 2023
- Well-established and supported plan for electric generation enhances sustainability and diversification of business profile
 - Replacing approximately 1,400 megawatts of retiring coal-fired generation at Schahfer by 2023
 - Incremental opportunities beyond 2024 supporting planned Michigan City plant retirement
- Rate structure supports competitiveness of energy-intense industrial customers and reduces associated risks



IMPROVING CUSTOMER EXPERIENCE, SATISFACTION AND AFFORDABILITY

- Operational safety and risk management systems driving technology investments to improve the customer experience
- “Know Your Home” campaign launched to better educate customers on their gas infrastructure
- Improved operational efficiency enabling us to become leaner and more efficient while providing more value for customers
- Introduced new payment platforms (PayPal, Venmo) to make bill payment easier
- Continuing payment assistance programs to help customers mitigate COVID-19

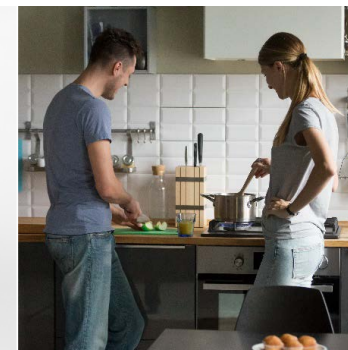
“Our customers are at the center of our business ...”



We are elevating our capabilities to better engage with our customers, with a strong ongoing focus on maintaining competitive and affordable rates

Generation Transition Strategy

Shawn Anderson
Chief Strategy & Risk Officer, NiSource



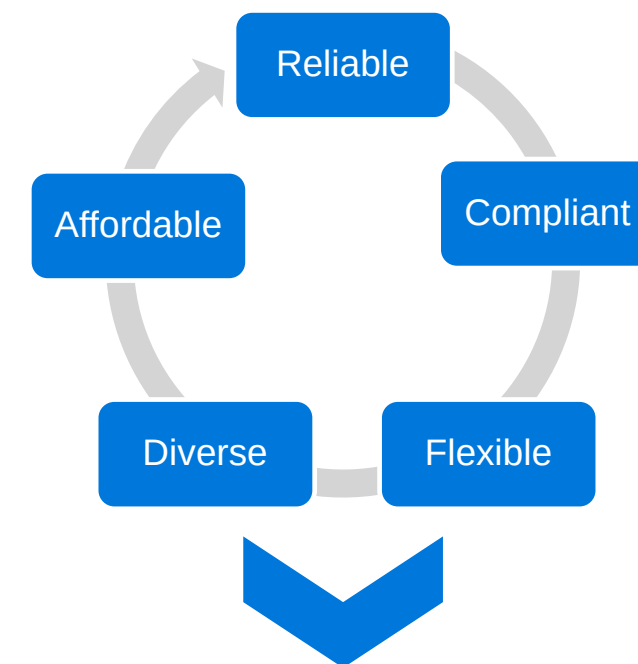
GENERATION TRANSITION STRATEGY FOUNDATIONS

Charting the long-term course for transitioning our generation portfolio

The IRP Process

- The Integrated Resource Plan (IRP) outlines NIPSCO long-term plans to supply electricity to customers
- IRP is required of all electric utilities in Indiana
- Takes into account interests of customers, employees, environment and local economy
- Process includes extensive analysis across a range of generation scenarios
- Broad stakeholder engagement is supported throughout process

Key IRP Planning Considerations

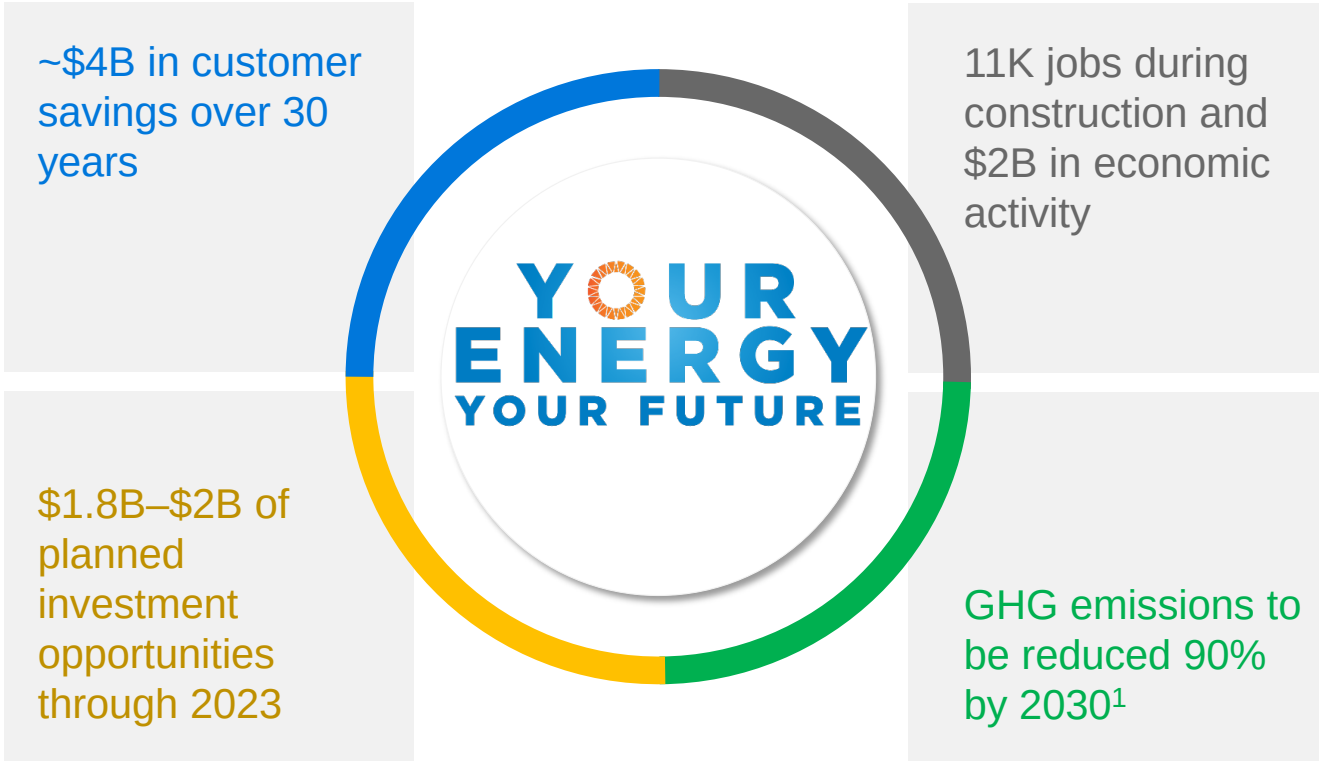


Process leads to generation replacement investment opportunities

GENERATION TRANSITION OUTCOMES

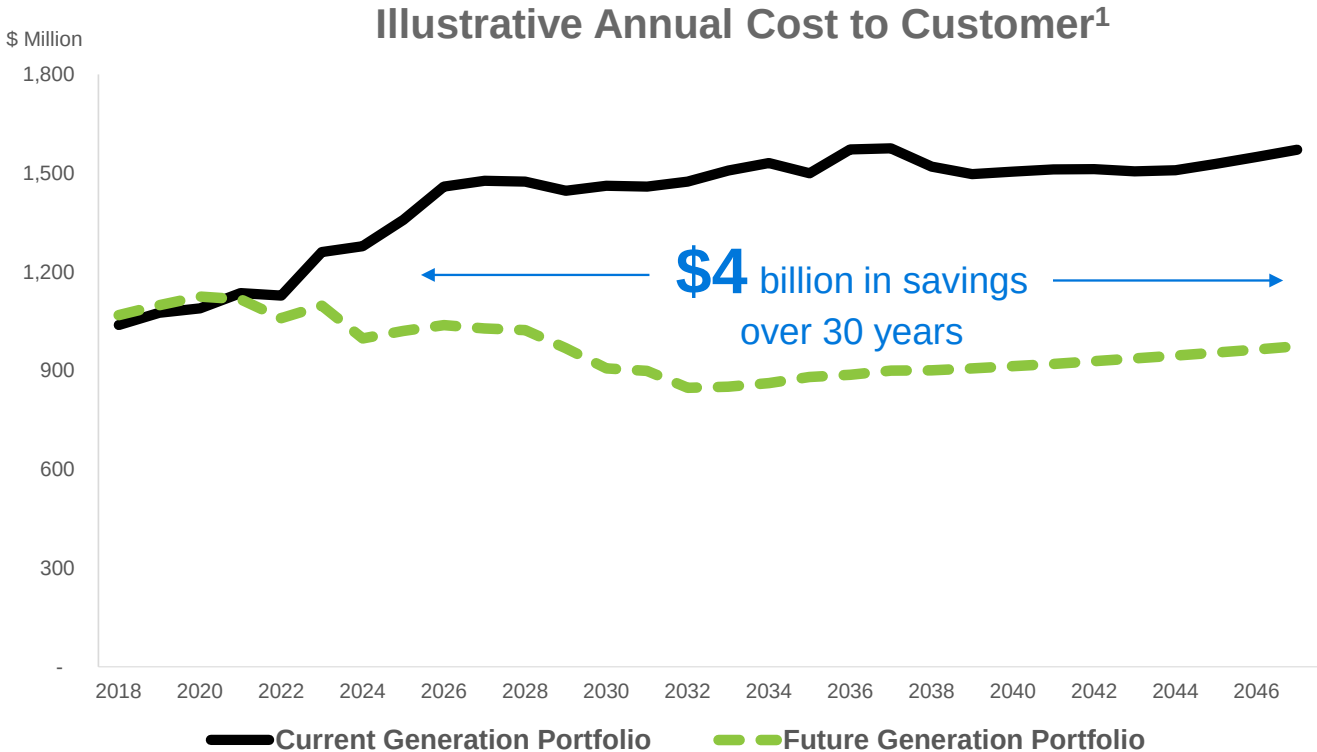
Replacing 80% of coal capacity by 2023 with primarily renewable resources; retiring all coal generation by 2028

Estimated Impact from Generation Transition Plan



¹Compared to 2005 baseline

DRIVING CUSTOMER AND COMMUNITY BENEFITS



\$105 in average annual savings per household²



Renewable investments expected to benefit Indiana's economy

- Renewable generation infrastructure estimated to be \$5B-\$6B by 2023³
- ~11k in direct FTEs created during project construction
- ~\$2.3B of contribution to Indiana economic output (Gross State Product)
- Significant reinvestment in local tax base

¹Reflects renewable investments through 2023 and potential considerations for Michigan City replacement

²Based on average of 2013 – 2019 fuel costs

³Includes JVs and PPAs

DRIVING ENVIRONMENTAL BENEFITS



Cleaner generation mix significantly reducing GHG emissions



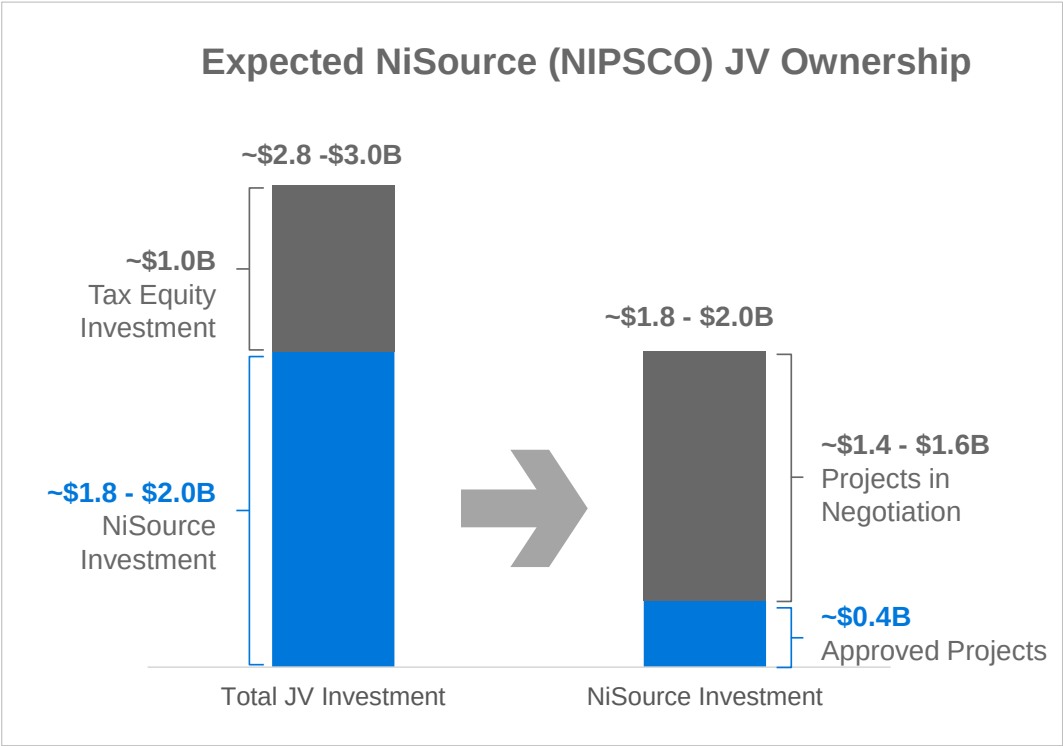
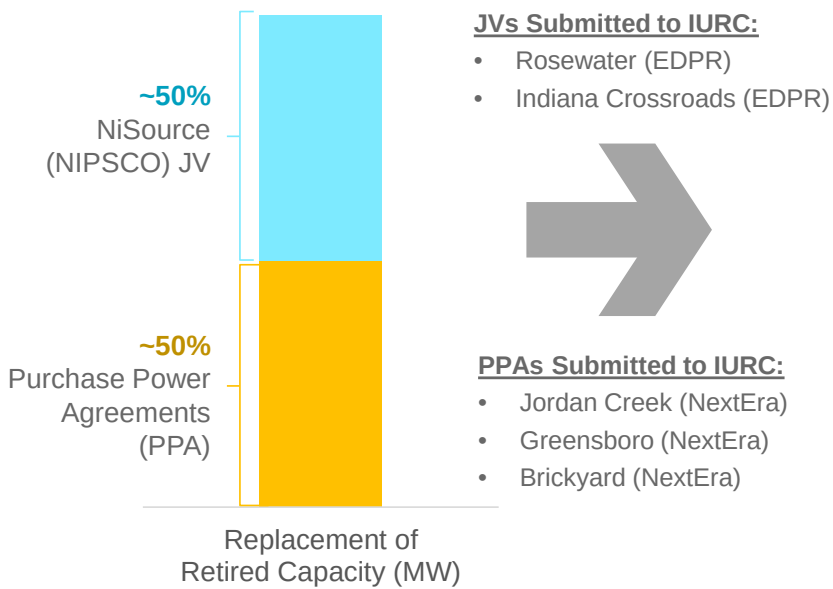
Driving down other environmental impacts related to coal



	Reduction 2005 to 2019	Reduction 2005 to 2030E
Nitrogen Oxides (tons)	84%	~100%
Sulfur Dioxide (tons)	97%	~100%
Mercury (pounds)	94%	99%
Water Withdrawal (millions gallons)	89%	99%
Water Discharge (millions gallons)	93%	99%
Coal Ash Generated (tons)	52%	100%

\$1.8 - \$2.0 BILLION IN PLANNED INVESTMENTS THROUGH 2023

Tax equity partnerships allow for significant reduction in cost to customers and efficient timing of capital deployment



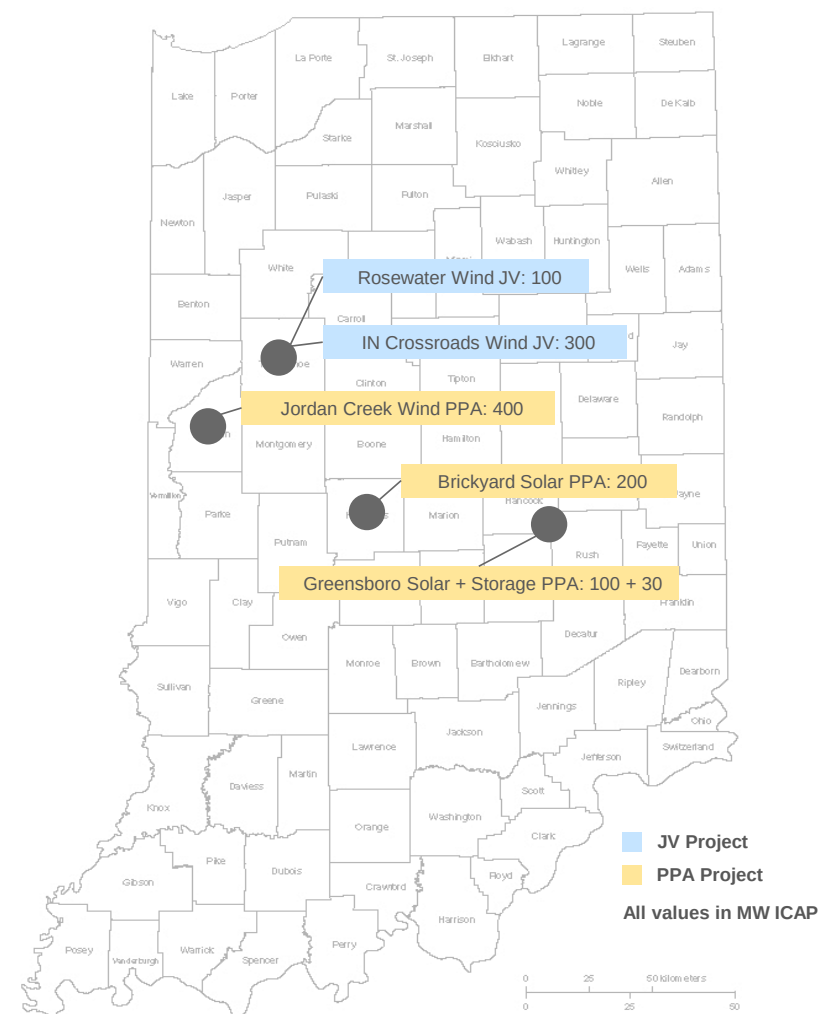
Mix of JVs and PPAs Drives Customer Benefits and Shareholder Value

ROBUST RENEWABLE INVESTMENTS IN INDIANA

Project	Structure	NIPSCO Investment (\$M)	In Service	Status
Executed Projects:				
Rosewater Wind (EDPR)	JV	~\$100	'20	Under Construction
Jordan Creek Wind (NextEra)	PPA	N/A	'20	Under Construction
Indiana Crossroads Wind (EDPR)	JV	~\$300	'21	Under Construction
Brickyard Solar (NextEra)	PPA	N/A	'22	Pending Approval
Greensboro Solar + Storage (NextEra)	PPA	N/A	'22	Pending Approval
In Process Projects:				
Solar (+ Storage) Projects ¹	JV	~\$1,400 – \$1,600	'22-'23	Advanced Commercial Negotiations
Solar & Wind Projects	PPA	N/A	'23	Advanced Commercial Negotiations
Total		\$1,800 – \$2,000		

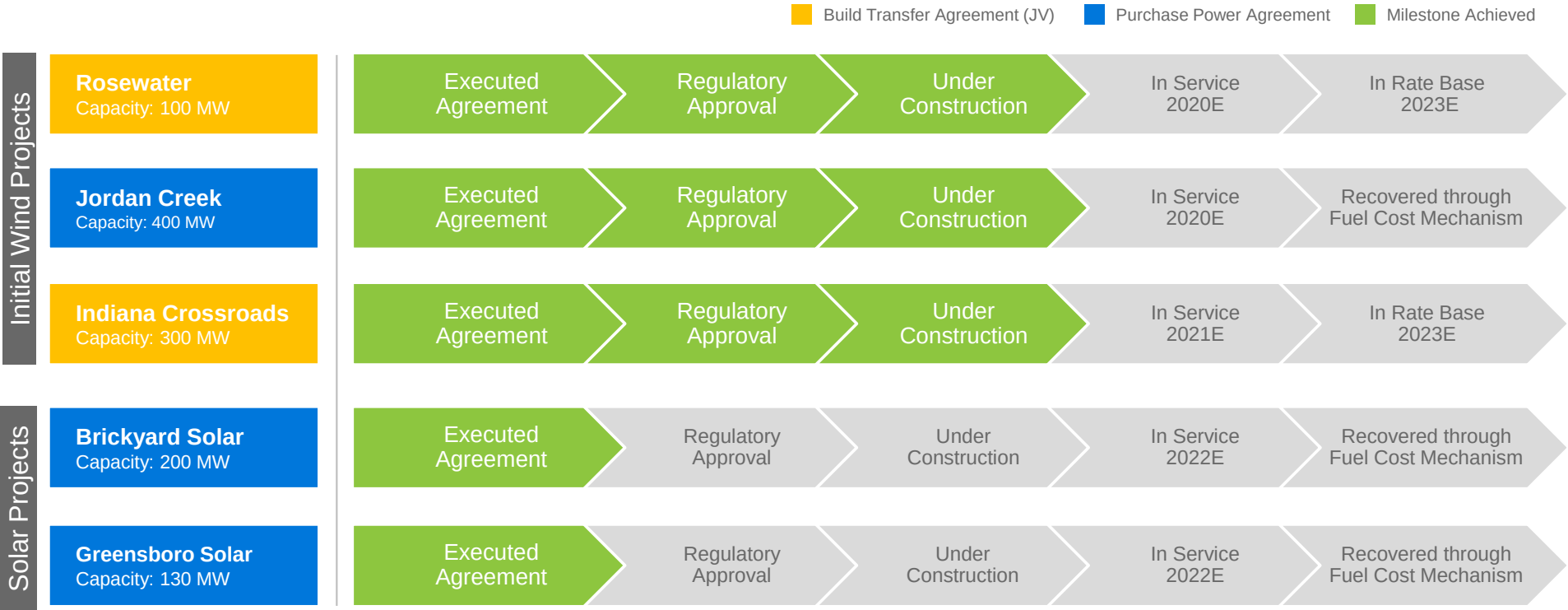
¹Includes transmission projects included in IRP which will be fully owned by NIPSCO

Renewable Projects in Execution



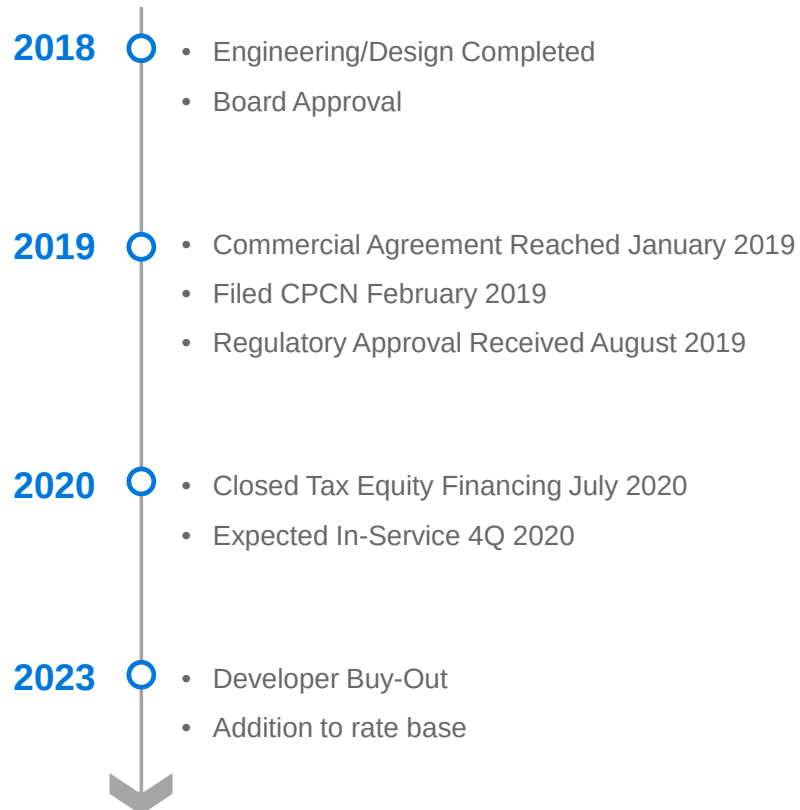
ANNOUNCED RENEWABLE PROJECT UPDATES

All renewable projects are on time and on budget



Approximately eight to ten additional projects in advanced commercial negotiations

CASE STUDY: ROSEWATER WIND JOINT VENTURE



Project Profile

- 100 MW wind project in White County
- 20 Vestas V136 3.6 MW wind turbines
- 5 Vestas V150 4.2 MW wind turbines
- Substation and transmission lines

Tax Equity Structure

- Tax equity partner (Wells Fargo) funding ~55% of \$170M project cost with an estimated flip date of 2030

Expected Rate Base Contribution

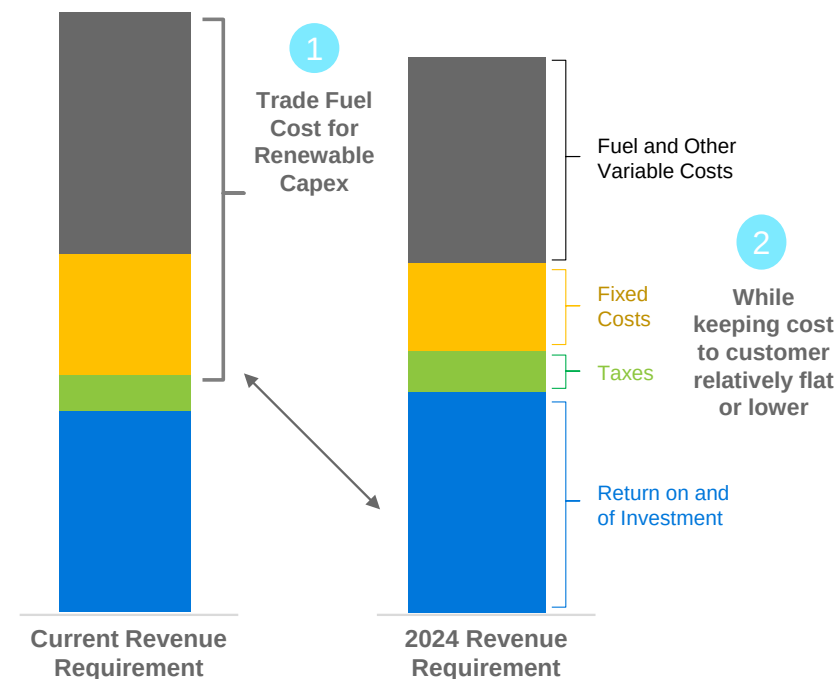
- ~\$90M rate base investment (includes developer carry) to be paid in 2023
- Will be recovered through base rate case

WELL-POSITIONED 2023 RATE CASE

Rate Case planned to add renewable assets to NIPSCO rate base and immediately start passing savings to customers and returns to investors

- **2018 Rate Case set the foundation for execution of the replacement transition**
 - Resolved federal tax reform benefits being passed back to customers
 - Approved changes to depreciation and amortization schedules related to early retirements of coal-fired generation as submitted in the IRP (coal-fired generation to be fully depreciated by 2032)
 - Implemented new rate structure and service flexibility for large industrial customers that provide planning certainty for future capacity needs
- **2023 rate case is expected to transfer CPCN approved renewable investments into rate base (2H/2023)**
 - “Locking in” long-term customer, community and environmental benefits

Illustrative Future Revenue Requirement*

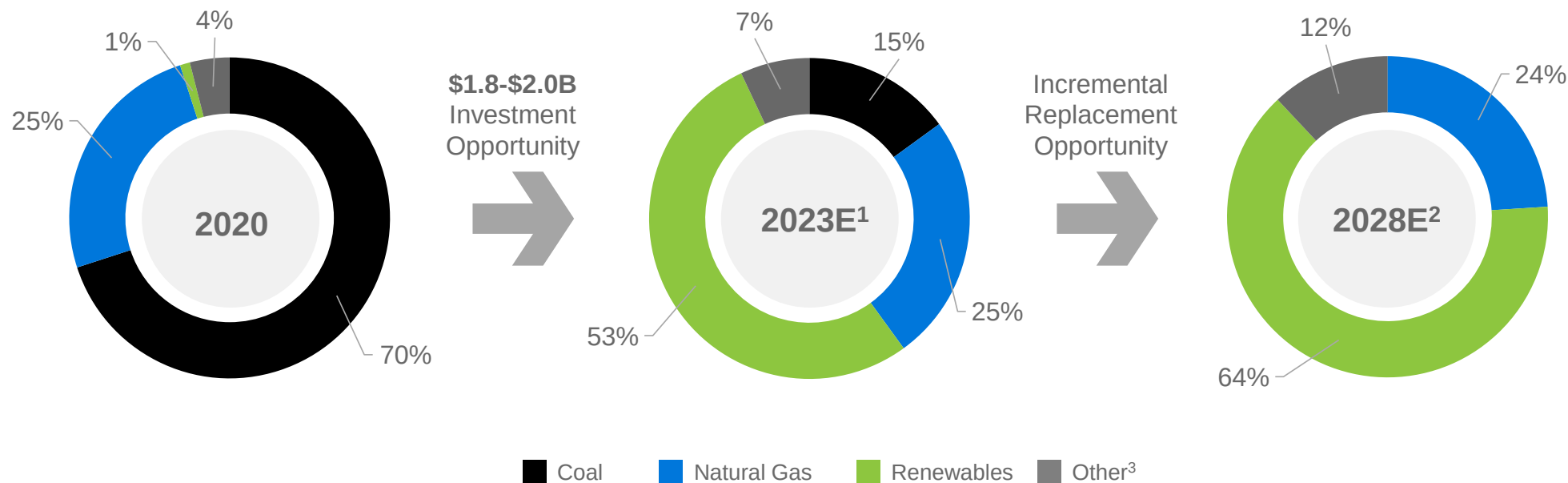


Significant reduction of annual maintenance and fuel costs provides long-term rate benefits to customers

*NIPSCO Generation Only

NIPSCO'S RENEWABLE-FOCUSED FUTURE SUPPLY MIX

The 2018 NIPSCO IRP outlines the path to retire 100% of coal assets by 2028 ...with replacement capacity pointing primarily to solar resources



Incremental generation opportunities beyond 2023 will be shaped by future IRPs

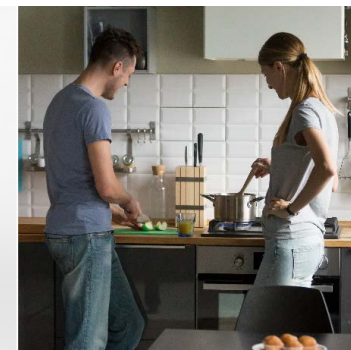
¹Retirement of Schahfer Units 14/15/17/18; ²Retirement of Michigan City Unit 12; ³Other includes DSM

RENEWABLE PROJECT (VIDEO)

The NiSource logo is centered on the page. It features the word "NiSource" in a bold, blue, sans-serif font. The "Ni" is stylized with a white starburst or sunburst graphic integrated into the letter "i". A registered trademark symbol (®) is located at the top right of the word "Source". The background of the slide is a soft-focus photograph of a field of white daisies with yellow centers, under a bright, hazy sky.

Financial Overview

Donald Brown
EVP/CFO & President, NiSource
Corporate Services



STRONG FINANCIAL FOUNDATION FOR VALUE CREATION

Strong Financial Foundation

- 100% Regulated and Stable Revenue Stream
- Diversified Footprint with Utility Businesses across Six Jurisdictions¹
- Focused Business Strategy Highlighted by Significant Investment Opportunities
 - \$1.9B - \$2.2B of Planned Annual Growth, Safety & Modernization investments through 2024
 - \$1.8B - \$2.0B of Planned Renewable Generation investments primarily across 2022 and 2023
- Solid Liquidity with No Major Debt Maturities through the Planning Horizon

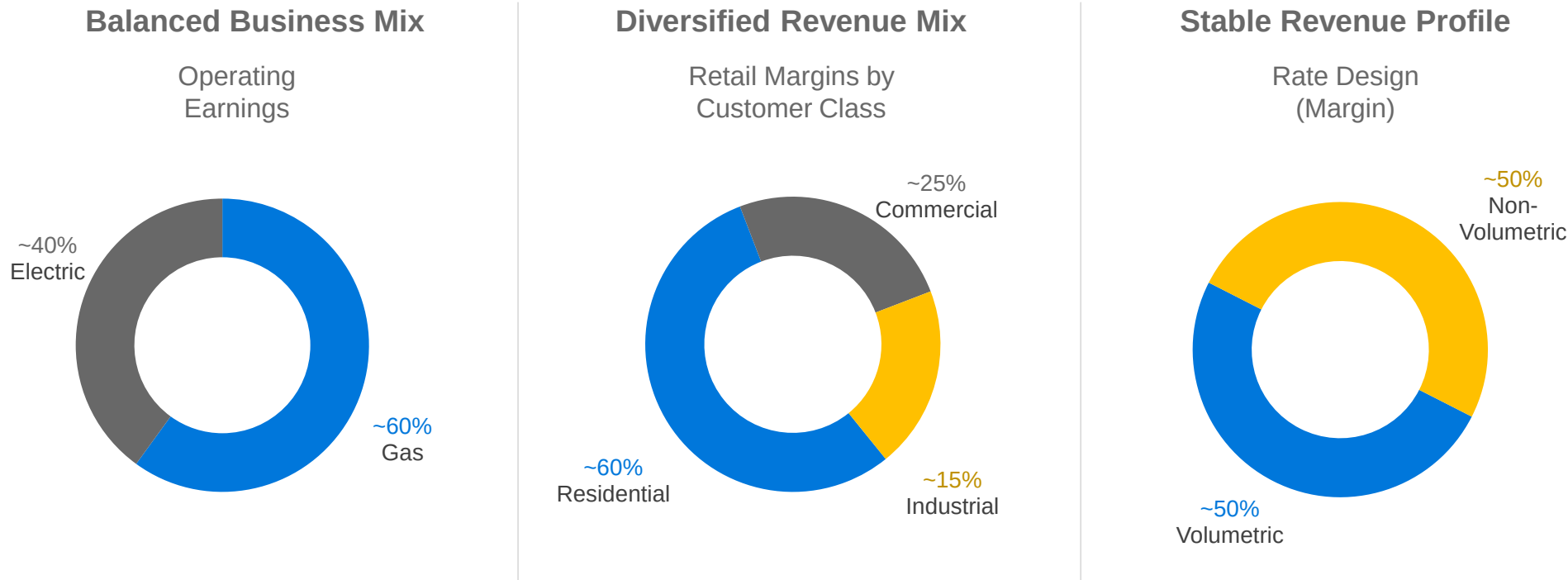
Driving

Expected Value Creation

- Utility Rate Base CAGR of 10%–12% over 2021–2024
- NOEPS² CAGR of 7%–9% over 2021–2024
 - 5%–7% Near-Term Annual Growth (2021-2023)
- Annual Dividend Growth
 - Targeting 60%–70% Payout Ratio
- Commitment to Strengthening the Balance Sheet and Maintaining Current Investment Grade Credit Ratings
- Customer Value Advantage Enhanced by Sustainable Plan

¹Operations are post sale of Columbia Gas of Massachusetts which is expected to close in October 2020; ²Net Operating Earnings Per Share (Non-GAAP)

DIVERSIFIED BUSINESS MIX¹



Financial strength driven by strong regulatory constructs and balanced portfolio mix

¹Data based on 2019 fiscal year results and excludes CMA.

NISOURCE NEXT COST AND CAPABILITY ENHANCEMENTS

- NiSource Next initiatives and CMA sale projected to drive an ~8% reduction in O&M costs in 2021E from 2020E

Cost Initiatives Under Way

- Voluntary Separation Program savings
- Improvements identified
 - Streamlined organizational structure
 - Evolved business services
 - Work standardization
 - Greater field mobility
 - Connected customer experience
- Modernization-driven fuel and cost reductions

Offset to future inflationary
pressure

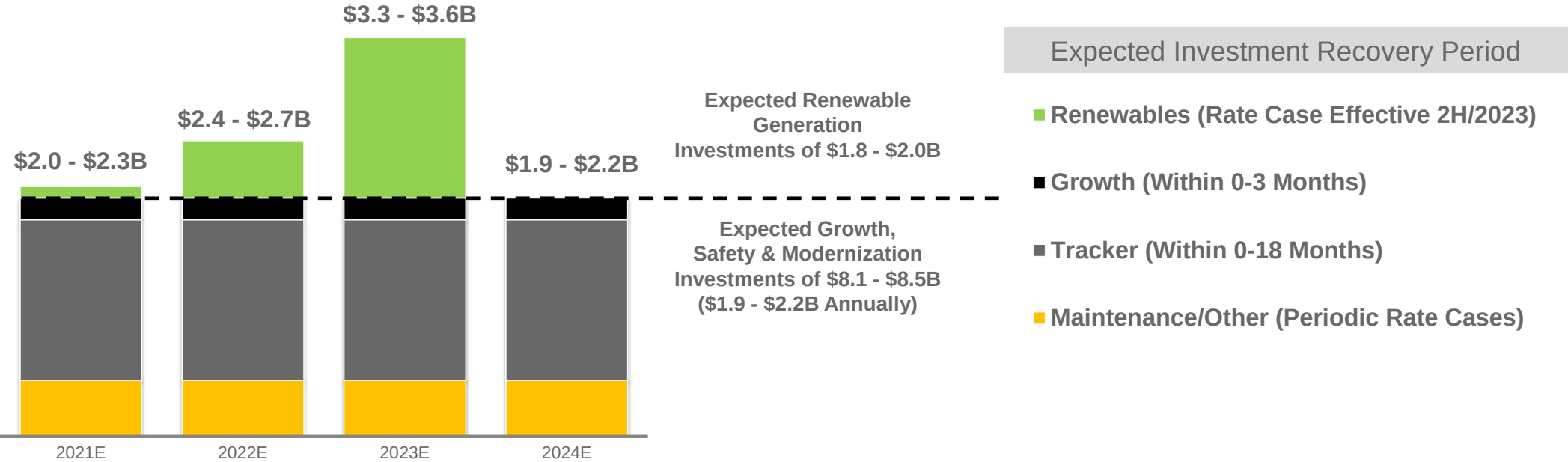


Relatively Flat
Annual O&M
(2021-2024)

Cost efforts intended to drive enhanced focus on safety, renewable energy,
operational excellence and customer value

2021-2024 CAPITAL FORECAST

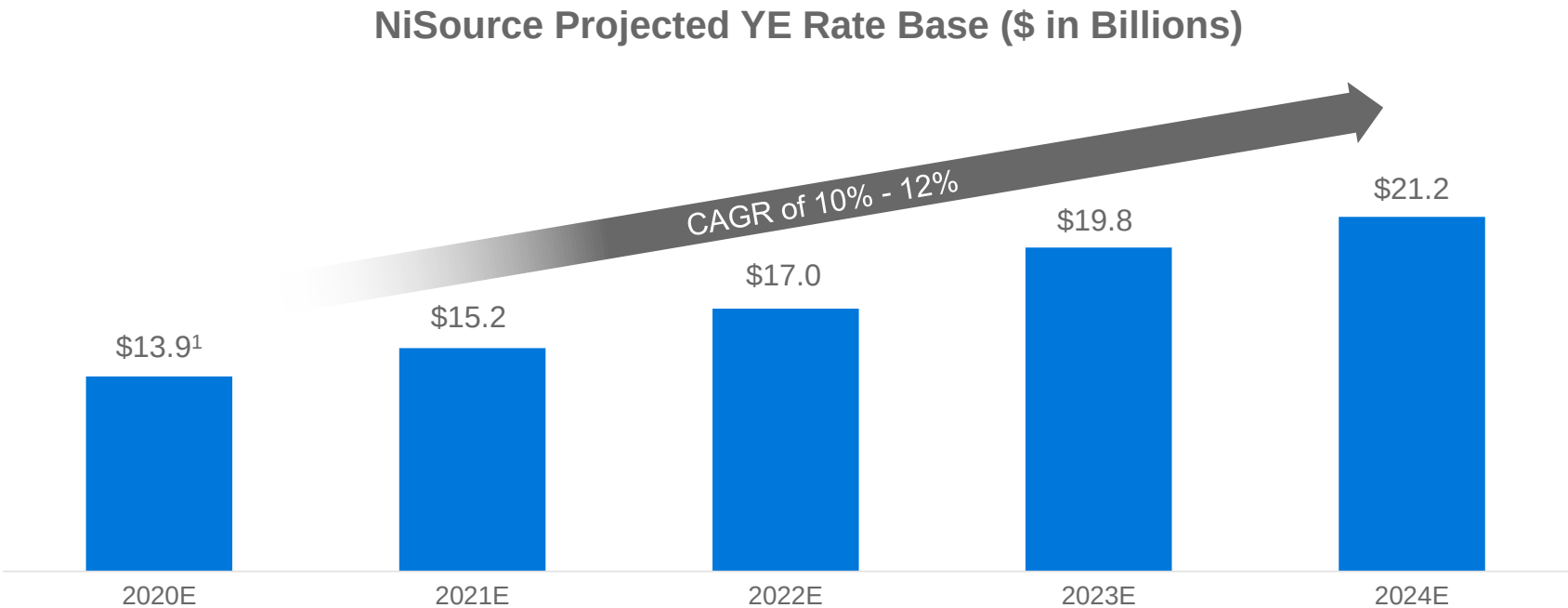
Investment opportunities expected to enhance system safety and reliability while driving shareholder value



More than 75% of Growth, Safety & Modernization Investments begin earning in less than 18 months

CAPITAL INVESTMENT DRIVING ROBUST RATE BASE GROWTH

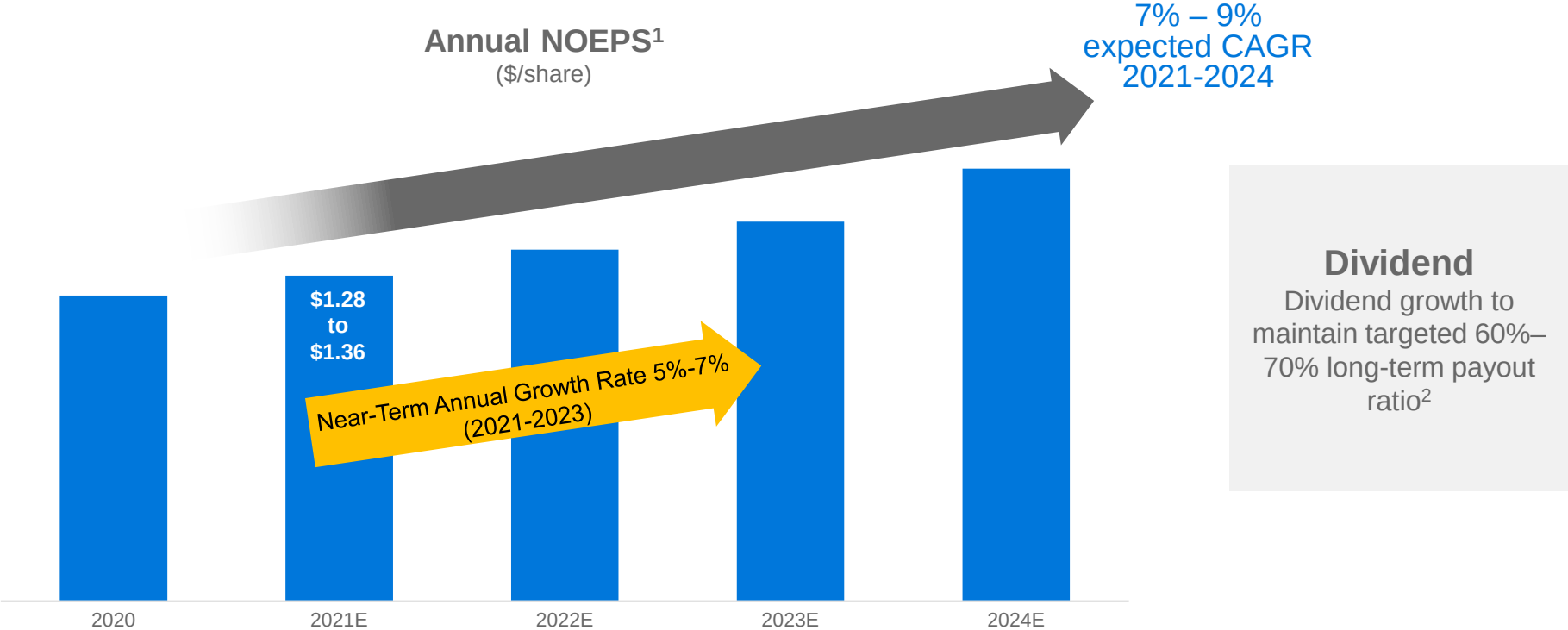
Planned Growth, Safety & Modernization and Renewable investments expected to drive robust rate base growth



Rate base growth balanced across jurisdictions and between gas and electric businesses

¹2020E rate base is post sale of Columbia Gas of Massachusetts which is expected to close in October 2020

ROBUST CAPITAL INVESTMENT DRIVING NOEPS GROWTH



Long-term ~\$40B investment opportunity expected to drive continued NOEPS growth beyond 2024

¹Net Operating Earnings Per Share (Non-GAAP)
²Subject to board approval

2021E – 2024E FINANCING STRATEGY¹

(\$ millions)	2021E	2022E	2023E	2024E
Planned Annual Safety & Modernization Investments				
<u>Equity</u>				
ATM (At-the-Market)	\$200 - \$300 Annually			
ESPP/401K/Other	\$30 - \$50 Annually			
<u>Long-Term Debt</u>				
Incremental Long-Term Debt		\$500 - \$700 Annually		
Planned Renewable Generation Investments (Targeting 60% Equity)				
<u>Equity</u>				
Common Equity Block		\$500 - \$700 Total		
<u>Long-Term Debt</u>				
Incremental Long-Term Debt		\$500 - \$700 Total		
<u>Other Financing</u>				
Hybrids, Convertibles, etc.	\$600 - \$1,000 Total			

Current Financing Plan ...

- All financing is included on our long-term growth commitments
- Reflects our focus on maintaining current investment grade credit rating
- Targets renewable investment financing (60% Equity / 40% Debt)
- Doesn't include potential portfolio optimization opportunities

Financing strategy targets long-term Adj. FFO²/total debt of ~14%-15%

¹Current financing plan may change based on business developments

²Adjusted funds from operations (FFO); represents Net Income adjusted for depreciation and amortization, loss on early extinguishment of debt and deferred taxes

KEY BALANCE SHEET METRICS

Well positioned to maintain current investment grade credit ratings



September 30, 2020
(Estimated)

Total Long-Term Debt (LTD)

\$9.1B

Weighted Average Rate (LTD)

3.68%

Weighted Average Maturity (LTD)

15.5 Years

Credit Ratings

Baa2 / BBB+ / BBB

Available Liquidity¹

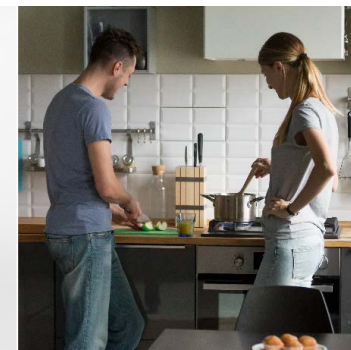
\$1.5B - \$1.6B

No significant refinancing needs through 2024

¹Defined as cash plus available credit facility capacity.

Closing

Joe Hamrock
President, Chief Executive Officer and Director, NiSource



OUR SUSTAINABLE APPROACH TO ESG



Environmental

- \$1.8B-\$2.0B of planned renewable investments through 2023
- Expected to retire 100% of coal assets by 2028 and replace primarily with renewables
- Driving toward 90% reduction¹ in greenhouse gas emissions by 2030



Social

- Transformation focused on customer safety and reliability
- Economically benefiting customers and communities
- Committed to engagement, diversity and inclusion from the boardroom through the organization and supplier network



Governance

- Leadership enhancements support commitment to customer service and safety
- Diverse, skilled and independent Board recently refreshed
- Robust framework for strategy, risk management and oversight

¹Compared to 2005 baseline

ACCELERATING OUR PATH FORWARD

Leveraging our platform through a dedicated investment approach and relentless commitment to safety



Q&A

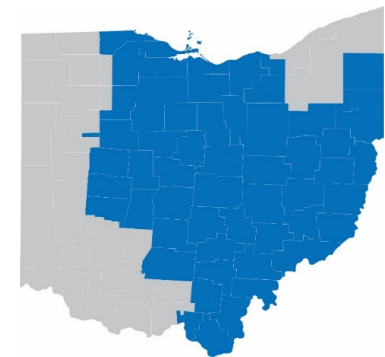


Appendix



COLUMBIA GAS OF OHIO

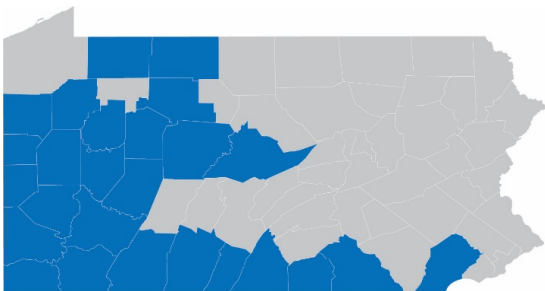
- **Business Profile**
 - Largest LDC in Ohio (~1.5M customers)
 - ~ 20,200 miles of pipe
 - ~ 2,000 miles of bare steel and cast iron
 - ~ \$3.2B rate base
- **Customer Focus**
 - Nationally recognized energy efficiency programs
 - Positive trending customer satisfaction
- **Rate Design**
 - Straight fixed variable rate design (fully fixed residential distribution rate)
 - Bad debt tracked with full recovery
 - Several other O&M trackers
- **Economic Outlook / Customer Growth**
 - Stable economic environment with modest customer growth
 - Energy is central to state economy
- **Constructive Legislation**
 - House Bill 95
 - Utility modernization capital programs authorized
 - House Bill 319
 - Infrastructure cost recovery for up to \$25.5M annually for economic development projects
 - Senate Bill 378
 - Underground protection and enforcement
- **Regulatory Environment and Growth Strategy**
 - Fully tracked annual Infrastructure Replacement Program (IRP) and Capital Expenditure Program (CEP)
 - Ability to defer costs associated with non-tracked investments
 - Public policy provides tools supporting investment for economic development and deferral of pipeline safety costs



Anticipated Modernization Investment Summary	
Total Investment Opportunities	~\$10.6B
Annual Program Investment Range	\$540M - \$560M
Regulatory Treatment	Tracked
Tracker Filing Period	Historical – 12 months
Tracker Filing Date	February
Recovery Begins	May (IRP Rider), Sept. (CEP Rider)
Weighted Avg Regulatory Lag	< 12 Months
Authorized Program ROE	10.39%

COLUMBIA GAS OF PENNSYLVANIA

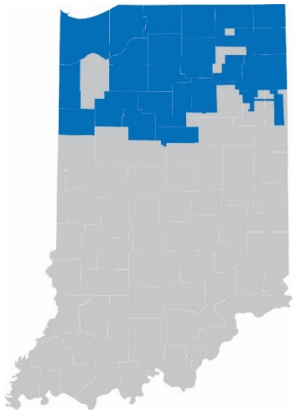
- **Business Profile**
 - Third-Largest LDC in PA (~437K customers)
 - ~ 7,600 miles of pipe
 - ~ 1,200 miles of bare steel and cast iron
 - ~ \$1.9B rate base
- **Customer Focus**
 - State leader in universal services, low-income initiatives, choice and energy efficiency programs
- **Rate Design**
 - ~ 27% of residential distribution rate fixed (assuming average customer usage)
 - Weather normalization adjustment for residential customers stabilizes revenue
- **Economic Outlook / Customer Growth**
 - Stable economic environment
 - Tariff program allows for modest customer growth
- **Constructive Legislation**
 - Act 11
 - Allows a gas utility to file a Distribution Service Improvement Charge (DSIC) and rate case with fully forecasted rate year
 - No limits for rate cases; DSIC increase limited to 5% of billed revenue
- **Regulatory Environment and Growth Strategy**
 - Recovery of infrastructure and other costs through base rate filings using a fully projected future test year
 - Tariff supports system expansion by providing limited main and service extensions at cost to customers



Anticipated Modernization Investment Summary	
Total Investment Opportunities	~\$4.1B
Annual Program Investment Range	\$275M - \$340M
Regulatory Treatment	Base Rate Case
Test Year	Fully Projected Future Test – 12 months
Filing Date	1Q
Recovery Begins	Typically within 9 months of filing
Weighted Avg Regulatory Lag	None
Authorized ROE	Not Specified

NIPSCO GAS (INDIANA)

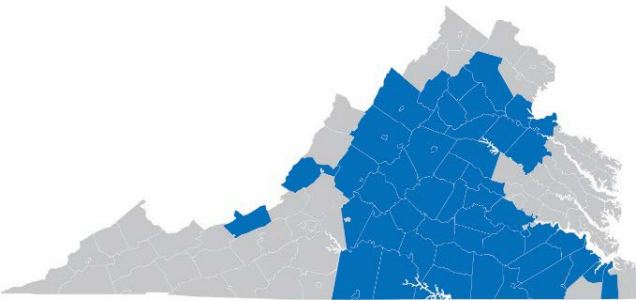
- **Business Profile**
 - Largest LDC in Indiana (~839K customers)
 - ~ 17,500 miles of pipe
 - ~ 23 miles of bare steel
 - ~ \$1.7B rate base
- **Customer Focus**
 - Lowest-cost gas provider in Indiana over the last 10 years
 - Fewest customer complaints in Indiana in the last five years
 - Continued rise in J.D. Power customer satisfaction survey
- **Rate Design**
 - ~ 50% of residential distribution rate fixed
 - Low income program fully tracked
 - Energy efficiency tracker
- **Economic Outlook / Customer Growth**
 - Typically stable economic environment. NIPSCO continues to work with customers impacted by the pandemic with extended payment plans. Favorable regulatory treatment related to bad debt expense
 - Customer-growth potential through rural extension opportunities
- **Constructive Legislation**
 - Senate Bill 560
 - Use of forward test year, timely rate cases, infrastructure investment tracking, rural expansion for natural gas
 - House Bill 1470
 - Provides for flexibility for TDSIC plan length from 5 to 7 years, permits IURC to authorize multi-unit projects without specific numbers and locations, terminating a plan prior to expiration with ability to continue TDSIC treatment, and to allow companies to seek a new TDSIC plan.
 - Rate case required during term of each TDSIC plan
 - 2% revenue cap applies to aggregate of TDSIC plans
- **Regulatory Environment and Growth Strategy**
 - Six-year, \$949M Infrastructure Modernization Program with semi-annual tracker filings
 - Four-year \$93M capital and \$32M expense amounts for the Pipeline Safety Compliance Plan; and five-year \$223M capital amount for the PHMSA Compliance Plan in the Federally Mandated Program with semi-annual tracker filings
 - Regulatory construct encourages gas system expansion into rural areas



Anticipated Modernization Investment Summary	
Total Investment Opportunities	~ \$5.0B
Annual Program Investment Range	TDSIC: \$150M - \$200M; FMCA \$3M - \$43M
Regulatory Treatment	Tracked
Tracker Filing Period	Historical – Prior 6 Months
Tracker Filing Cadence	TDSIC Feb. and Aug; FMCA May and Nov
Recovery Begins	TDSIC Jul and Jan; FMCA Apr and Oct
Weighted Avg Regulatory Lag	< 12 Months
Authorized Program ROE	9.85%

COLUMBIA GAS OF VIRGINIA

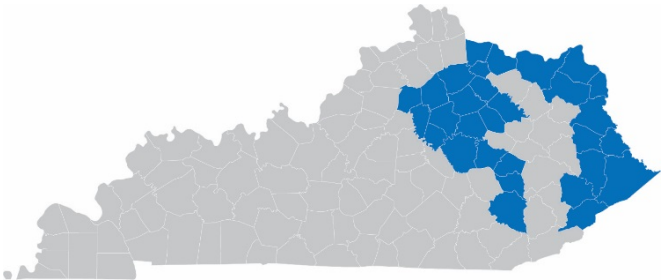
- **Business Profile**
 - Third-Largest LDC in VA (~274K customers)
 - ~ 5,300 miles of pipe
 - ~ 140 miles of bare steel
 - ~ \$850M rate base
- **Customer Focus**
 - Broad residential, commercial and industrial portfolio
 - Industry-leading third-party damage rate
 - Top-tier J.D. Power customer satisfaction scores
- **Rate Design**
 - ~ 38% of residential distribution rate fixed
 - Revenue normalization adjustments provides full residential distribution revenue recovery
 - Energy conservation tracker
- **Economic Outlook / Customer Growth**
 - Stable economic environment
 - Customer growth opportunities through system expansion
 - Initiatives in place to promote customer conversions and growth
 - Year-over-year customer growth of 1.5%–2.0%
- **Constructive Legislation**
 - DIMP Act - Allows deferral of incremental O&M costs related to pipeline safety
 - SAVE Act - Allows recovery of investment on infrastructure replacement
 - CARE Act - Provides for energy efficiency programs and a decoupling adjustment
 - NEED Act - Allows deferral of infrastructure expansion costs and recovery of costs associated with upstream natural gas supply infrastructure
 - MAIN Act - Provides cost recovery for infrastructure expansion into unserved certificated areas
- **Regulatory Environment and Growth Strategy**
 - Forward-looking annual modernization / safety infrastructure investment tracker filings
 - Tracker filings supplemented by rate case filings with forward test year
 - Multi-Family program provides incentives for multi-family building development



Anticipated Modernization Investment Summary	
Total Investment Opportunities	~ \$500M
Annual Program Investment Range	\$45M - \$70M
Regulatory Treatment	Tracked
Tracker Filing Period	Forward – 12 months
Tracker Filing Date	August
Recovery Begins	January
Weighted Avg Regulatory Lag	None
Authorized Program ROE	9.70%

COLUMBIA GAS OF KENTUCKY

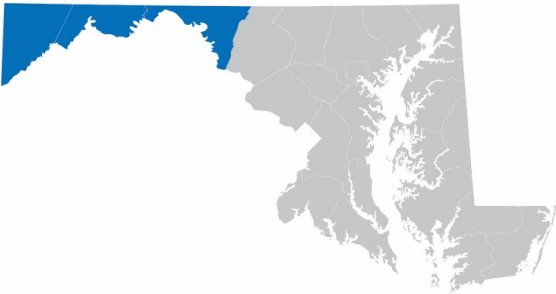
- **Business Profile**
 - Second-Largest Gas-Only LDC in KY (~137K customers)
 - ~ 2,600 miles of pipe
 - ~ 350 miles of bare steel and cast iron
 - ~ \$327M rate base
- **Customer Focus**
 - Top-tier customer satisfaction levels
- **Rate Design**
 - ~ 52% of residential distribution rate fixed
 - Weather normalization adjustment for residential and commercial customers stabilizes revenue
- **Economic Outlook / Customer Growth**
 - Stable economic environment with improving customer growth rates
- **Constructive Legislation**
 - House Bill 100
 - Governments may create and assess for special energy efficiency project districts
- **Regulatory Environment and Growth Strategy**
 - Safety Modification Replacement Program
 - Allows for full recovery of eligible pipeline replacement program costs not recovered in existing rates via a rider that permits the use of a forward-looking test year and is reconciled
 - Expanded to include recovery of eligible safety related initiatives beginning in November 2019
 - There is no stated recovery limit on the tracker
 - PSC has authorized economic development extension tariff for high potential sites that require natural gas infrastructure
 - Annual modernization / safety infrastructure investment tracker filings
 - Tracker filings supplemented by rate case filings with forward-looking test year



Anticipated Modernization Investment Summary	
Total Investment Opportunities	~ \$900M
Annual Program Investment Range	\$40M - \$50M
Regulatory Treatment	Tracked
Test Year	Forward – 12 months
Tracker Filing Date	October
Recovery Begins	January
Weighted Avg Regulatory Lag	None
Authorized Program ROE	9.50%

COLUMBIA GAS OF MARYLAND

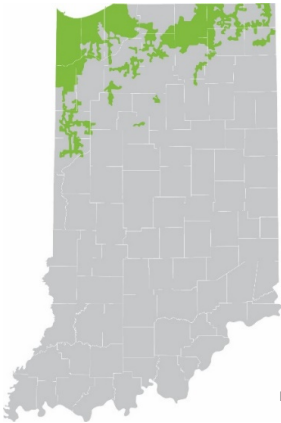
- **Business Profile**
 - Complementary to PA operations (~34K customers)
 - ~ 650 miles of pipe
 - ~ 51 miles of bare steel & cast iron
 - ~ \$149M rate base
- **Customer Focus**
 - Sustained industry-leading employee and system safety performance
- **Rate Design**
 - Revenue normalization adjustment provides full residential distribution revenue recovery
 - Energy efficiency tracker
- **Economic Outlook / Customer Growth**
 - Stable economic environment with modest customer growth
 - Tariff provisions allow for modest customer growth
- **Constructive Legislation**
 - STRIDE
 - Prospective cost recovery for age and condition investment
 - The surcharge cannot exceed \$2 per month on each residential bill
- **Regulatory Environment and Growth Strategy**
 - Forward-looking annual Infrastructure Replacement and Improvement Surcharge (IRIS) recovers age and condition investment
 - IRIS filings supplemented by periodic rate cases
 - Commission evaluating alternative rate designs



Anticipated Modernization Investment Summary	
Total Investment Opportunities	~ \$230M
Annual Program Investment Range	\$25M - \$35M
Regulatory Treatment	Tracked
Tracker Filing Period	Forward – 12 Months
Tracker Filing Date	November
Recovery Begins	January
Weighted Avg Regulatory Lag	< 12 Months
Authorized Program ROE	9.60%

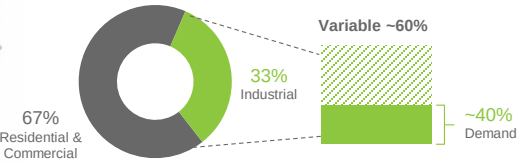
INDIANA ELECTRIC (NIPSCO)

- **Business Profile**
 - Third-largest electric utility in Indiana (~ 475K customers)
 - Fully integrated electric utility
 - ~ 3,000 MW of environmentally compliant generation
 - ~10,000 distribution line miles
 - ~ 3,000 transmission line miles
 - ~ \$4.7B rate base
- **Customer Focus**
 - Fewest customer complaints in Indiana in the last five years
 - Rates are below the national average
 - Continued rise in J.D. Power customer satisfaction survey
- **Rate Design**
 - 100% fuel costs pass-through
 - Industrial customers ~ 40% demand charge weighted
- **Economic Outlook**
 - Challenging economic environment whereby NIPSCO is working with customers struggling due to the pandemic on extended payment plans and changes in energy demand
- **Constructive Legislation**
 - Senate Bill 560
 - Use of forward-looking test year, timely rate cases, and infrastructure investment tracking
 - Rate case required within seven years of original TDSIC filing
 - Rider cannot increase customer rates more than 2% of prior 12 months' revenues
 - House Bill 1470
 - Allows more flexibility for TDSIC plans by allowing projects that may rely on future inspections or details not available at the time the plan is first filed
- **Regulatory Environment and Growth Strategy**
 - Your Energy Your Future generation transition plan to retire nearly 80% of our coal-fired generating units by 2023, and all of them by 2028, replacing them with lower-cost, cleaner energy sources, including wind and solar
 - Seven-Year, ~ \$1.25B transmission and distribution infrastructure modernization program with semi-annual tracker filings



Customer Mix (Net Revenue)

- Steel-related customers represent ~10% of net revenues



Anticipated Modernization Investment Summary	
Total Investment Opportunities	~ \$5B
Annual Program Investment Range	\$170M - \$230M
Regulatory Treatment	Modernization and Environmental Projects Tracked
Authorized ROE	9.75%



SUPPLEMENTAL SLIDES THIRD QUARTER 2020 EARNINGS

November 2, 2020



FORWARD-LOOKING STATEMENTS

This presentation contains “forward-looking statements” within the meaning of federal securities laws. Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. 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 presentation 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; potential 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 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 in the “Risk Factors” section of our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, as updated in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 and in our subsequent SEC filings, 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.

Regulation G Disclosure Statement

This presentation includes financial results and guidance for NiSource with respect to net operating earnings available to common shareholders, which is a non-GAAP financial measure as defined by the SEC’s Regulation G. The company includes this measure because management believes it permits investors to view the company’s performance using the same tools that management uses and to better evaluate the company’s ongoing business performance. With respect to such guidance, it should be noted that there will likely be a difference between this measure and its GAAP equivalent due to various factors, including, but not limited to, fluctuations in weather, the impact of asset sales and impairments, and other items included in GAAP results. NiSource is not able to estimate the impact of such factors on GAAP earnings and, as such, is not providing earnings guidance on a GAAP basis.

KEY TAKEAWAYS

- **Non-GAAP Net Operating Earnings Per Share (NOEPS)* of \$0.09 vs. \$0.00 in 3Q 2019**
 - Cost and regulatory mitigation efforts reduce financial impacts of COVID-19
 - NiSource Next well underway to enhance organizational capabilities and drive efficiencies and continued customer affordability
- **Safety, asset modernization investments remain top priorities**
 - Expected 2020 CapEx reaffirmed at \$1.7 to \$1.8B
- **2021 and long-term financial commitments reaffirmed**
 - 2021 NOEPS* guidance in range of \$1.28 to \$1.36, includes (\$0.05) of COVID-19 impacts
 - \$1.9 to \$2.2B in annual growth, safety and asset modernization investments, 2021-2024
 - \$1.8 to \$2.0B of renewable generation investment opportunities, 2022-2023
 - 7-9% NOEPS* CAGR, 2021-2024 (5-7% 2021 - 2023)
- **Commercial agreements reached on additional renewable generation**
 - Build-Transfer Agreements executed with NextEra for three Indiana solar and storage projects representing \$850 million in NIPSCO capital investment
- **Regulatory initiatives support continued capital investment**
 - Settlement reached in Maryland gas rate case
 - Ohio CEP rider update approved
- **Columbia Gas of Massachusetts asset sale closed October 9**

FOCUSED ON ENHANCING SAFETY, SERVICE, SYSTEM RELIABILITY AND ENVIRONMENTAL LEADERSHIP

*Net Operating Earnings Per Share (Non-GAAP); For the GAAP Basic Earnings (Loss) Per Share and the reconciliation of GAAP to non-GAAP earnings per share, see Schedule 1 of NiSource's November 2, 2020 Earnings Release

THIRD QUARTER and YTD CONSOLIDATED FINANCIAL RESULTS

GAAP	Third Quarter			YTD		
	2020	2019	Change	2020	2019	Change
Net Income (Loss) Available to Common Shareholders (\$ Millions)	\$(186.7)	\$(7.2)	\$(179.5)	\$(143.4)	\$481.0	\$(624.4)
Basic Income (Loss) Per Share	\$(0.49)	\$(0.02)	\$(0.47)	\$(0.37)	\$1.29	\$(1.66)

Non-GAAP*	Third Quarter			YTD		
	2020	2019	Change	2020	2019	Change
Net Operating Earnings (Loss) Available to Common Shareholders (\$ Millions)	\$36.3	\$(1.7)	\$38.0	\$377.4	\$325.1	\$52.3
Net Operating Earnings Per Share	\$0.09	\$—	\$0.09	\$0.98	\$0.87	\$0.11

*Net Operating Earnings (non-GAAP). For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's November 2, 2020, Earnings Release

EARNINGS IMPACT OF COVID-19 REDUCED BY COST AND REGULATORY MITIGATION

THIRD QUARTER and YTD 2020 SEGMENT NON-GAAP* RESULTS

Gas Distribution Operations (\$ Millions)	Third Quarter			YTD		
	2020	2019	Change	2020	2019	Change
Operating Revenues	\$472.5	\$468.6	\$3.9	\$2,334.5	\$2,507.9	\$(173.4)
Operating Expenses**	\$462.8	\$495.0	\$32.2	\$1,859.8	\$2,089.8	\$230.0
Operating Earnings (Loss)*	\$9.7	\$(26.4)	\$36.1	\$474.7	\$418.1	\$56.6

** Includes cost of sales net decrease of \$10.0M QTD, \$200.2M YTD

Electric Operations (\$ Millions)	Third Quarter			YTD		
	2020	2019	Change	2020	2019	Change
Operating Revenues	\$427.7	\$462.6	\$(34.9)	\$1,161.0	\$1,300.7	\$(139.7)
Operating Expenses**	\$294.8	\$327.2	\$32.4	\$858.7	\$984.1	\$125.4
Operating Earnings (Loss)*	\$132.9	\$135.4	\$(2.5)	\$302.3	\$316.6	\$(14.3)

** Includes cost of sales net decrease of \$43.6M QTD, \$136.4M YTD

*Operating Earnings (non-GAAP). For comparable GAAP results by segment, refer to Part I. Item 2 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2020. For a reconciliation of GAAP to non-GAAP earnings, see Schedule 2 of NiSource's Supplemental Financial Information.

CONTINUED FOCUS ON SAFE AND RELIABLE EXECUTION

COVID-19 FINANCIAL IMPACTS

Usage Impact by Customer Class (\$ Millions)*

3Q '20 vs. '19	Gas	Electric	Total
Residential	\$0.3	\$5.8	\$6.1
Commercial	\$(1.8)	\$(3.1)	\$(4.9)
Industrial	\$(0.8)	\$(1.3)	\$(2.1)
Total	\$(2.3)	\$1.4	\$(0.9)

YTD '20 vs. '19	Gas	Electric	Total
Residential	\$0.9	\$12.0	\$12.9
Commercial	\$(1.8)	\$(7.0)	\$(8.8)
Industrial	\$(5.2)	\$(10.5)	\$(15.7)
Total	\$(6.1)	\$(5.5)	\$(11.6)

3Q / YTD 2020 COVID-19 NOEPS impact of (~\$0.01) / (~\$0.07), offset with cost management and regulatory solutions**

- Usage impact - see above
- Reduced other revenues - late payment and reconnection fees
- Increased bad debt and other expenses

Midpoint of 2021 base case NOEPS impact of COVID-19 = (~\$0.05); included in 2021 guidance range**

COST MANAGEMENT AND REGULATORY SOLUTIONS REDUCE COVID-19 IMPACT

* Positive figures represent favorable period-over-period variances
* Net Operating Earnings Per Share (Non-GAAP)

NISOURCE DEBT AND CREDIT PROFILE

- **Debt level: ~\$10.6B as of September 30, 2020**
 - ~\$9.1B of long-term debt
 - Weighted average maturity ~15 years
 - Weighted average interest rate of 3.68%
- **Solid liquidity position**
 - ~\$1.6B in net available liquidity as of September 30, 2020*
 - ~\$2.1B of committed facilities in place as of September 30, 2020
 - ~\$1.9B revolving credit facility
 - ~\$0.2B accounts receivable securitization facilities **
- **Net proceeds of \$1.1B from closing of sale of Columbia Gas of Massachusetts used to pay down term loan and other short-term debt in October**
- **Executed liability management transaction in 3Q**
 - Lowered weighted average interest rate by over 60 basis points and removed significant long-term debt refinancing needs through 2024
- **Committed to maintaining current investment-grade credit ratings**
 - S&P BBB+ | Moody's Baa2 | Fitch BBB

SOLID FINANCIAL FOUNDATION TO SUPPORT LONG-TERM INFRASTRUCTURE AND SAFETY INVESTMENTS

* Consisting of cash and available capacity under credit facilities
** Capacity on accounts receivable securitization facilities changes with seasonality

2020 FINANCING PLAN

NiSource Current Financing Plan*		
\$ Millions	2019 Actual	2020 Estimated
Equity		
Common Equity Block Issuance	None	None Planned
ATM (At-The-Market)	\$229	\$200 - \$300
ESPP/401K/Other	\$34	\$35 - \$60
Long-Term Debt		
Incremental Long-Term Debt	\$714	~\$1,375

* Current financing plan may change based on business developments.

**Adjusted Funds from Operations (FFO); represents Net Income adjusted for depreciation and amortization, loss on early extinguishment of debt and deferred taxes.

LONG-TERM FINANCING TARGETS ADJ. FFO/TOTAL DEBT OF ~14%-15%**

GAS DISTRIBUTION OPERATIONS

- Rate case settlement reached in Maryland, case pending in Pennsylvania
- Continuing to execute infrastructure modernization designed to enhance system safety, reliability and environmental performance

Highlight	Key Components	Status
Columbia Gas of Kentucky Safety Modification and Replacement Program (SMRP) Annual Rider Update	◦ Supports continued replacement of aging pipelines and adoption of pipeline safety upgrades ◦ Request covers \$50.0M for 2021 capital investments	◦ Filed Oct. 15, 2020 ◦ Order expected Q1 2021 ◦ New rates effective Q1 2021
NIPSCO Gas System Modernization Program	◦ Long-term infrastructure modernization program ◦ TDSIC1 filing covers \$26.0M in incremental capital investments made between January and June 2020	◦ Filed Aug. 25, 2020 ◦ Order expected Dec. 2020
Columbia Gas of Virginia Steps to Advance Virginia's Energy (SAVE) Annual Rider Update	◦ Supports continued replacement of aging pipelines and adoption of pipeline safety upgrades guided by SMS risk prioritization ◦ Request covers \$46.4M for 2021 capital investments	◦ Filed July 24, 2020 ◦ Order expected Nov. 2020 ◦ New rates effective Jan. 2021
Columbia Gas of Maryland Base Rate Case	◦ Supports continued replacement of aging pipelines and adoption of pipeline safety upgrades ◦ Settlement includes \$3.3M total annual revenue increase; \$2.0M net of infrastructure trackers	◦ Filed May 15, 2020 ◦ Order expected Nov. 2020 ◦ New rates effective Dec. 2020
Columbia Gas of Pennsylvania Base Rate Case	◦ Supports continued replacement of aging pipelines and adoption of pipeline safety upgrades ◦ Requests \$100.4M total annual revenue increase	◦ Filed Apr. 24, 2020 ◦ Order expected Q1 2021 ◦ New rates effective Jan. 2021
Columbia Gas of Ohio Capital Expenditure Program (CEP) Annual Rider Update	◦ Allows for recovery of capital investments and related deferred expenses that are not recovered through IRP tracker ◦ Application covers ~\$185M in 2019 capital investments	◦ Filed Feb. 28, 2020 ◦ Order received Aug. 12, 2020 ◦ New rates effective Sep. 2020

~\$40B IN IDENTIFIED LONG-TERM GAS AND ELECTRIC INFRASTRUCTURE INVESTMENT OPPORTUNITIES

ELECTRIC OPERATIONS

- Three new solar JV projects announced for coal-fired generation replacement capacity
- \$1.8 - \$2.0B incremental capital investment opportunities expected in 2022 and 2023
- Continued execution of seven-year ~\$1.2B electric system modernization program

Highlight	Key Components	Status
Renewable Generation JV Projects	◦ Construction continues on Rosewater and Indiana Crossroads wind projects ◦ Agreements executed on Dunns Bridge Solar I, Dunns Bridge Solar II and Cavalry Solar	◦ Rosewater expected in service YE2020 ◦ Indiana Crossroads expected in service YE2021 ◦ CPCN filing expected for Dunns / Cavalry Q42020
Renewable Generation PPA Projects	◦ Construction continues on Jordan Creek wind project ◦ Commercial terms reached on Brickyard Solar and Greensboro Solar + storage, PPAs filed with IURC	◦ Jordan Creek expected in service YE2020 ◦ Regulatory approval for Brickyard and Greensboro Solar expected by YE2020
Electric System Modernization Program	◦ Focused on electric transmission and distribution investments designed to improve system safety and reliability ◦ TDSIC 7 semi-annual tracker update covering \$122.3M in investments from July 2019 - July 2020	◦ Filed Sep. 29, 2020 ◦ Order expected Jan. 2021 ◦ Rates effective Feb. 2021

* Represents installed capacity of generation facilities.

~\$40B IN IDENTIFIED LONG-TERM GAS AND ELECTRIC INFRASTRUCTURE INVESTMENT OPPORTUNITIES

SAFETY AND INFRASTRUCTURE PROGRAMS

Company	Year-End 2019 Rate Base	Authorized Program ROE	Modernization Program Investments	Estimated Annual Modernization Program Investments	Recovery Mechanism
Columbia Gas of OH	\$3.2B	10.39%	~\$10.6B	\$540M - \$560M	Tracked
Columbia Gas of PA	\$1.9B	N/A	~\$4.1B	\$275M - \$340M	Rate Case (Forward Test Year)
NIPSCO Gas	\$1.7B*	9.85%	~\$5.0B	\$155M - \$245M	Tracked
Columbia Gas of VA	\$850M	9.70%	~\$500M	\$46M - \$65M	Tracked
Columbia Gas of KY	\$327M	9.50%	~\$900M	\$35M - \$40M	Tracked
Columbia Gas of MD	\$149M	9.60%	~\$230M	\$18M - \$25M	Tracked
NIPSCO Electric	\$4.7B*	9.75%	~\$5.0B	\$170M - \$230M	Tracked

ROBUST LONG-TERM INVESTMENT PROGRAMS DELIVER VALUE ON \$12.8B RATE BASE**

* NIPSCO gas and electric rate base includes deferred taxes

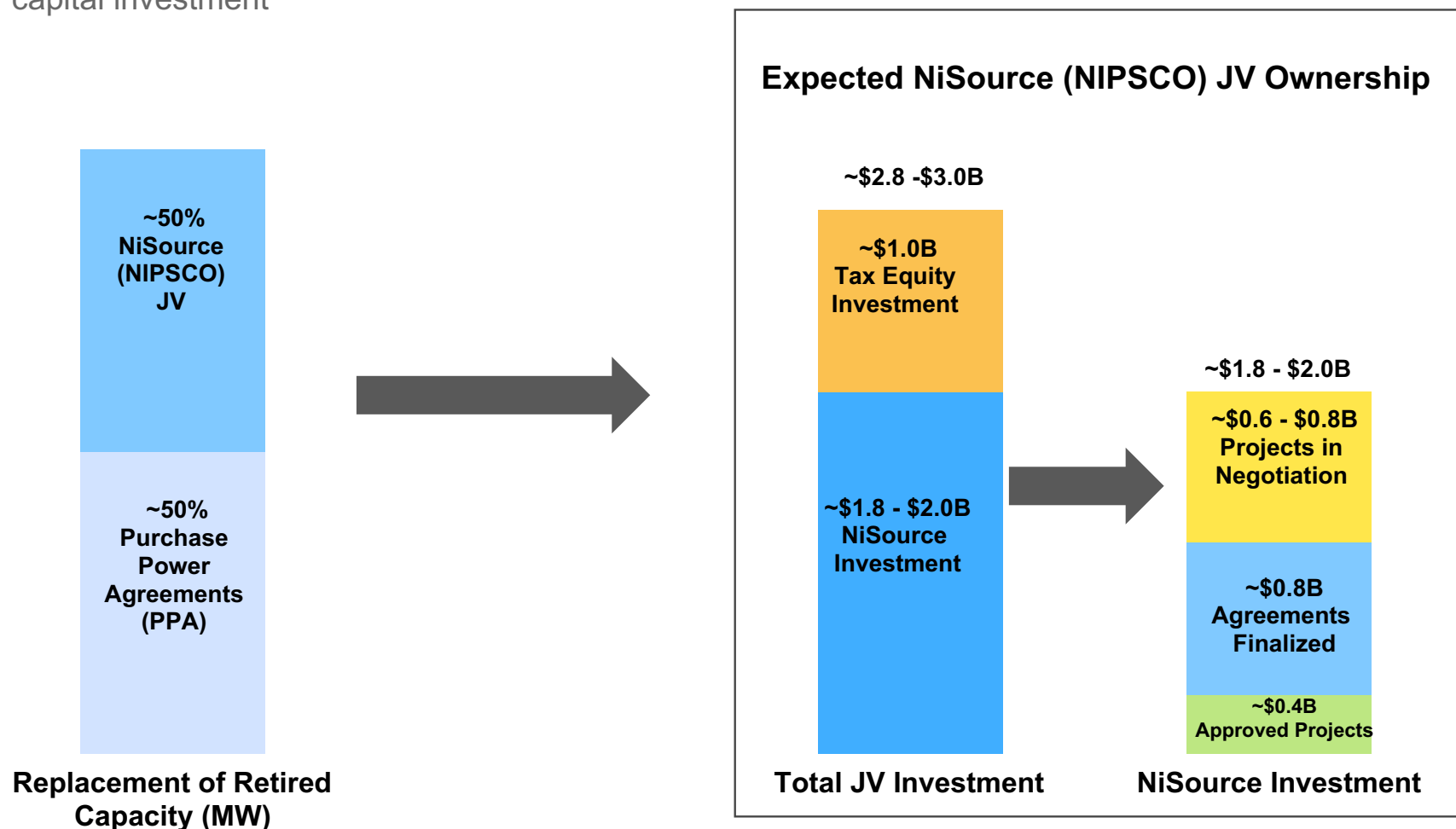
** As of Dec. 31, 2019

SAFETY AND INFRASTRUCTURE INVESTMENT AND TRACKER FILING DETAILS

Company	Mechanism	Incremental Investments		Recovery	
		Period	Amount (\$ Millions)	Filing Date	Effective Date
Columbia Gas of Ohio	Infrastructure Replacement Program (IRP)	FY 2018	\$199.6	Feb 2019	May 2019
		FY 2019	\$234.4	Feb 2020	May 2020
Columbia Gas of Ohio	Capital Expenditure Program (CEP)	FY 2018	\$121.7	Feb 2019	Sept 2019
		FY 2019	\$185.1	Feb 2020	Sept 2020
Columbia Gas of Pennsylvania	Distribution System Improvement Charge (DSIC)	Mar 2020 - May 2020	\$28.6	Jun 2020	Jul 2020
		Jun 2020 - Aug 2020	\$85.0	Sep 2020	Oct 2020
Columbia Gas of Virginia	Steps to Advance Virginia's Energy Plan (SAVE)	FY 2020	\$50.0	Aug 2019	Jan 2020
		FY 2021	\$46.4	Jul 2020	Expected - Jan 2021
Columbia Gas of Kentucky	Safety Modification and Replacement Program (SMRP)	FY 2020	\$40.4	Oct 2019	Jan 2020
		FY 2021	\$50.0	Oct 2020	Expected - Jan 2021
Columbia Gas of Maryland	Strategic Infrastructure Development and Enhancement (STRIDE)	FY 2020	\$15.0	Jan 2020	Feb 2020
		FY 2021	\$16.9	Oct 2020	Expected - Jan 2021
NIPSCO – Gas	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 11: May 2019 - Dec 2019	\$38.7	Feb 2020	Jul 2020
		TDSIC 1: Jan 2020 - Jun 2020	\$26.0	Aug 2020	Expected - Jan 2021
NIPSCO – Electric	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 6: Dec 2018 – Jun 2019	\$131.1	Aug 2019	Jan 2020
		TDSIC 7: Jul 2019 - Jul 2020	\$122.3	Sep 2020	Expected - Feb 2021

RENEWABLE INVESTMENT OPPORTUNITY THROUGH 2023

Tax equity partnerships allow for significant reduction in cost to customers and \$1.8-\$2B of NiSource capital investment



MIX OF JVs AND PPAs DRIVES CUSTOMER BENEFITS AND SHAREHOLDER VALUE

RENEWABLE INVESTMENT PROJECT UPDATE

Project	Structure	NIPSCO Investment (\$ Millions)	Anticipated In Service	Status
Projects In Execution:				
Rosewater Wind	JV	~\$100	'20	Under Construction
Jordan Creek Wind	PPA	N/A	'20	Under Construction
Indiana Crossroads Wind	JV	~\$300	'21	Under Construction
Brickyard Solar	PPA	N/A	'22	Pending Approval
Greensboro Solar + Storage	PPA	N/A	'22	Pending Approval
Dunns Bridge I Solar	JV	} ~\$850	'22	Agreement Finalized
Dunns Bridge II Solar + Storage	JV		'23	Agreement Finalized
Cavalry Solar + Storage	JV		'23	Agreement Finalized
In Process Projects:				
Solar (+ Storage) Projects*	JV	~\$550 – \$750	'22–'23	Advanced Commercial Negotiations
Solar & Wind Projects	PPA	N/A	'23	Advanced Commercial Negotiations
Total		\$1,800 – \$2,000		

*Includes transmission projects included in IRP which will be fully owned by NIPSCO



APPENDIX

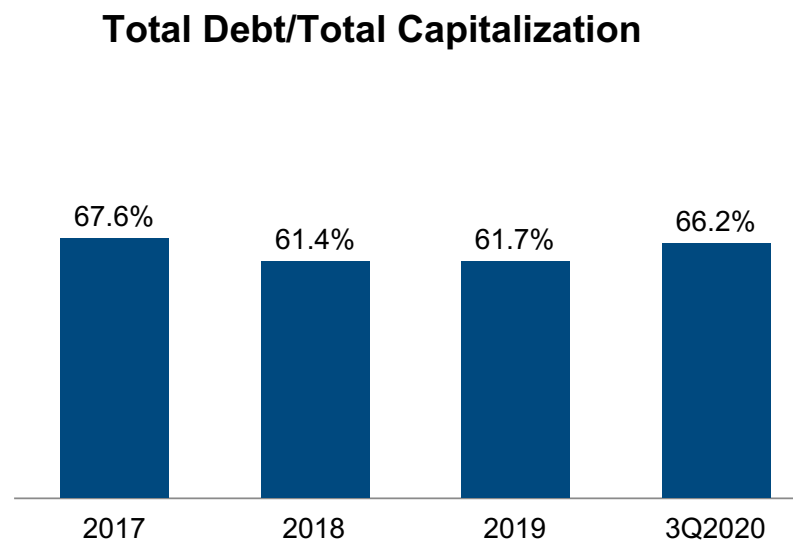
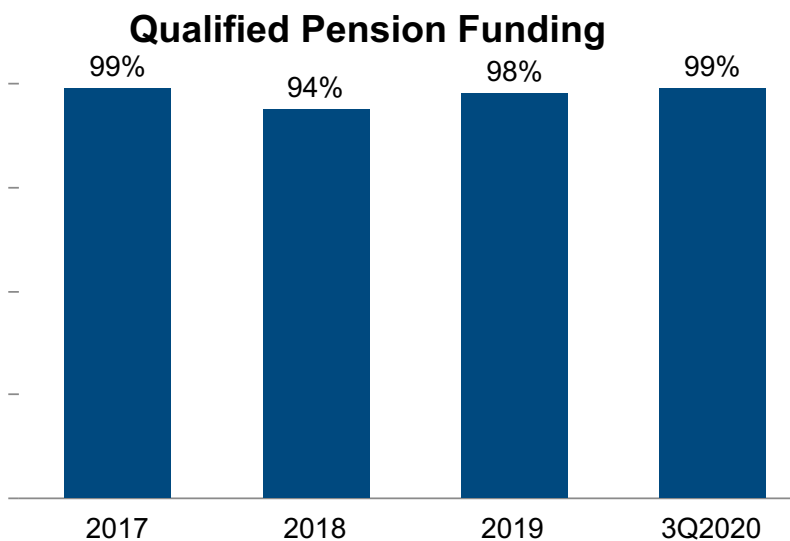
THIRD QUARTER 2020 EARNINGS



LIQUIDITY AND CAPITALIZATION AS OF THIRD QUARTER 2020 (\$M)

Current Liquidity	Actual 9/30/2020	Maturity
Revolving Credit Facility	\$1,850	Feb. 20, 2024
Accounts Receivable Programs*	231	
Less:		
Drawn on Credit Facility	—	
Commercial Paper	307	
Accounts Receivable Programs Utilized	231	
L/C's Outstanding Under Credit Facility	10	
Add:		
Cash & Equivalents	59	
Net Available Liquidity	\$1,591	

* Represents the lesser of seasonal limit or maximum borrowings supportable by underlying receivables



TOTAL DEBT AS OF THIRD QUARTER 2020 (\$ Millions)

Debt Detail	Balance	Wtd. Avg. Rate**	Wtd. Avg. Maturity
Long-Term Debt	\$9,135	3.7 %	15 years
Revolving Credit Facility	\$0		
Commercial Paper	\$307	0.23 %	39 days
A/R Program Borrowings	\$231	0.66 %	1 month
Term Loan	\$850	0.90 %	6 months
Capital Leases, Def Cost & Other	\$95	N/A	N/A
Total Debt*	\$10,618		

* Net proceeds of \$1.1B from closing of sale of Columbia Gas of Massachusetts used to pay down term loan and other short-term debt in October

** Represents coupon or current incremental borrowing rate; does not factor in fees and/or amortization of deferred charges

N/A = Not Applicable

NO SIGNIFICANT LONG-TERM DEBT MATURITIES THROUGH 2024

BAD DEBT RECOVERY MECHANISMS

Company	Bad Debt Expense Included in Base Rates*	Tracked Incremental Expense	Filing Frequency
GAS DISTRIBUTION OPERATIONS			
NIPSCO Gas	Yes	Gas cost only	Quarterly
Columbia Gas of Ohio	Yes	Gas cost and delivery charge	Annual
Columbia Gas of Pennsylvania	Yes	Partial gas cost only	Quarterly
Columbia Gas of Virginia	Yes	Gas cost only	Quarterly
Columbia Gas of Maryland	Yes	Gas cost only	Quarterly
Columbia Gas of Kentucky	Yes	Gas cost only	Quarterly
ELECTRIC OPERATIONS			
NIPSCO Electric	Yes	None	N/A

* Based on historical bad debt of ~1% of gross revenue

REVENUE AND WEATHER NORMALIZATION MECHANISMS

Company	Revenue Decoupling / Normalization	Weather Normalization
GAS DISTRIBUTION OPERATIONS		
NIPSCO Gas	None	None
Columbia Gas of Ohio	Straight Fixed Variable Rates for Residential and Small Commercial	None
Columbia Gas of Pennsylvania	None	Yes - Residential
Columbia Gas of Virginia	Yes (RNA*) - Residential	Yes - Residential & Commercial
Columbia Gas of Maryland	Yes (RNA) - Residential	Yes - Residential & Commercial
Columbia Gas of Kentucky	None	Yes - Residential & Commercial
ELECTRIC OPERATIONS		
NIPSCO Electric	None (Demand Ratcheting Large Industrial Rates)	None

* Revenue Normalization Adjustment



APPENDIX

INVESTOR DAY HIGHLIGHTS



THE U.S. REGULATED UTILITY INVESTMENT OF CHOICE

Safety and environmental leadership will continue to drive customer value and sustainable growth

Strong Foundation • Regulatory diversity resulting from multiple jurisdictions provides stability • Significant scale, with ~\$14B of regulated electric and gas rate base* • Proximity to abundant, low-cost natural gas resources supports ongoing rate affordability • Investments and recovery supported by favorable energy policies and constructive regulatory environments	Clear Path to Drive Incremental Growth • Enhanced ~\$40B infrastructure investment opportunity set driving long-term growth ◦ Increase of ~\$10B from prior expectation • Well-established capital investment programs with track record of recovery through regulatory trackers • Driving 10%-12% expected rate base CAGR 2021-2024	Benefiting Customers and Communities • Accelerated and enhanced implementation of Safety Management System (SMS) • Generation investments to save customers \$4B over 30 years and reduce GHG 90% by 2030** • Investments and focus on organizational efficiency to drive continued customer affordability • Gas safety and modernization investments advancing environmental benefits	Committed to Shareholder Value • 100% regulated revenue expected to deliver consistent and predictable earnings growth • Expected 7%-9% NOEPS*** CAGR 2021-2024 • Dividend growth to maintain targeted 60%-70% payout ratio • Balanced financing plan focused on maintaining current investment grade credit ratings and maximizing NOEPS growth

*2020E excludes CMA; **Compared to 2005 baseline; ***Net Operating Earnings Per Share (Non-GAAP)

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)



Environmental

- \$1.8B-\$2.0B of planned renewable investments through 2023
- Expected to retire 100% of coal assets by 2028 and replace primarily with renewables
- Driving toward 90% reduction* in greenhouse gas emissions by 2030



Social

- Transformation focused on customer safety and reliability
- Economically benefiting customers and communities
- Committed to engagement, diversity and inclusion from the boardroom through the organization and supplier network



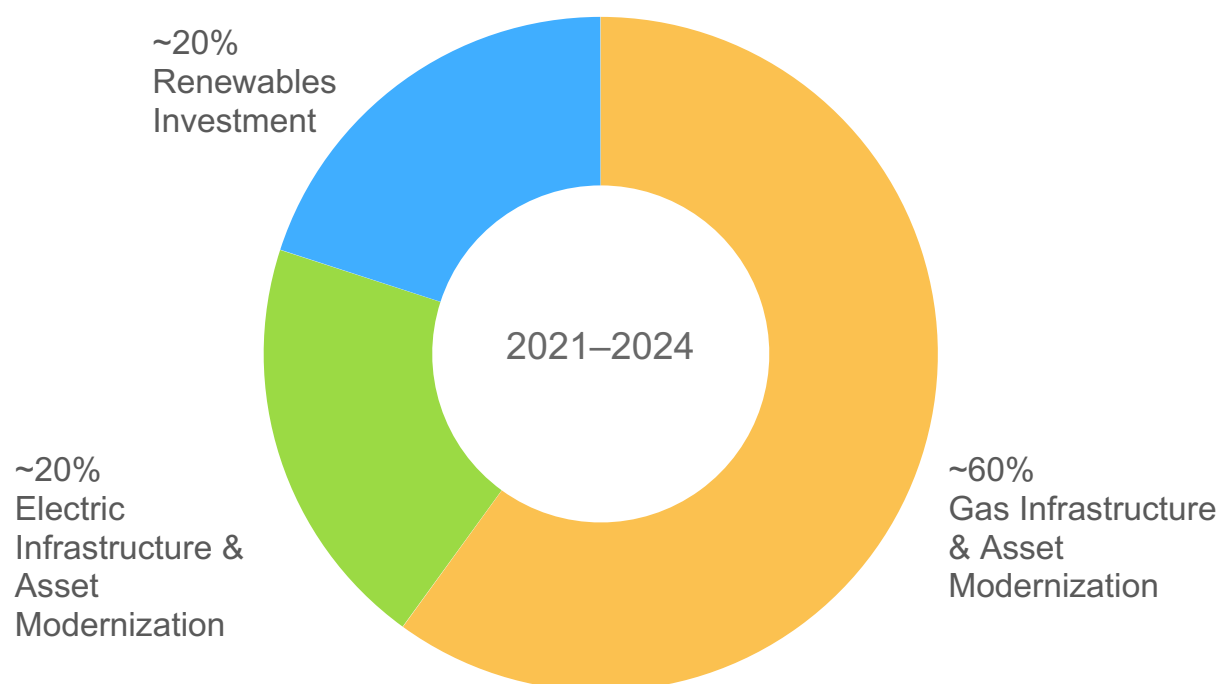
Governance

- Leadership enhancements support commitment to customer service and safety
- Diverse, skilled and independent Board recently refreshed
- Robust framework for strategy, risk management and oversight

* Compared to 2005 baseline

CAPITAL PLAN RESULTING IN EXPECTED LASTING VALUE CREATION

~\$9.9B – \$10.5B of Identified Investment Opportunities



10% to 12%

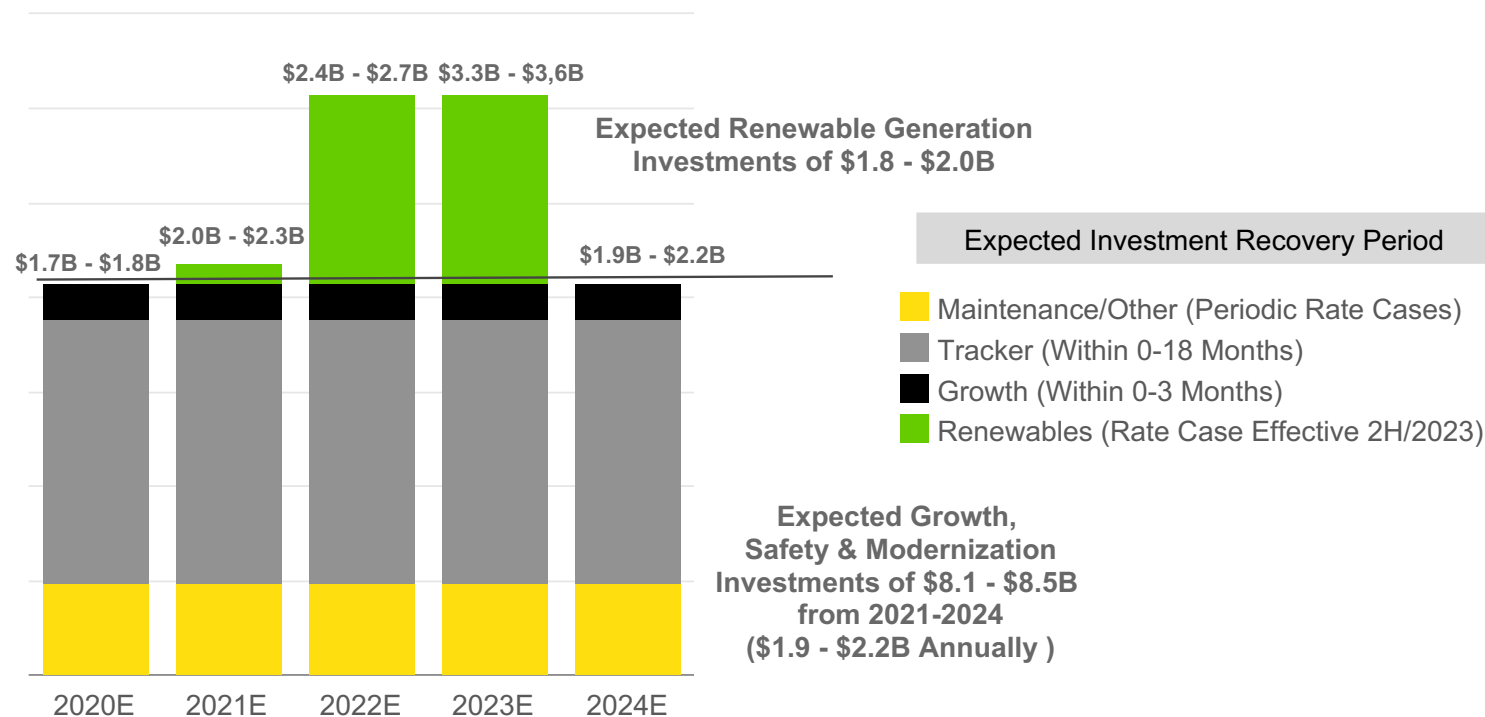
Expected rate base
CAGR 2021–2024

7% to 9%

Expected NOEPS*
CAGR 2021–2024

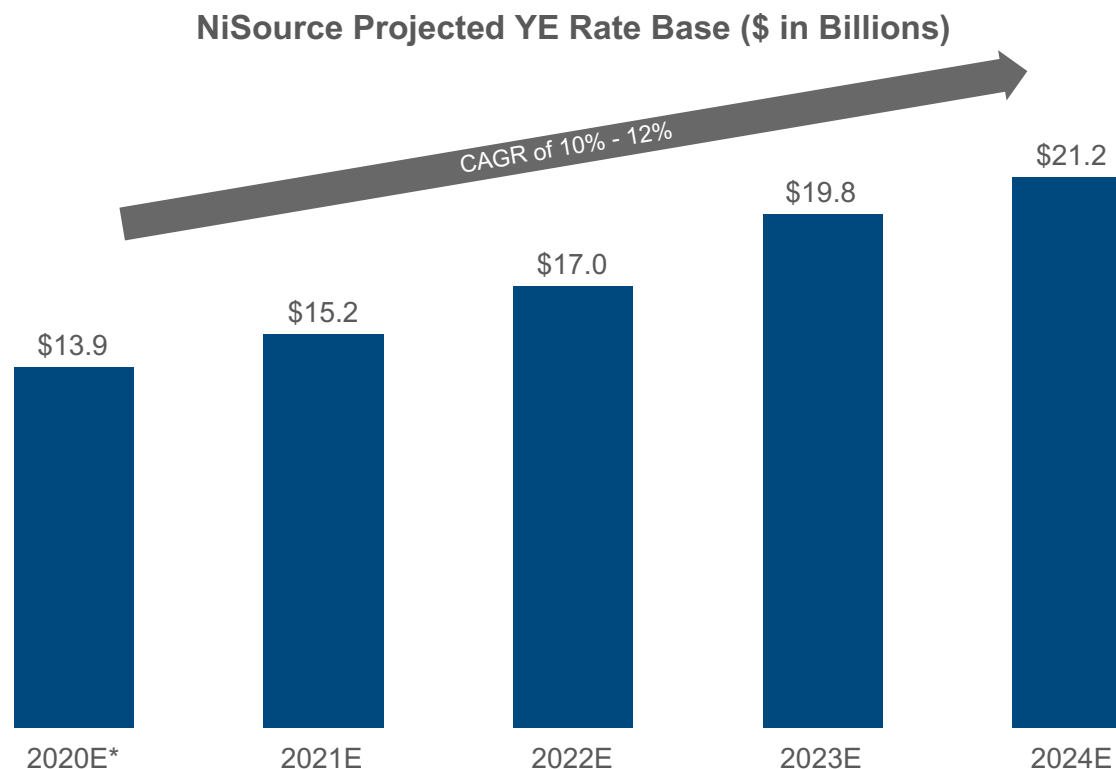
*Net Operating Earnings Per Share (Non-GAAP)

CAPITAL FORECAST



ANTICIPATE >75% OF CAPITAL INVESTMENTS BEGIN EARNING IN LESS THAN 18 MONTHS

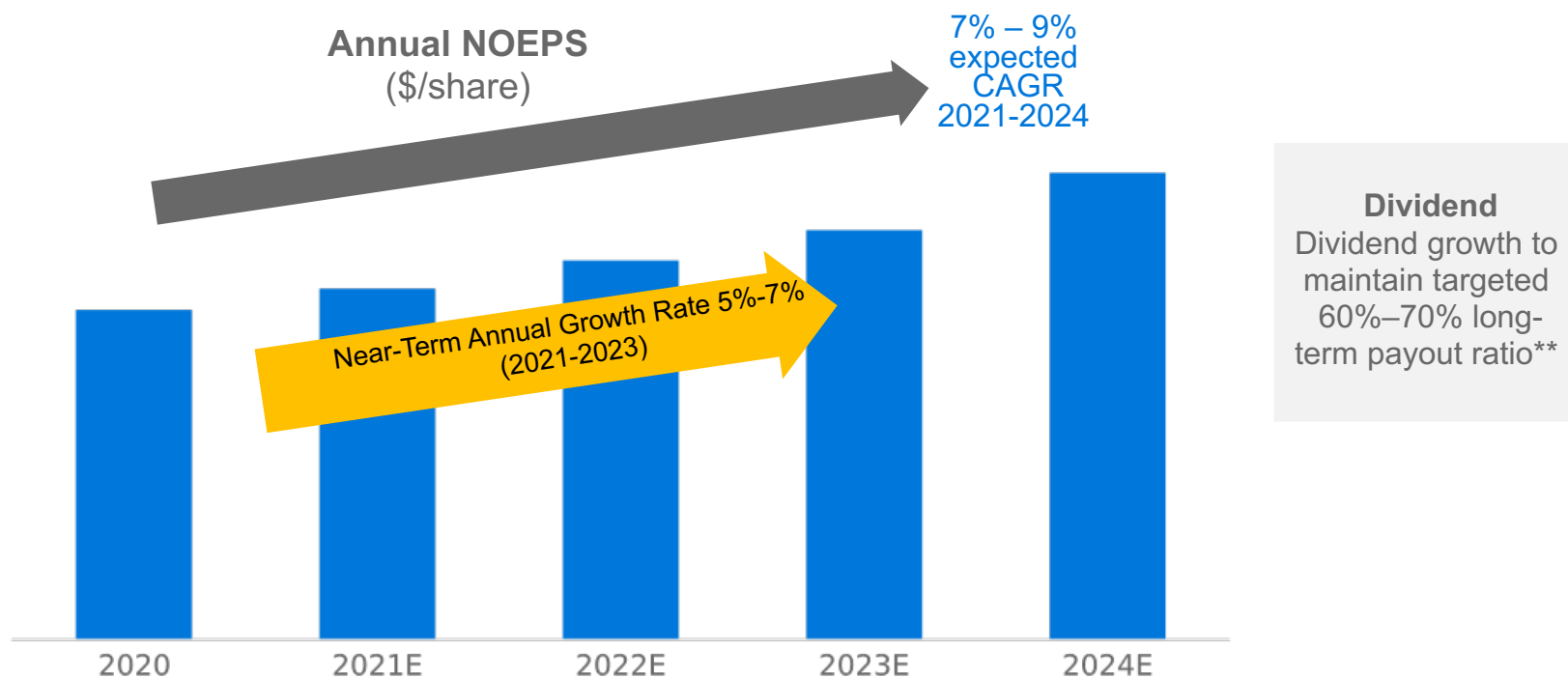
CAPITAL INVESTMENT DRIVING ROBUST RATE BASE GROWTH



RATE BASE GROWTH BALANCED ACROSS JURISDICTIONS AND BETWEEN GAS AND ELECTRIC BUSINESSES

*2020E rate base is post sale of Columbia Gas of Massachusetts

ROBUST CAPITAL INVESTMENT DRIVING NOEPS* GROWTH



LONG-TERM ~\$40B INVESTMENT OPPORTUNITY EXPECTED TO DRIVE CONTINUED NOEPS GROWTH BEYOND 2024

*Net Operating Earnings Per Share (Non-GAAP)
**Subject to board approval

2021E - 2024E FINANCING STRATEGY*

Financing strategy targets long-term Adj. FFO**/total debt of ~14%-15%

(\$ millions)	2021E	2022E	2023E	2024E
Planned Annual Safety & Modernization Investments				
<u>Equity</u>				
ATM (At-the-Market)	\$200 - \$300 Annually			
ESPP/401K/Other	\$30 - \$50 Annually			
<u>Long-Term Debt</u>				
Incremental Long-Term Debt		\$500 - \$700 Annually		
Planned Renewable Generation Investments (Targeting 60% Equity)				
<u>Equity</u>				
Common Equity Block		\$500 - \$700 Total		
<u>Long-Term Debt</u>				
Incremental Long-Term Debt		\$500 - \$700 Total		
<u>Other Financing</u>				
Hybrids, Convertibles, etc.	\$600 - \$1,000 Total			

Current Financing Plan

- All financing is included on our long-term growth commitments
- Reflects our focus on maintaining current investment grade credit rating
- Targets renewable investment financing (60% Equity / 40% Debt)
- Doesn't include potential portfolio optimization opportunities

*Current financing plan may change based on business developments

**Adjusted funds from operations (FFO); represents Net Income adjusted for depreciation and amortization, loss on early extinguishment of debt and deferred taxes

ANNOUNCED RENEWABLE PROJECT UPDATES

Wind Projects	Rosewater Capacity: 100MW	Executed Agreement	Regulatory Approval	Under Construction	In Service 2020E	In Rate Base 2023E
	Jordan Creek Capacity: 400MW	Executed Agreement	Regulatory Approval	Under Construction	In Service 2020E	Recovered through Fuel Cost Mechanism
	Indiana Crossroads Capacity: 300MW	Executed Agreement	Regulatory Approval	Under Construction	In Service 2021E	In Rate Base 2023E
Solar Projects	Brickyard Solar Capacity: 200MW	Executed Agreement	Regulatory Approval	Under Construction	In Service 2022E	Recovered through Fuel Cost Mechanism
	Greensboro Solar Capacity: 130MW	Executed Agreement	Regulatory Approval	Under Construction	In Service 2022E	Recovered through Fuel Cost Mechanism
	Dunns Bridge I Solar Capacity: 265MW	Executed Agreement	Regulatory Approval	Under Construction	In Service 2022E	In Rate Base 2023E
	Dunns Bridge II Solar Capacity: 510MW	Executed Agreement	Regulatory Approval	Under Construction	In Service 2023E	In Rate Base 2023E
	Cavalry Solar Capacity: 260MW	Executed Agreement	Regulatory Approval	Under Construction	In Service 2023E	In Rate Base 2023E

ALL RENEWABLE PROJECTS ARE ON TIME AND ON BUDGET

■ Build Transfer Agreement (JV)
 ■ Purchase Power Agreement
 ■ Milestone Achieved

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-007:

Please provide a listing of all securities issuances for the Company and, if applicable, its parent projected for the next two years. The response should identify for each projected issuance the date, dollar amount, type of security, and effective cost rate.

Response:

Columbia Gas of Pennsylvania, Inc.:

The Company plans on issuing the debt below to meet business needs.

Issue Date		Principal		Coupon		Maturity
March 2021		\$110M		3.25%		30 Year
June 2022		\$125M		3.67%		30 Year

Note: The coupons are based upon U.S. Treasury yield forecasts obtained from Bloomberg L.P. plus NiSource's BBB+ credit spread.

NiSource Gas Distribution Group, Inc. ("NGD"):

NGD does not issue securities.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-008:

Please identify all of the Company's and, if applicable, its parent's publicly underwritten common stock issuances written in the last five years. Identify which such issuances were related to mergers or acquisitions, and which were undertaken to fund facility investments in utility plant and equipment.

Response:

Columbia Gas of Pennsylvania, Inc. (Company) is a wholly owned subsidiary of NiSource Gas Distribution Group, Inc., which is a wholly owned subsidiary of NiSource Inc. (Parent). All equity of the Company is held by the Parent and is not publicly traded.

Response: NiSource Inc.

NiSource Inc. has not issued any shares of its common stock over the last five years (2016-2020) through an underwritten public offering. However, NiSource Inc. has issued 72,663,161 shares of common stock during the time period 2016-2020 by means of the respective types of transactions listed below. None of the proceeds were used to fund mergers or acquisitions. Proceeds were used for investments in utility plant and equipment and other general corporate purposes.

Type

Shares Issued

At the Market Offerings

See Attachment A

Private Placement

Dividend Reinvestment Plan

401(k) and other employee benefit plans

401(k)

2016	1,792,789
2017	1,396,115
2018	881,929
2019	630,393
2020	543,576
	<u>5,244,802</u>

ESPP

2016	201,426
2017	206,587
2018	222,909
2019	201,147
2020	236,323
	<u>1,068,392</u>

DRIP

2016	386,393	
2017	263,827	
2018	-	Moved to Open Market Purchases
2019	-	
2020	-	
	<u>650,220</u>	

Omnibus Plan

2016	1,145,852
2017	594,549
2018	395,835
2019	517,988
2020	385,042
	<u>3,039,266</u>

ATM 2017

2017	11,931,376
2018	6,345,860
	<u>18,277,236</u>

ATM 2018

2018	2,537,154
2019	8,422,498
2020	8,459,430
	<u>19,419,082</u>

Private Placement

2018	24,964,163

Total Issued

<u><u>72,663,161</u></u>

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-009:

Please identify any plan by the Company to refinance high cost long-term debt or preferred stock.

Response:

There are currently no plans to refinance existing long term debt; debt will be refinanced in normal course at maturity. There are currently no plans to refinance existing preferred stock.